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Defining social value in the UK construction industry

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This paper evaluates the rationale behind the UK Public Services (Social Value) Act to postulate a definition of 'social value' and its application to construction and enable authorities to implement it. A comprehensive literature review has been undertaken and publications on existing methods of measurement have been reviewed and discussed to provide a comprehensive summary. The literature review revealed that communities could benefit from a series of direct and indirect impacts on individual people as well as the social efficacy of the whole community as a result of implementing the Act. The intention of the Act is to provide additional social benefits that provide added value, not in the monetary sense of the word but as a broader impact to the local area. However, these types of contract conditions benefit local contractors, which conflicts with the EU's single market legislation.

1. Introduction

The Public Services (Social Value) Act 2012 ('the Act') highlights the conflict between the EU's single market legislation and the wider economic, social and environmental impact of awarding tenders to a non-local company. This paper evaluates existing literature and publications on the Act. The paper explores the origins of the Act to set its intentions into context. The term 'social value' and related terms are explored in order to understand its precise definition, and publications and existing methods of measuring social value are evaluated. The conclusion aims to draw information together to provide an applicable definition of social value in the context of the Act and its intentions.

1.1 EU legislation

The free movement of people in the EU is one of the fundamental freedoms that encompass the 'single market'. It represents a collection of member states without internal borders in order to allow the free movement of people, goods, services and capital (HMG, 2014). Initially this was focused on economically active people who provide or receive services to allow skills gaps across the EU to be filled and those without employment to seek better opportunities. This means that any person in the EU states has a right to bid on a qualifying public project being procured in the UK (EC, 2014).

In addition to this, the EU competition law was introduced to ensure that governments' policies and funding could not be distorted by large market powers, which could influence policy makers' directions and consumers' buying decisions. As a result, EU public procurement directives require that a condition or selection criterion cannot benefit local tenders (Macfarlane and Cook, 2002). The combination of the 'free movement of people' and 'competition law' results in procuring authorities not being able to specify local contractors while having to accept bids from

all over the EU. The Act appears to contradict the EU legislation by allowing the procuring authorities to consider the associated social benefit of awarding the contract to, for example, a local contractor.

Following the result of the UK's EU referendum, the EU single market and associated competition law will play a key role in the negotiations when considering the UK's continued access to the EU market.

1.2 Social value

Chris White, Member of Parliament (MP) for Warwickshire, noted that the centralisation of services has stifled creativity from communities, not allowing people to build their own stronger social networks (Hansard, 2010a). Measuring social value is key to measuring the effectiveness of government policies because a government's success cannot be measured only on a country's economy, but also on the social well-being of the people it governs.

The term 'social value' is a relatively modern term, but it is an ideology that politicians have used for years. Measuring social value could be considered as the gap between policymaking and reality; it takes into account the 'value added impacts and softer outcomes' on communities (Wood and Leighton, 2010). In order to measure social value, the industry needs a coherent and consistent definition.

1.3 Aim

The study, of which this paper documents a part, explored the meaning of social value to the construction industry and how it can be provided through procurement. In order to satisfy the objective, a comprehensive literature review was conducted. A thorough review of existing methods of measuring social value was conducted, again, in the context of the construction industry.

2 Literature review

2.1 Origins of the Public Services (Social Value) Act 2012

2.1.1 Ideology

Chris White, MP for Warwickshire, initially drafted the Act and presented it as a Private Members' Bill for a first reading in the House of Commons on 19 November 2010. Social value is an idea that has inspired politicians for a long time; prime ministers David Cameron and Tony Blair aimed to create the 'Big Society' in 2010 and promised to 'revive civic society' in 1999, respectively.

The Act was targeted at voluntary community and social enterprises (VCSEs), which are arguably small companies in a better place to provide local services than centralised governments (Gillespie and Knowles, 2014). The public procuring of goods costs £200 billion a year, and Chris White believed that this should be used to engage VCSEs into delivering public services (Hansard, 2010a). It was proposed to make public tenders more accessible to VCSEs by insisting that the wider impact of a contract award is considered in all tenders.

