



Translating Cooperative Values to Social Values in Procurement – Policy Prototype

Executive Summary

This report summarises the process and outputs of a policy prototype project run on behalf of the CCIN by Economic Development officers at Oxford City Council in 2022. The exercise was delivered in collaboration with the Owned by Oxford Community Wealth building project, and included input from Community Action Groups Oxfordshire, Cooperative Futures, and academics at the University of East London and the University of Central Lancashire.

The report provides a *prototype* framework. It is intended as a proof of concept, and not a working policy tool but the intention is that this can be picked up, adapted, and developed further with input from other interested parties.

The framework was built around five overarching strategic themes:

- Equity and Equality
- Participation and Accountability
- Conviviality/Community
- Self-help/empowerment
- Wellbeing

It proposes a set of outcomes and measures which could contribute to these strategic aims.

The exercise uncovered useful learning points for councils working towards maximising these aims, including identifying a number of robust and verifiable measures which could better account for the benefits of cooperatives and community businesses – particularly around themes of equality and equity, and participation and accountability. E.g.

- Increased number of people involved in economic decision making
- Increased community participation
- Wider distribution of profits and capital growth arising from economic activity
- Increased investment in local area/community

It also encountered some of the limitations of the TOMs approach for supporting and realising economic change, including the problems of driving change through a set of disconnected indicators which can become 'less than the sum of their parts'; their blindness to negative 'externalities'; and the inherent challenges to accounting for subjectively experienced benefit through standardised assessments.

These limitations highlight the need for an integrated toolkit of social value which can help guide councils in the best tools to support specific strategic aims across a range of decision making contexts and this work will be carried forward through the CCIN Social Value Toolkit Policy Lab.

Context and drivers for Policy Prototype

Origin

Local authorities and other public sector bodies are increasingly using Themes Outcomes Measures frameworks (TOMs) as a standardised and easily understood way to assess the relative social value of different bids when procuring goods or services. Many are based on the National TOMs framework - <https://socialvalueportal.com/solutions/national-toms/>

Although this brings great potential to scale up social value delivery, the National TOMs framework lacks any emphasis on the values inherent in democratic businesses and the cooperative sector. The growing use of these frameworks is therefore unlikely to directly impact on the growth of local cooperative economies. This project sought to develop a prototype social value measurement framework that could sit alongside the national TOMs model, which put explicit emphasis on values that are inherent in cooperative and other democratic businesses.

Oxford City Council, like many others in the CCIN network, is committed to supporting social enterprise, coop businesses and civil society sectors to pursue a more prominent role in the city's economy. Procurement is seen as one lever for doing this so it is important to find ways for policy tools and frameworks to support, rather than inhibit this intention.

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The National TOMs Framework

The National TOMs Framework started as a solution for the [Social Value Act](#), and has evolved into a social value measurement standard across the UK. It is intended to be adapted to meet local needs and contexts. To maximise impact, they have developed financial 'proxy values' to help organisations measure the value delivered and quantify the wider value created for society.

The National TOMs Framework is broken down into three separate domains:

- Themes – the visionary social value areas for an organisation to look at
- Outcomes – the positive changes within communities an organisation wants to see
- Measures – the quantifiable actions that organisations can take to deliver outcomes

Public Contracting authorities can use the TOMs framework as a way to assess the relative level of social value that can be expected to be delivered as a result of a contract. The framework can also be used to monitor the delivery of this projected social value throughout the contract.

Expanding on the National TOMs

Social value measures in the national TOMs framework have been designed to maximise impact in five key areas – jobs, growth, social, environment and innovation.

This prototype attempts to develop a more expansive definition of social value. In this case, one that is rooted on a particular the benefits of collective agency and economic equality.

It is hoped that this prototype could encourage other expressions of social value to be generated and applied to different policy contexts.

Developing the Prototype

Design principles

In order to work effectively as a TOMs framework, we attempted to stick to a number of design principles:

- Themes should be broad and visionary
- Outcomes should express the change that is sought within an area
- Measures need to be verifiable
- There should be a robust and transparent causal link between theme, outcome, and measure
- Framework and measures need to be 'agnostic' of organisational type – based on benefits rather than organisational structure
- Start with benefits/outcomes

It was originally proposed that the framework should use the 7 cooperative principles as its themes. However, on reflection it was decided that this constrained the exercise to ideals of cooperatives, rather than representing benefits which were likely to be found in cooperatives, but could also be true of other economic actors. The framework needs to be agnostic of organisational structure but should provide a way to recognise and account for social value that is likely to come from coops and community businesses.

Approach

Step 1 – defining beneficial outcomes

Before looking at any measures, an online workshop was held to define the benefits of cooperatives and community businesses that could sit at the centre of the framework. A distinction was drawn between benefits which are *inherent* to all cooperatives, and those inherent to all community businesses. A further category of benefit was those which were sometimes true of either category.

