

Driving social value in new development: Options for local authorities

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Introduction



Purpose

This guide is intended to help local authorities create and implement a strategy that enables new development to deliver greater social value, thereby improving the impact of new development on communities and the wider area or city.

UKGBC's vision is a built environment that enables people and planet to thrive. This includes optimising health and wellbeing of people; and creating long-term value for society and improving quality of life.

Background

In March 2018, we published our introductory guidance for local authorities and development teams on [social value in new development](#). In that guide we set out some initial opportunities for local authorities to drive social value, both as a landowner and a planning authority.

This resource builds on that work, investigating when and how local authorities can use social value requirements across procurement, planning and land disposal. It is intended as a live resource, which can be updated with new evidence and new case studies.

Audience

The primary audience for this resource is local authority officers, who may be working in the procurement, planning, sustainability, regeneration or property teams. It will be especially applicable to officers with dedicated responsibility for embedding social value across local authority practices.

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Context

Background to the emergence of social value in the UK, its relevance to the built environment and the opportunity that development brings to local authorities

Context



The emergence of social value

Social value is a term for the economic, environmental and social benefits that are experienced by people. To understand their worth, these benefits are often measured, and sometimes assigned a financial figure.

Social value has become an increasingly prominent concept in the UK, thanks both to the introduction of The Social Value Act, government cuts and the shifting expectations of society.

The Social Value Act placed a responsibility on local authorities in England to consider social value in service contracts above a certain threshold¹. In August 2018, the [Strategy for Civil Society](#) announced the intention to strengthen the use of the Act by central government, and to explore suggestions to integrate social value into other areas of public decision-making.

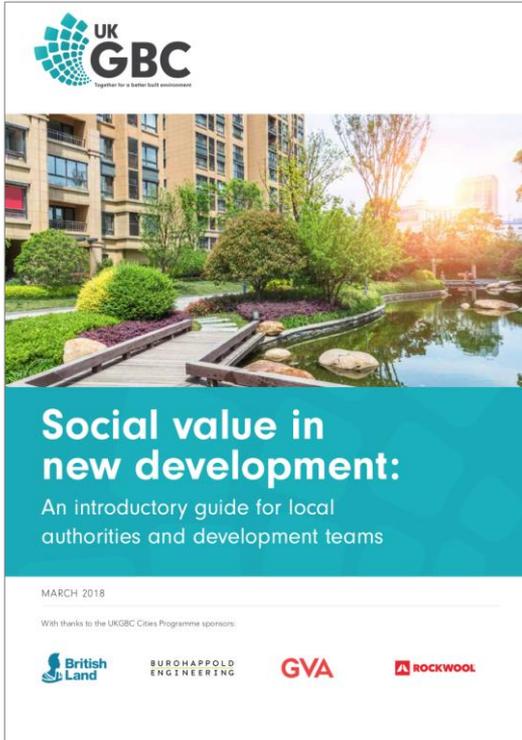
Local authorities have also been facing severe funding shortages. Although not the only driver, this has led to an acceptance that it is in the interests of the public sector to form partnerships with business in order to deliver greater social impact.

The shifting expectations of society have led to the growth of the social impact investment market in the UK² and have placed organisations under increasing pressure to demonstrate their contribution to society. Many businesses are also beginning to recognise the value that responsible business activities bring back to their organisation, thereby mutually reinforcing the need for a strong social and environmental purpose.

¹The [Well-being of Future Generations Act](#) is the equivalent legislation in Wales, and the [Procurement Reform Act](#) is the equivalent in Scotland

²The social impact investment market in the UK reached [£150bn by March 2018](#)

Social value in the built environment



In the context of the built environment, UKGBC’s approach understands social value as the benefits that built places provide to their local communities.

In this definition, the local community includes existing residents, businesses and other stakeholders in the local area, and all those who interact with the place – now or in the future.

When considering the impact of a development across its lifecycle, it is evident that the way places are planned, maintained, built and operated can positively (or indeed negatively) impact:

- Jobs and economic growth
- Health, wellbeing and the environment
- Strength of community

For more detailed analysis of the social value outcomes which can be derived from new development please refer to the UKGBC guide for local authorities and development teams, ‘[Social value in new development](#)’. This work is not repeated here.

Context



The size of the opportunity

Defra has estimated that if everyone had access to sufficient [green space](#) the benefits associated with increased physical activity could save the health system £2.1 billion each year.

Age UK has calculated that the annual cost to the NHS in England of [cold homes](#) is £1.36 billion, as well as the associated cost to social care services, which is likely to be substantial.

[Loneliness](#) has strong links to poorer physical and mental health and increased use of GPs, hospitals and social services. LSE has estimated that for a decade of an older person's life, the public cost of loneliness is £6,000.

