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## Social value — Understanding and enhancing — Guide

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## Summary of pages

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# Foreword

## **Publishing information**

This British Standard is published by BSI Standards Limited, under licence from The British Standards Institution, and came into effect on 30 November 2020. It was prepared by Subcommittee SCP/1/8, *Social Value*, under the authority of Technical Committee SCP/1, *Sustainable Performance, Consumption and Production*. A list of organizations represented on these committees can be obtained on request to their committee manager.

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## **Presentational conventions**

The guidance in this standard is presented in roman (i.e. upright) type. Any recommendations are expressed in sentences in which the principal auxiliary verb is “should”.

*Commentary, explanation and general informative material is presented in smaller italic type, and does not constitute a normative element.*

Where words have alternative spellings, the preferred spelling of the Shorter Oxford English Dictionary is used (e.g. “organization” rather than “organisation”).

## **Contractual and legal considerations**

This publication does not purport to include all the necessary provisions of a contract. Users are responsible for its correct application.

## **Compliance with a British Standard cannot confer immunity from legal obligations**

## 0 Introduction

### 0.1 Social value

This standard focuses on the role of organizations (including businesses) in understanding, preserving and enhancing social value.

Social value is created through the generation of personal and collective wellbeing over the short and long term.

As part of the economy, all organizations (including corporations, partnerships etc.) can convert resources into wellbeing, through the creation (or destruction) of social value. See [Annex A](#) for the history of and approaches to social value. The net outcome can be positive or negative.

For a long time we have assumed that financial wealth (monetary income) for society is a proxy for, or alternative to, a direct measurement of the social value created by organizations. This assumption, particularly in recent years, has been subject to a wide range of criticism. More and more organizations and companies are seeking to directly increase the social value they create and reduce the negative impacts they may be creating. This broadens the objectives of an organization beyond a narrow focus on the current financial value of goods and services produced, or the short-term profit achieved and distributed (where relevant) (although these are important to financial viability). The focus on social value is not just for reasons of moral or mission, but may also be because of increasing evidence of its positive effects on the long-term viability and profitability of an organization.

As a result of stakeholder pressure, as well as related legislation, organizations are seeking to understand, reduce and account for their negative impacts as well as justify their existence through articulating the benefits to society that they bring. This often requires an organization to align their core activities, and even purpose, to positively address opportunities and threats to social value. The UK's Public Services (Social Value) Act 2012<sup>[1]</sup> was the first piece of UK legislation on "social value" which it defines as "the social, economic and environmental wellbeing of the relevant area".

To ensure viability, organizations therefore need to respond to the fast-moving legislative environment and, more importantly, address the increasingly complex challenges which threaten human wellbeing through the threats to the pillars on which it rests (social, environmental and economic). It is therefore ever more critical that organizations are clear how their actions impact on wellbeing and that they use this information to enhance social value wherever possible.

This standard is designed to help organizations to achieve these goals.

After a long period of public consultation the government announced its intention to refocus and re-energise its own procurement policies, in line with the Act, in 2021 (see [Annex A.2.1](#)).

### 0.2 Purpose and audience

The main purpose of this guide is to help inform all those whose decisions affect social value, to make better decisions. It outlines principles to aid the process of recognizing, accounting for and reporting on, as well as the analysis and use of, social value. It further provides a social value decision making framework.

All organizational decisions are likely to affect social value. This guide is therefore aimed both at people who make decisions, as well as those who are advisors to decision makers. Advisors include people with varied perspectives in public, private, charitable or social economy organizations, whether they are investors, commissioners or providers of goods and services. For example, within the public sector, the Public Services (Social Value) Act (2012)<sup>[1]</sup> sets out the requirement for procuring bodies to consider social value in certain procurement decisions. This, in turn, creates

a need for organizations bidding for work, and for those evaluating tenders, to articulate what information they need to consider to embed social value.

The guide is also useful to people making resource allocation decisions, whether their actions are specifically designed to create a positive change in social value or not. It can be used before, during and after an activity has taken place.

There are many frameworks, tools, software packages, etc. which are designed to help. This guide does not seek to promote one over the others. However, this guide should enable users to understand the strengths and weaknesses of the different approaches which are available.

By following this standard:

- relevant insights will be gained regarding social value;
- options to enhance social value can be considered; and
- decisions regarding how to enhance social value can be made.