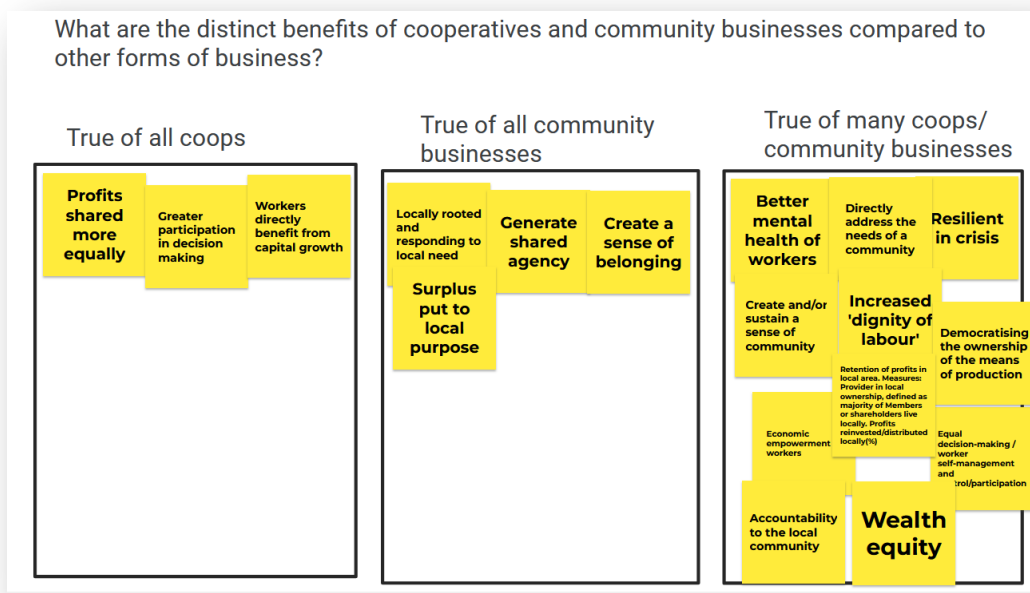


Figure 1 – outputs of workshop

These benefits became the first expression of the Outcomes which would sit at the centre of the framework, ensuring that the measures and themes would be aligned to these kinds of things cooperatives and community businesses are well placed to contribute to in a local economy.

Step 2 – Defining/clustering Themes

These benefits (and a number of others which were subsequently added outside the workshop) were listed in a spreadsheet. Each benefit was then assigned to a theme. There were overlaps but these themes were refined down to five overarching themes:

- Equity and Equality
- Participation and Accountability
- Conviviality/Community
- Self-help/empowerment
- Wellbeing

These themes provide a broad and aspirational guide which speak directly to forms of social value which align with CCIN values. These themes should be treated as ‘fuzzy-edged’ and expansive, and should not only be used to provide a title for the outcomes/benefits already identified, but also to stimulate thinking about the addition of new outcomes and measures.

Step 3 – Proposing Measurements

For each benefit/outcome we asked two key questions:

- “Can this be easily evidenced?”
- And if not, “Is there any research which suggests a direct link between company form/structure/working practices and the benefit?”

Where a benefit could be easily evidenced, measures were suggested. Where it wasn’t possible to show a direct link but there was sufficient research to suggest a link, a proxy measure was identified. Where neither was true, the measure was left out of the final framework as this goes beyond the scope of the exercise to draw out new evidence. It may still be useful to consider these benefits in a future piece of work.

Theme	Benefits	True of	Can it be proven	Is it easily evidenced	Is there research showing causal link
equity	Profits shared equally	all coops	Y	Y	Y
participation	Participation in decision making	all coops	Y	Y	Y
equity	Workers share capital growth	all coops	Y	Y	Y
equity	Surplus put to local purpose	All community business	Y	Y	Y
equity	Retention of profits/surplus within an area	Many coop/community businesses	Y	Y	Y
participation	Accountability to local community	Many coop/community businesses	Y	Y	Y
equity	Shared ownership	Many coop/community businesses	Y	Y	Y
equity	Wealth equity	Many coop/community businesses	Y	Y	Y
Conviviality/Community	Localised supply chains	Many coop/community businesses	Y	Y	Y
Conviviality/Community	Locally rooted and responsive to local need	All community business	Y	Y	Y
Self-help/empowerment	Generating shared agency	All community business	Y	N	Y
wellbeing	Create/sustain a sense of belonging	All community business	Y	N	Y
wellbeing	Better mental health of workers	Many coop/community businesses	Y	N	Y
Conviviality/Community	Directly addressing the needs of a community	Many coop/community businesses	Y	N	Y
Conviviality/Community	Creating /sustaining a sense of community	Many coop/community businesses	Y	N	Y
Self-help/empowerment	Economic empowerment (absence of 'dominance')	Many coop/community businesses	Y	N	Y
Self-help/empowerment	Resilient in crisis	Many coop/community businesses	Y	?	Y
Self-help/empowerment	Increased dignity of labour	Many coop/community businesses	?	N	Y
Conviviality/Community	Generates creativity	Many coop/community businesses	?	N	?
Conviviality/Community	Generates 'conviviality'	Many coop/community businesses	?	N	?
Conviviality/Community	Generates community	Many coop/community businesses	?	N	?
Self-help/empowerment	Generates individual skills/capacities	Many coop/community businesses	?	N	Y
Self-help/empowerment	Reduces dominance/hierarchical power	Many coop/community businesses	?	N	Y
equity	Reduces competition over scarce resources	Many coop/community businesses	?	N	?
Conviviality/Community	Reduces atomisation	Many coop/community businesses	?	N	?
equity	Social equity	Many coop/community businesses	?	N	?
Conviviality/Community	Being part of something bigger than oneself	Many coop/community businesses	?	N	?