2.1.2 Opposition and compromise

The bill had opposition; some argued that it tried to force society on communities and force legislation on authorities that did not want it (Hansard, 2010b). Critics also considered that it would damage the ability of smaller businesses to compete for public services if they were not local (Hansard, 2010c). However, those in favour of the bill emphasised that it simply aimed to re-engineer the system of public procurement to encourage and engage local VCSEs to come forward (Hansard, 2010a).

The bill initially comprised a national strategy that would have boosted social enterprise organisations. However, after its second reading, it was considered that the original bill had been 'gutted' due to arguments within government (Hansard, 2011).

2.1.3 The final bill

Following amendments, the final bill was passed, and it was considered a strong message to local authority commissioners to consider the 'value' of contracts not in its narrow sense of direct economic or financial benefits but to consider the wider impact on society. Section 1(3) of the Act (Public Services (Social Value) Act 2012) states

- (3) The authority must consider –
 - (a) how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and
 - (b) how, in conducting the process of procurement, it might act with a view to securing that improvement.

The Act insists that the social impact of public contracts is considered at or prior to tender; there is, however, no established

framework or mechanism to assess this. This notion is reinforced in section 1(3), where an authority 'must consider' how a contract 'might' improve the social well-being of an area without even defining the meaning of social value. Social and community studies are considered a new topic, with a plethora of different research, definitions and approaches (Stanley and Hensher, 2012). This indicates that social value can be provided by different industries in different ways, so freedom to choose an appropriate assessment method is understandable. However, this may lead authorities to avoid fulfilling the Act and simply dismiss their obligations as bureaucracy.

2.1.4 Relevance to construction

The summary of the Act reads 'An Act to require public authorities to have regard to economic, social and environmental well-being in connection with public services contracts; and for connected purposes' (Public Services (Social Value) Act 2012). This demonstrates that it is the intention of this Act to concern the construction industry with its social responsibility. The Office for National Statistics estimated that the construction industry has an annual volume of £112.6 billion (ONS, 2013), demonstrating that construction can have a significant impact. The Act requires a local authority to consider the wider impact of a construction contract or framework agreement when awarding a contract. This Act is aimed at the decision maker, yet a vigilant contractor could highlight its efforts to have a greater economic social and environmental impact on the area to improve its chances of winning a tender.

2.2 Defining social value

2.2.1 Introduction

The term 'social value' is relatively new. However, the ideology has been debated frequently in previous literature under different pseudonyms: social cohesion, civic trust (Putnam *et al.*, 2004), civic co-operation (Knack and Keefer, 1997), sense of community (Stanley and Hensher, 2012) and community benefits (Macfarlane and Cook, 2002). All these authors seem to refer to an immeasurable variable that determines the social efficacy of a community. A term commonly referred to is 'social capital'; it originated from studies on communities in America (Nahapiet and Ghoshal, 1998).

2.2.2 Social capital (background)

In broad terms, the study of social capital comprises the networks of relationships and the transfer of social capital as a resource. As a concept, it has many definitions; it can be summarised by a 'person's networks of strong cross cutting personal relationships developed over time that provide trust, co-operation and collective action' (Nahapiet and Ghoshal, 1998: p. 243).

2.2.3 Common themes

Almost all the authors highlight the importance of social networks an individual has within society (Bourdieu, 1986; Helliwell and Putnam, 1995; Nahapiet and Ghoshal, 1998; Stanley and Hensher, 2012). Knack and Keefer are commonly cited authors, and their

paper measured trust in order to correlate social capital and economic performance (Knack and Keefer, 1997). Trust measurements can be seen as way of measuring an individual's connection and networks within a community.