The guide sets out the data required that are most likely to provide robust and relevant insights to inform social value decision-making, given organizational constraints. These constraints include different levels of capacity to understand and deliver social value. The emphasis is not on implementing this framework to enhance social value in full, immediately, but on doing what is possible to enhance value whilst building the capacity to continue the journey to greater maturity.

Focusing on identifying and delivering immediate social value benefits, no matter how small or based on incomplete data, will support iterative changes in behaviour and culture that are critical to embedding social value and initiate organizational learning.

The guide provides a general approach to the use of data to identify opportunities to measure and enhance social value whilst highlighting linkages with a variety of related approaches.

### 0.3 Wellbeing

See [3.8](#) for the definition of wellbeing. This definition provides a simple window on the many interpretations of wellbeing, where wellbeing is understood as a summary of human needs[2] and capabilities which include the effect of inequality on wellbeing.

The various approaches include a range of objective and subjective measures to help understand how social value can be optimized. The most effective ways to measure progress, and balance objective and subjective measures, will be informed by the context within which social value is being delivered. See [Annex B](#) for examples of approaches to wellbeing.

Both objective (can be directly observed and assessed by reference to common standards) and subjective (self-reported) measures are useful. Together they both help to give a more rounded view of social value. Objective measurement is not just limited to material states (e.g. clean water) but can include observing if someone has the conditions for their needs to be met. This may be judged not to be the case even if the person themselves feels as if they are (e.g. a child who feels they are eating well when they show signs of malnourishment).

Although wellbeing is the final goal, there may be times when more short term or more hedonistic measures, such as how happy someone is following an event, are useful descriptions of the success of engaging people in ways that increase wellbeing and therefore, social value[3].

### 0.4 Social value and sustainability

Social value is the result and purpose of sustainability. Sustainability concerns the achievement of optimal societal wellbeing (social value) over the short and longer-term (including future generations). As such, sustainability requires the preservation of the resources (capitals) and systems

required to deliver social value – environmental, social and economic. These three inter-connected sub-systems that create wellbeing, now and over time, all need to be in good balance.

Unsustainable behaviour undermines social value in the long-term, even if it may appear to increase it in the shortrun (e.g. sourcing financially cheap materials that contribute to deforestation, or over-paying executives but increasing systemic inequality as a result). Achieving sustainability is therefore about focusing on long-term social value whilst also attaining it in a way that optimizes current social value. Pursuing short-term social value at the expense of the long-term is unsustainable.

The currently high levels of inequality, biodiversity loss, air pollution and greenhouse gases are examples of systemic risks to people’s wellbeing which are directly and indirectly created by an organization’s impact on social, environmental and economic systems. The scale and breadth of these kinds of threats pose fundamental challenges to social value, but also provide the opportunity to enhance social value through setting and meeting social value targets. The best international consensus on social, environmental and economic targets to achieve long-term social value is the UN Social Development Goals (SDGs)[4].

The Planetary Boundaries model[5] also provides a scientific consensus on the thresholds of environmental damage created by human behaviour, beyond which the planetary system may be unable to continue to provide the conditions which can support human life. The planetary boundaries therefore highlight the environmental risks to social value for all humans. “Doughnut economics”[6] fuses the idea of environmental limits to human activity with the minimum level of resources required to provide basic wellbeing conditions for the world’s population – with the space in between representing the opportunity to make use of environmental resources to maximize social value.

Because delivering long-term social value is the essence of sustainability, understanding social value, and how to achieve it over the long-term in different contexts, is a prerequisite for advancing sustainability. This includes understanding material (significant) outcomes for any given target group. Understanding social value therefore requires asking broad/systemic sustainability questions, such as:

- How can we enhance social value through innovations that simultaneously protect and restore the natural environment; and how does the natural world deliver social value directly e.g. through nature-based ways of delivering mental health outcomes?
- What type of economy and economic tools deliver long-term social value most effectively for different groups of people, and how can we develop these?
- What organizational efforts to increase social value can we support which may go beyond our traditional organizational scope, for example encouraging others to join us in contributing to the UN Sustainable Development Goals?

## 0.5 Decision making to enhance value

There are several factors that need to be considered by decision makers when seeking to lead for and manage social value, including accountability, rigour, and comparisons.

Frameworks for enhancing social value should follow a standard data planning cycle (see 6.1). Opportunities to enhance value arise throughout the cycle, which is reiterative, and are not limited to the review/analysis stage.