Figure 2 – longlist of themes and benefits

Prototype TOMs Framework

The results of this exercise are shown in the draft framework below. Robust measures are proposed in the third column. Measures are italicised where the causal relationship is indirect and/or they are not felt to be sufficiently robust to be used to evaluate social value in a procurement assessment.

The framework is neither perfect nor exhaustive, and should be adapted and added to by officers.

Theme	Outcome/Benefit	Suggested Measure (proxy measures in italics)
Participation and Accountability	Increased number of people involved in economic decision making	Percentage of workforce engaged in decision making
		Number of other stakeholders engaged in decision making
		Workers represented on and voting for the board of directors
	Increased community participation	Number of community members participating in decision making
Equity and equality	Wider distribution of profits and capital growth arising from economic activity	Percentage of company owned by workforce
		Percentage of company owned by community
		Wage ratio between highest and lowest earner
		Presence of an asset lock (statutory or voluntary)
	Increased investment in local area/community	% profit/surplus distributed to the local community in the form of grants, donations, investment
Empowerment/ Self-help	Increased personal and collective agency	<i>Number of people self-reporting increased sense of empowerment</i>
	Increased creativity in the workplace	<i>Number of people self-reporting increased creativity</i>
	Increased dignity of labour	<i>Below average HR issues /Tribunals</i>
	Increased capacities/skills	<i>People self-report greater confidence and skills</i>
	Reduced dominance/hierarchical power	<i>Higher staff retention</i>
Conviviality/ community	More local people working on local causes	Percentage of workforce employed from the locality
	Increased accountability to local community	Number of local people involved in designing/delivering services
		<i>Self-reported satisfaction at local services</i>
	Increased resilience of local community	<i>Increase in number of people in local community known to each other</i>
Wellbeing	Reduced loneliness	Number of local people participating in community activity
	Improved mental health of workers	<i>Number of workers self-reporting positive relationship with work</i>

Conclusions, reflections, and areas for development

Although the exercise has identified a number of useful metrics which could be readily used to directly value more equitable and democratic economic activity, there remain gaps in the measurement and verifiability of some the more subjectively experienced benefits of cooperatives and community businesses. This work remains essential and should be taken forward in as a robustly researched academic exercise, to ensure that theories of change are robustly rooted in evidence and can withstand scrutiny.

Financial proxies could be developed for the more robust measures in the framework and there is a strong rationale to use them within existing frameworks where they align with local and corporate objectives.

It is important to note that different measures might be useful in different policy contexts. In procurement, where the stated social value promised at tender could determine the outcome of a tender, the expected social value should go beyond 'probable' measures to definite, irrefutable facts.

Many of the harder to evidence measures would be easy to test 'after-the-event' e.g. self-reported increases in the confidence or skills of an individual. They are therefore unsuited to this narrow form of procurement assessment, but should not be excluded from future policy tools which assess social value.

Local authorities who are interested in using social value in procurement to support economic and social change, should consider constructing their measurement frameworks around an underlying theory of social transformation which outcomes and measures can be directed towards. The current practice allows providers to pick and mix from disparate, disconnected indicators which (though capable of delivering units of social value) won't necessarily work towards the more substantial changes sought within local economies.

Added to this, the fact that TOMs assessment frameworks focus on additionality and do not attempt to assess 'negative externalities' means that potential disbenefits are difficult to account for in an assessment. Assessments implicitly assume all applicants are starting from the same baseline. For example, a company whose operations generate a highly negative environmental impact, will score the same (i.e. zero), as a company that is not actively planning to deliver additional positive environmental impact through a contract. A leaner framework that targets specific outcomes built around a robust theory of social change, and requiring a response (+ve or -ve) on all outcomes, would mitigate against this tendency.

A more fundamental challenge is the difficulty in measuring and accounting for any *subjectively experienced* benefit through standardised measurement frameworks. These are inherently difficult to summarise and attempts to do so are always likely to reduce their scope. Rather than seeking to force narrow proxy measures for these benefits into standardised frameworks like the TOMs, Councils looking to account for these benefits when making decisions may need consider using alternative, more open-ended, policy tools and assessment approaches which can enable subjective professional judgements to be made by officers and decision makers.

These findings support the need for a CCIN Social Value toolkit which can signpost officers towards appropriate tools and approaches which best fit the social impact being sought, and where necessary develop new tools which can support these aims.

Simon Grove-White

Principal Economic Development Officer – Community Wealth Building
Regeneration & Economy Service – Oxford City Council

St. Aldate's Chambers | 109 – 113 St. Aldate's | Oxford OX1 1DS | Tel: 01865 252676