Two of the most cited authors, Bourdieu and Putnam, developed the concept of social capital as representing the 'functioning of the social world' by introducing the concept of 'capital', an entity that can be earned and transferred into different forms (Bourdieu, 1986). Bourdieu emphasised the different forms of capital as 'accumulated human labor'. Putnam also discussed the concept of capital in three different forms: human, social and cultural capital. Both authors agreed on the concept of social and cultural capital, yet they had different definitions (Bourdieu, 1986; Putnam *et al.*, 2004).

2.2.4 Contrasting themes

Bourdieu frequently researched the theoretical models behind social struggles and classes or the use of social capital as a form of domination or power (Siisiäinen, 2000), whereas Putnam focused on relationships based on trust embedded in social networks and how voluntary associations can create consensus and economic welfare (Putnam *et al.*, 2004; Helliwell and Putnam, 1995; Siisiäinen, 2000). Both views have a place; Bourdieu's models on the forms of capital as a symbol of dominance can help target social problems, while Putnam's positive view enables assessment of ways to promote and assess the current state of social value.

A recent study uses sense of community index (SCI), social inclusion/exclusion and social capital as three variables (Stanley and Hensher, 2012). Most authors use different definitions to measure similar things (Knack and Keefer, 1997; Nahapiet and Ghoshal, 1998). This highlights that few authors agree on specific methods or measurements for social value and that there is probably no 'one-fits-all' definition for social value to encompass all industries.

2.2.5 Relevance to construction

Social capital can be seen as the study of an individual and an individual's networks and civic participation. Many authors focus on actions of the individual; social capital studies an individual's networks (Bourdieu, 1986; Helliwell and Putnam, 1995); trust studies an individual's perception of other people's actions (Knack and Keefer, 1997); and civic co-operation assesses people's attitude to governance – benefit fraud, avoiding transport fares and failing to report damage (Knack and Keefer, 1997). In reference to social value, this can be interpreted as envisaging how a community's social efficacy and an individual's networks and trust can be improved by the award of a construction contract.

2.3 Measuring social value

2.3.1 Social studies

One of the most recent studies is that carried out by Stanley and Hensher (2012), who set out to find a correlation between a person's social capital against their risk of social exclusion.

Stanley and Hensher (2012) echoed the findings in section 2.3, highlighting that there is 'lack of agreement about theoretical concepts', but usually a core agreement of terms.

The first concept discussed is social exclusion, which was measured using five dimensions: household income, employment status, political activity, social support and civic participation. Social capital was defined as 'the development of reciprocity, social networks and trust between people' (Putnam, 1993)

The study focused on the literature's main agreement of social capital's relationships with networks, measuring the frequency of people's contact with family, friends and acquaintances. Social networks were split into social bonding – (family and friends) and social bridging – (networks of acquaintances) (Stanley and Hensher, 2012). The study showed a high correlation between areas with policies that improve social bridging and bonding networks with a lower risk of social exclusion.

Another, highly cited work is a study on economic growth against social capital in Italy (Helliwell and Putnam, 1995). The study measured three variables – civic community (newspaper readership/availability of facilities), institutional reform and citizen satisfaction. The study found that 'per capita' incomes were higher in regions with higher social capital membership in formal organisation, using any of the three indices highlighted earlier (Helliwell and Putnam, 1995).

Some authors have disagreed with some of the study's conclusions, one of which being the link between dense horizontal networks and civic trust and norms (Helliwell and Putnam, 1995). Knack and Keefer (1997) argued that the erosion of civic trust and co-operation are a greater concern to economic performance than 'associational life' (social networks and hierarchy) as concluded by Helliwell and Putnam (1995). Essentially, Knack and Keefer (1997) believed that Putnam's study focused on social capital as a measure of association with formal groups and hierarchy rather than trust and civic co-operation in a community.

Knack and Keefer (1997) found that social capital had a strong relationship with economic performance in 29 market economies. Social capital was measured using trust and civic co-operation. The measure of trust was similar to the study of Stanley and Hensher (2012) assessing people's perception of trust in their community. They measured civic co-operation as people's behaviour against the government and noted that people's reluctance to admit 'cheating' led to them make 'trust' the primary representation of social capital.