### 0.5.1 Accountability

Without a strong system of accountability of an organization to its stakeholders, any approach to understanding social value risks failing to create as much social value as possible. This can occur:

- a) due to lack of engagement with affected stakeholders leading to social outcomes and data being missed; and
- b) lack of pressure/encouragement to act on social value data or acting on that data insufficiently.

Enhancing social value implies making changes, ranging from the smallest alterations to a product or service specification to major shifts in strategy. Work to enhance social value could relate to an organization's target group but should also focus on those who the organization affects through their operations or who they could affect positively. This includes those who are relatively underserved and powerless and have relatively low, and sometimes no, ability to hold organizations to account for the social value forsaken or lost to them. These people might be employees, disadvantaged service users or those being exploited at the far end of a long supply chain. This results in an accountability gap which means that opportunities to enhance social value will be lost.

Future generations are unable to hold us to account. Decisions affecting the ability to meet the needs of the present should not compromise the ability of future generations to meet their own needs.

The purpose of this guide is to reduce the harms and missed opportunities to create social value by helping organizations use relevant data to make changes in order to increase their positive impact on social value. As a result, the approach taken to deciding what matters is covered in more detail in [4.2.3](#). That section focuses on what matters to the people whose wellbeing is affected by an organization's activities.

Consequently, approaches to the measurement and reporting of data are critical, as too is the culture of an organization and the roles stakeholders play within it.

### 0.5.2 Rigour

Rigour is the requirement that data is fit for purpose and as reliable as possible in the context of its intended use. The level of rigour required from data that is used to inform a decision, depends on the impact of options for enhancing value that are being considered. For an option which has a low cost to implement, a low cost to reverse and minimal social impacts, the data may not need to be so rigorous and a more experimental approach may be taken. Similarly, a choice between options which are more expensive, and where there is a higher level of risk, should be based on more rigorous data. Infrequent use of low quality evidence might be tolerated as a small share of an otherwise high quality portfolio of projects.

In a start-up enterprise, or in the launch of a new product in an existing enterprise, there is still the option of not starting or not launching and using the resources to do something else. Given these decisions tend to be high cost and risk, the rigour of the social value data for the decision to go ahead with a venture or offering may need to be higher than for any decisions to enhance social value that may follow.

### 0.5.3 Comparisons

The purpose of measurement is to enable comparisons to be made between different options for enhancing social value before and after any activities have been undertaken.

Different types of comparisons can be made to inform decisions to enhance social value. Comparisons can be made:

- before any activity is undertaken to compare the proposed social value of an activity with the social value of other activities. This will inform the decision to be made regarding the most suitable activity to undertake based on the available inputs and expected outcomes.
- after an activity has been undertaken, to compare between the social value anticipated before the activity was undertaken and the actual social value achieved. Undertaking a measurement exercise, and comparing the forecast with actual results, will show any improvements and enhancements that have been made.
- between options for activities which have different outcomes for different groups of people, which may be both positive and negative.
- between data on the impacts and the characteristics of people experiencing the impact to identify opportunities for product or service enhancements.

All of these comparisons may include data regarding different groups of people and both positive and negative outcomes. Comparing these types of data is difficult and decisions will need to be made to allocate resources where these trade-offs are inevitable. The approach taken in this guide is that regardless of the type and complexity of the decision, better decisions will result from comparing data that is consistent, transparent and informed by the people experiencing the change, especially when weighing up the relative value of different levels of change in outcomes. The number of insights that may lead to options for enhancing value will increase as more relevant data become available. Any option to enhance social value compares the social value that is currently being created with the potential impact of a different approach. The rigour of the data used in considering the potential impact of a new, untried option is likely to be lower than the data available for the existing approach.

Commonly, a focus on comparing the difference in social value between options, or between actual and targeted social value, is easier than measuring the amount of social value created or destroyed per se. Comparisons are made in order to identify opportunities for enhancement, and the rigour required depends on those opportunities. Measurement without a purpose makes it hard to know when measurement is good enough, and adds to the expectation that the measurement should be absolute and objective.

Some measures and evidence for acting are easier to acquire than others. Where assured evidence does not exist, or cannot be readily collected, stakeholder informed judgements about what the likely social value of an activity may be, may be better than only acting where assured evidence exists.

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## 1 Scope

This British Standard:

- a) gives guidance and principles for the understanding, preservation and enhancement of social value;
- b) focuses on the collection and use of appropriate data for making decisions about social value in all types and sizes of activities, organizations and groups, including public, private and social purpose organizations working alone or with others; and
- c) creates a framework for measuring social value building on and linking to existing principles and frameworks.