

# Social Value Toolkit

## Executive Summary



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'Procurement and spend' is one of the central pillars of any council-led community wealth building (CWB) strategy, and is often discussed as a key lever in bringing about transformative change in the economy. Often this is done through policies and processes which seek to test and account for 'additional' social value over and above the things in the core contract. The research has shown that this approach, though helpful in some isolated cases, has only a limited impact on many of the aims of the CCIN, as expressed in the [Statement of Values & Principles](#) <sup>2</sup>, including:

- Social Partnership - We will strengthen the cooperative partnership between citizens, communities, enterprises and Councils, based on a shared sense of responsibility for wellbeing and mutual benefit.
- Democratic Engagement - We will support the active engagement of the full range of residents in decision making and priority setting.
- Coproduction - We will develop systems that enable citizens to be equal partners in designing and commissioning public services and in determining the use of public resources
- Enterprise and Social Economy - We will promote community-based approaches to economic development that focus on supporting the creation of jobs, social enterprises and other businesses and providing an environment for cooperative and mutual enterprises to thrive

This toolkit and companion report show that although achieving these relational aims is likely to be constrained by treating social value as a set of measures in a standardised assessment framework, the tools of commissioning and procurement can and should absolutely be applied to these more transformational social and economic ends.

### Key processes

The toolkit introduces two different 'theories of change' for how value is generated through the commissioning cycle:

- Theory of competition – where value is known, fixed and static, and delivered through clear contract specification
- Theory of collaboration – where value is less predictable and needs to be developed through an ongoing, iterative, goal-aligned process

Both can be useful in different contexts. The key process steps for competitive and collaborative commissioning are outlined on the following pages.

# Competitive Process



Figure 1 – embedding social value into a competitive procurement process.

Delivering social value through a competitive process should be deliberate and directional. Social Value requirements should be policy-led, refined through discussion with the market and the impacted community, and built into in the core of the contract.

To identify the right social value to pursue, we recommend that a number of steps are introduced into

the procurement process when purchasing through a competitive market – see figure 1.

This ensures that social value deliverables will be policy-aligned, reflective of community needs, relevant, proportionate and enforceable.