2.3.2 Commercial methods of measurement

Measuring social value can be considered as the distinction between 'output' (actions taken) and 'outcomes' (real change) that capture the meaning of measuring social value (Eurodiaconia, 2013).

Wood and Leighton (2010) highlighted that established social value measurements are ‘resource intensive’, which may explain ‘limited early success’. They also noted that, typically, a single method was not consistent, as it would have many variations. It is unreasonable to have a single method, as the previous literature has shown the dearth of opinions and the methods show how each industry can provide social value in different ways.

2.3.2.1 CONTINGENT VALUATION METHOD

The contingent valuation method (CVM) assigns a ‘cost’ to a social measurement by asking a person how much they would pay to keep the service, or the compensation one would accept for not having a service (Jun *et al.*, 2010). A good example of this method is a study that assessed the social value of informing people on nuclear energy (Jun *et al.*, 2010). In this study, a ‘willingness-to-pay’ model was utilised where a respondent was provided with a price and asked whether they would pay this by answering yes or no. The survey, which provided more information on the nuclear industry, found a higher willingness to pay for nuclear energy. This demonstrated a potential monetary value on providing more information. It is an effective measurement widely accepted by other researchers to place a monetary value on non-market value goods (Bergston *et al.*, 1985; Olsen and Smith, 2001).

2.3.2.2 COST-BENEFIT ANALYSIS

Cost-benefit analysis (CBA) is a simple net-present-value assessment of project costs and benefits; if the value of benefits exceeds the cost, a project is viable. This can be used to determine project feasibility or to compare projects. The most difficult part of CBA for social benefits is assessing the costs and associated benefits of social outcomes and costing social outcomes such as ‘quality of life’, ‘job creation’ and ‘increase in health’ (Eurodiaconia, 2013).

The CBAbuilder website discusses the difficulty in quantifying non-market goods and amenities by using the term ‘shadow pricing’ (CBAbuilder.co.uk, 2014). Shadow pricing is defined as ‘what an individual must give up to gain an extra unit of the good’ (CBAbuilder.co.uk, 2014). This is essentially a CVM, as described previously. It is powerful to show benefits in a financial value; however, if the assessment of benefits is poor, the valuation is a meaningless number.

2.3.2.3 SOCIAL ACCOUNTING

Social accounting is relevant to organisations rather than specific projects; however, it is key for firms who want to get involved in social value measurement. It uses the same technique as CBA in terms of costing but is run on a yearly basis regarding the company’s objectives rather than individual projects. Social accounting encourages an organisation to monitor and report its social impacts in order to produce an action plan to improve performance (Eurodiaconia, 2013; Social Audit Network, 2014).

This focuses on the organisation rather than a construction project; however, it is an interesting process that could become

good practice for companies wishing to demonstrate their social responsibilities.

2.3.2.4 SOCIAL RETURN ON INVESTMENT

The UK government has promoted social return on investment (SROI) as a way to evaluate social impacts (Nicholls *et al.*, 2009). SROI has been developed to allow social enterprises to understand the impacts of their services and quantify the total monetary value of their services against the investment to produce those outcomes (Manetti, 2012). It is a combination of CBA and social accounting in that it measures soft outcomes financially like CBA and provides a step-by-step guide to improve social impacts such as social accounting on a yearly basis (Eurodiaconia, 2013; Manetti, 2012; Nicholls *et al.*, 2009).

There are several steps to an SROI analysis, similar to social accounting, which require the author to create a picture of all parties involved and their impacts, yet the real calculation comes down to the following equation (Nicholls *et al.*, 2009)

$$1. \quad \text{SROI} = \frac{\text{net present value of benefits}}{\text{net present value of investment}}$$

This is where CBA is incorporated; it draws on a variety of methods to assess the monetary value of social impacts: contingent valuation, travel cost and average household spend.

There is limited detail on specific methods for assessing social impact/soft outcomes in the guidance report on SROI; the report lists some typical methods and provides useful examples, yet does not draw on solid research techniques (Nicholls *et al.*, 2009). Perhaps this is to give flexibility and allow industries to tailor the assessment to themselves, but the lack of solid research and guidance on the specific area may lead to avoidance.

2.3.2.5 BASIC EFFICIENCY RESOURCE ANALYSIS

Basic efficiency resource (BER) analysis is relatively new, and there is little peer-reviewed literature on the technique. It was developed in 2010 by Dr Brian Cugelan and Eva Otero, representing Leitmotiv and AlterSpark, respectively. These organisations focus on social development and help clients measure their impact. BER analysis uses a matrix to draw comparisons between different social impacts and their investment to establish efficiency. For example, investing in a ‘local playground’ will have inputs – cost, disturbance and staffing – and outputs – increased use of park area, local children getting more exercise and local parents socialising with other parents (Cugelman and Otero, 2010).

BER analysis is similar to other evaluation types in that it aims to place a value on different outcomes; however, it differs slightly in that it promotes use of qualitative data over monetary value (Cugelman and Otero, 2010). Perceptions are suggested to be more practical to combine these as input and output. The overall results of these interviews can be plotted onto a simple graph

where the continuous data are then converted into categorical data such as a matrix.

This method varies in comparison with other methods in that it does not intend to provide hard evidence as to good or bad activities; instead, it ‘proposes to interpret the visualisation in light of qualitative data and an insight into the way different units interact’ (Cugelman and Otero, 2010). The final matrices represent complex systems and should not be relied upon solely; it is the understanding that goes into producing the matrix that promotes the thought.

2.3.2.6 LOCAL MULTIPLIER 3

Local Multiplier 3 attempts to make a link between social impact and the economic benefit of local supply chains in organisations; it maps an organisation’s source of income and how this is spent and re-spent in the local area (Arvidson and Kara, 2013).

The multiplier effect calculation is performed on money spent, showing the ratio of money re-spent in the local area after three ‘rounds’ of spending (Sacks, 2002). The reality of finding out these costs would be resource intensive and perhaps require assumptions, posing questions as to its validity. On the other hand, it does not require someone’s subjective opinion on an outcome’s financial value, leading to a transparent value and insight into the local ‘money trail’ (Sacks, 2002).

2.3.2.7 CRITIQUE ON COMMERCIAL METHODS

The key judgement point for all these methods of measurement is placing a financial value on the ‘soft’ outcomes; it is difficult to place a value on outcomes such as self-esteem and happiness, which leads to underestimation of the value added (Millar and Hall, 2013). However, there are some wider benefits that can be valued relatively simply; the transport method assigns the cost to reach a service as the value of this service (Nicholls *et al.*, 2009); the CVM asks participants’ willingness-to-pay (Jun *et al.*, 2010). A common theme in literature-reviewing the SROI emphasised that it was labour and resource intensive and a complex task (Cugelman and Otero, 2010; Portes, 2000; Wood and Leighton, 2010). The basic efficiency method recognises that the objectives of many evaluation methods are to measure impact, yet, in reality, they evaluate efficiency (Cugelman and Otero, 2010).

Millar and Hall (2013) found that an organisation is not likely to invest resources unless the outcome was of significant value. So a contractor is unlikely to disperse resources on demonstrating and/or targeting social impacts unless they believe that it will be a significant factor in deciding whether they will win a bid or not.

The majority of these measurement methods have a focus on monetary outcomes, which highlights the current issue with industries’ perspectives on the third sector. Those utilising third-sector companies should not impose financial pressures on them to perform but perhaps try to gain physical soft evidence that they are producing. Social value is not something that can be measured

financially; it is about people’s connections, feelings and perceptions, so placing a monetary value on social value seems a wasted effort.

2.3.3 Relevance to construction

The BER analysis combined with some of the factors measured in social studies has begun to produce a framework that contractors and commissioners could begin to follow, focusing in particular on providing BER analysis for local areas and using typical measures from social studies to find out the perceived impact on civic co-operation/participation (Helliwell and Putnam, 1995) and trust and civic norms (Knack and Keefer, 1997). The use of such analysis could be provided in tender information to enable contractors to target their impacts more effectively.