## Collaborative Process

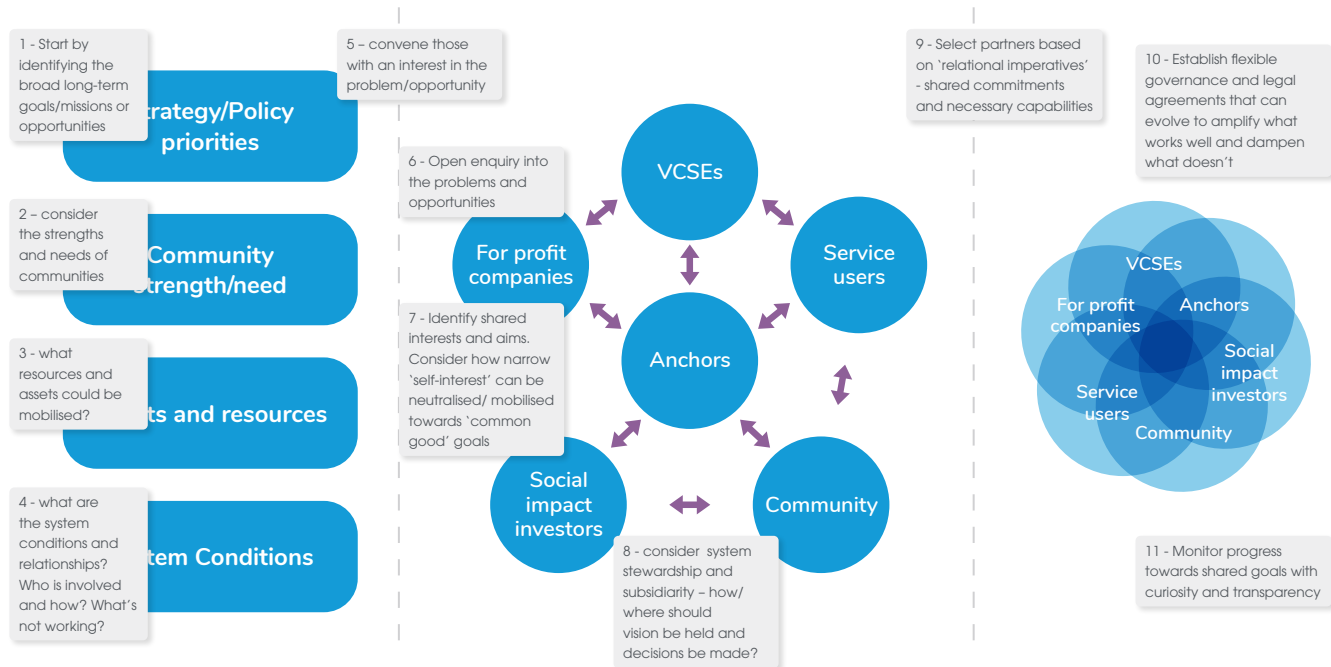


Figure 2 – identifying the right goals, partners and structures for collaboration in complex social contexts

When commissioning in complex social contexts, value is often hard to predict, and it is not always sensible or possible to specify exactly what is needed. In these cases, we need to focus on understanding system dynamics, setting the right shared goals, and understanding and seeking out the relational *qualities* that will best assure delivery of value in the long term. This means repurposing the tools of procurement and

commissioning as an ongoing collaborative process of: identifying and developing shared objectives with others; collectively and creatively identifying how those objectives could be met; and establishing governance that can manage resources, make decisions, and adapt to evolving circumstances in pursuit of these shared objectives.

## Understanding the differences

The first step to understanding which model to use is to consider the system conditions. The following table provides a guide to deciding whether to approach the opportunity as a collaboration or as a competition.

|                                                    | Competition models                                                          | Collaboration models                                                                                      |
|----------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| Motivating when...                                 | Interests of parties diverge                                                | Interests of parties converge                                                                             |
| Delivers value through...                          | Clear specification                                                         | Emergent, ongoing, goal-aligned iterative process                                                         |
| Tightly specified Social Value requirements can... | Discipline market behaviour                                                 | Constrain deeper engagement with shared goals                                                             |
| Test suitability through...                        | Track record, tender commitments, best price                                | Capability, values and purpose alignment, transparency and/or open book accounting                        |
| Incentivises through...                            | Winner takes all competition                                                | Working to common purpose                                                                                 |
| Value for money assured by...                      | Competitive tension/profit incentive                                        | Transparency of costs/profit across partners, shared interest in financial sustainability of all partners |
| Use when...                                        | Seeking clearly defined, identifiable outputs in market purchasing contexts | Seeking emergent, uncertain value streams in complex systems                                              |
| Public authority is...                             | Market manager                                                              | System steward and/or convener (or responding to another steward/convener)                                |
| Value is...                                        | Zero sum                                                                    | Generative                                                                                                |

## What about the legislation, don't we have to follow competition by default?

The Toolkit advises against applying a one-size-fits-all model for collaborative commissioning but demonstrates that, contrary to common perception, there is already a lot of flexibility within existing legislation, and a number of legally compliant processes, governance models, and approaches that can help, including:

- Competitive flexible procedure
- Public Commons Partnerships
- Alliance Contracts
- Innovation Partnerships
- Cooperatives as contracts
- Community Land Trusts
- Assessing for the right qualities through relational imperatives

The case studies in the Toolkit show that where proper attention is paid to developing relationships and shared purpose when pursuing complex long-term social goals, the result is likely to be more resilient, and the long-term impact is likely to be much further reaching.

### The Social Value Toolkit Policy Lab outputs:

The outputs of this policy lab include the following:

- Toolkit – Slidedeck unpacking the underlying assumptions of our theory of competition, proposing a new theory of collaboration, and highlighting the key processes, policies, and mindset and culture shifts needed.
- The Legal Framework – expert legal advice on embedding relevant and proportionate social value under the Public Services (Social Value) Act 2012 and Procurement Act 2023.
- Supporting Narrative – going deeper into the argument of why we need a more transformative approach to social value.
- Case Studies – showing the varied ways which councils have applied the approaches in the toolkit to deliver long term positive social impact in complex social systems.



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