2.4 Published guidance on social value by procurers

2.4.1 Croydon Council

Croydon Council produced a guide that defines social value as providing works in a way that achieves value for money on a whole-life basis (Croydon Council, 2013). The guide also states the Act is ‘non prescriptive’ and uptake will vary from council to council, and that ‘it has been argued that the Act will be relatively easy to circumvent’ (Croydon Council, 2013: p. 7). These claims are made with little evidence; however, considering that the Act is aimed at commissioners, it is likely that this statement sums up what most commissioners are thinking.

The last section of the guide illustrates how to include social value into procurement depending on the procurement route. ‘Route 1 – award criteria’ suggests testing previous experience of providing social benefits in the Pre-Qualification Questionnaire (PQQ). ‘Route 2 – performance obligation’ identifies providing social benefits in the PQQ documents. Competitive dialogue is also considered as an advantageous route to provide social benefit, allowing bidders to engage directly with Croydon Council about real social needs in the area.

2.4.2 Knowsley Council

Knowsley Council produced a ‘social value statement’ that defines social value and lays down key outcomes that would increase community resilience, increase volunteers, increase community business and increase private-sector investment (Knowsley Council, 2013).

The document provides little guidance on how to secure social value in procurement, in contrast to Croydon Council’s guide. It seems more like a statement of intent showing Knowsley Council is considering social value in its decisions.

2.4.3 VCSE publications

Several organisations representing VCSEs have produced guides on how to provide social value. A report published by Social Enterprise UK (2013) found that 13% of VCSEs operate in the housing market, meaning that there are established VCSEs providing services available to the construction industry.

A key section in the report evaluates social value in a tender and comprises three main points: social characteristics will be the most relevant to quality criteria; local language should be avoided to comply with EU requirements; the weighting of the social characteristic must relate to the importance to the contracting authority (Social Enterprise UK, 2012, 2014).

The guide tackles one key issue with the Act, the issue of localism and EU tender regulations. The issue is well evaluated here in that any contracting authority can be used as long as a local supply chain is invoked. Care should be taken in the wording of these criteria, as it could introduce issues on nominated subcontractors and/or suppliers.

2.4.4 Critique on guidance

The literature from the councils mentioned earlier is not exhaustive but gives a general picture of UK councils' current publications on the Act, with few guidance toolkits, such as that of Croydon Council (2013), and several letters of intent (Knowsley Council, 2013). Most other councils had pages on .gov websites outlining the Act and its potential. This reinforces the statement that the Croydon Council guide outlines – that the uptake varies from council to council and that the Act is ineffective (Croydon Council, 2013).

The Act is targeted at engaging social enterprises into public procurement, so it is expected that they invest time in providing guidance. It is difficult to imagine key policy makers using these guides, as it is not immediately obvious that the Act is aimed at VCSEs. The guides are useful. However, some provide little practical guidance into the actual mechanism of incorporating social value into procurement.

3. Discussion

3.1 Social value in construction

This paper aims to define social value because the Public Services (Social Value) Act 2012 is ambiguous. The literature review identified several research journals and reviewed the methods to understand what the authors measured to determine social value. A common term used was 'social capital', defined as a person's 'accumulation of human labour' regarding 'social networks' and 'trust' a person has in a community (Bourdieu, 1986; Helliwell and Putnam, 1995; Knack and Keefer, 1997; Stanley and Hensher, 2012). This looked at an individual person's social value, yet if a bigger picture is taken to capture the whole community, attitude to governance was measured (Knack and Keefer, 1997), along with newspaper readership (Putnam *et al.*, 2004) and legislation innovation (Stanley and Hensher, 2012).

The construction industry cannot be expected to target the political dimensions of social value that encompass whole communities, yet construction can improve aspects of an individual's social value. Providing jobs and training opportunities to those in the local area can improve an individual's social

capital and enable them to network with others, leaving an individual empowered. Furthermore, a contractor can use local resources in order to boost the local economy.

3.2 Methods of measurement

Currently the preferred measurement method is SROI; it provides a ratio of the monetary value of the social benefits provided to the monetary investment required (Nicholls *et al.*, 2009). Most methods focus on the monetary feasibility of social investments, yet this requires a monetary value to be assigned to a social benefit. In contrast, the BER method does not aim to provide a feasibility assessment on a social benefit but a matrix showing the effectiveness of different social benefits.

This review found that most methods estimate the financial efficacy of social objectives, when, in reality, a method that provides an evaluation to allow construction companies to target their social impacts and highlight their importance would be more effective. The inclusion of such evaluations in a tender would allow contractors to understand the importance and target the impact effectively (Millar and Hall, 2013).

3.3 Published guidance on the Act by procurers

Variations in the Act on a council-by-council basis have been highlighted. Focus on commissioners from the tender point of view is a common theme, with suggestions to target the award criteria, tender documents and availability to local supply chains and/or small businesses. This was echoed by the report on 'community benefits' which identified *Official Journal of the European Communities* (OJEC) notices as an appropriate place to state social considerations (Macfarlane and Cook, 2002).

3.4 Summary

The paper has explored the intentions of the Public Services (Social Value) Act 2012 and ways in which it can impact the UK. It is the intention of this paper to highlight to UK procuring authorities that the Act can have a beneficial impact on the outcome of construction projects. A construction-specific definition has been developed (Table 1).

The Act aims to provide additional social benefits to publicly procured construction projects by adding conditions and criteria in the procurement process which provide added value, not in the monetary sense of the word, but as a broader impact to the local area. Individuals can be targeted with provisions for training and apprenticeships targets and communities can be targeted in the provisions of community facilities and consultations.

The fact is that construction projects can impact the surrounding area for the better: the physical environments they build (playgrounds, schools, open areas); the people they educate and employ (training quotas, local apprenticeship schemes, networking events); and the communities they support and bring together (consultations, local supply chains). The Act is not clear with its intentions; however, it is clear that it should be

Considerations	Key terms and examples
The intentions of the Public Services (Social Value) Act 2012	To provide VCSEs and small to medium sized enterprises opportunities to tender To improve the economic, social and environmental well-being of the relevant area To add value in not just the monetary sense of the word but also the broader impact To boost a nation's spirit of association
Defining social value	A community's attitude to governance and its ability to work together: civic co-operation and social cohesion (Knack and Keefer, 1997; Helliwell and Putnam, 1995); an individual's social networks, including family and work (Helliwell and Putnam, 1995) A measure of trust within a community (Knack and Keefer, 1997) An individual's sense of community (Stanley and Hensher, 2012) Value for money on a whole-life basis
Measuring social value	The distinction between 'output' and 'outcomes' Existing methods focus on quantitative variables <ul style="list-style-type: none"> ■ household income – threshold ■ employment – education, training ■ political – referendum turnout ■ social support – family, friends ■ community participation – library attendance, hobby activity ■ civic co-operation – co-operation with governance
Mechanisms for including social value in procurement	Investments would be better placed in helping target social value based on community surveys OJEC notices including social objectives/considerations in the 'Other information/conditions' section Award criteria – include social consideration, community benefit A restricted or negotiated procurement procedure may enable social benefits to be written into contracts on all parties' terms Include the requirement for social value experience in PQQ, for example training schemes, previous projects, consultation strategy and education

Table 1. Key terms to consider when implementing the Public Services (Social Value) Act 2012

increasingly included into construction contracts and tenders in order to provide greater benefits to communities around the communities.

3.5 Further study

The measurement of social value in tenders is not within the scope of this paper; however, the intention is to produce a follow-up paper in which the practicalities of measuring social value will be explored further. A technique will be developed and used to measure the actual impact the Act has had on construction projects in the UK.

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