In the coming years two of the biggest challenges facing local authorities will be meeting nationally-set housing targets³ and continuing to mitigate the impact of cuts to government spending.

It is predicted by the Local Government Association that local authorities could face an almost [£8 billion funding gap by 2025](#). This means that local authorities are working harder than ever to maximise the benefits from every taxpayer pound that is spent and to ensure the public recoup any benefits from development. There is an increasing awareness of the role the built environment can play in easing some of the challenges faced by local authorities.

Despite this growing understanding, opportunities to save costs to the public purse from new development are underutilised. As we enter one of the biggest housebuilding phases in decades, this missed opportunity only deepens.

³The UK has committed to build [300,000 homes a year by the mid-2030s](#)

Setting social value requirements

One way in which local authorities can drive better outcomes for communities from new development is by setting social value requirements.

Although the overarching purpose of any activities undertaken by a local authority is to benefit their communities and the broader public good, there are certain times where a dedicated requirement for social value can be a powerful lever for change.

Currently, most of these requirements that relate to new development are set during procurement, but increasingly there is innovative use of social value requirements in planning and land disposal.

However, where social value requirements do exist, there are instances where the requirements do not reflect the needs of the local communities, the strategic priorities of the local authority or what the supplier can deliver.

There is also sometimes very little consistency across social value requirements, both in terms of the outcomes specified or the measurement strategies used.

A more joined-up strategic approach on social value could help local authorities to maximise social value from local development, as the following recommendations suggest.

Key Recommendations

Key recommendations for local authorities setting a strategy for social value relating to new development

There are two types of recommendation in the following three pages:

- 1) Recommendations for setting social value requirements, summarised here but explored in more detail in later sections
- 2) Cross-cutting or overarching recommendations for setting a social value strategy as part of a corporate policy

Key Recommendations



Recommendations for setting social value requirements

Setting social value requirements relating to new development can support the strategic priorities of local authorities by building stronger communities, improving local environment and health outcomes and strengthening local economies.

1. Where the local authority is the landowner or client, it may set social value requirements on contracts that relate to new development through the process of [procurement](#). These contracts can relate to developers, contractors or any other built environment service provider.
2. For most development, local authorities may set social value requirements in [planning](#) mechanisms such as Section 106 or within planning conditions. These can be strengthened by setting out social value policy requirements in Local Plans, with further guidance on implementation provided in a Supplementary Planning Document.
3. Local authorities may set social value requirements when selling [land](#) or transferring assets to local communities. They can also use social value measurements to calculate discounts on those transactions.
4. Relevant local authority teams should work together to ensure a joined-up strategic approach for setting social value requirements in relation to new development. That approach should be set out in the local authority's [Social Value Policy](#), which will include the approach to broader social value requirements.

Key Recommendations



Overarching Recommendations

1. To ensure that all opportunities for unlocking social value are recognised and the expectations of both parties are set, it is important to set out the ambition for delivering social value **as soon as possible** in the development process. In most cases this opportunity will come in the pre-planning discussions, but where possible expectations can be laid out at land disposal.
2. As much as possible, social value should be delivered through **direct interventions** rather than providing a financial contribution. This is because financial contributions are more likely to divert investment or contributions from elsewhere.
3. Development will only maximise the opportunities for social value creation if the **community** are engaged and empowered throughout the development process and all parties have a thorough understanding of local needs and the wider needs of the area.
4. Setting social value requirements in **legal mechanisms**, such as planning obligations and conditions of sale, will mean that the supplier will be able to be held accountable for the delivery of their commitments. However, they may not always be the right mechanism, as they can be constrictive for both parties.
5. As the purpose of setting social value requirements is to drive better practices, any social value should be provided **in addition** to the existing product or service. More work to develop benchmarks for “business as usual” needs to be done to support this practice.
6. As public sector **resources** to develop and implement social value strategies for development are limited, local authorities should seek private sector support and think strategically about the most effective use of resources across the development process.
7. To ensure effectiveness of social value requirements, and to hold all parties accountable for the delivery of agreed strategies, it is important, where possible, for local authorities to require the private sector to provide ongoing **monitoring** and reporting of outcomes.

Key Recommendations



Setting a Social Value Policy

Where public land is being developed or the local authority is the client, the developer may encounter social value requirements through interactions with the Planning Authority or the procurement team. This may lead to situations where social value requirements may be doubled up.

Local authority teams should work together in these instances to ensure the requirements maximise social value outcomes and ensure a joined-up strategic approach for setting social value requirements in relation to new development.

This approach should be set out in the local authority's corporate Social Value Policy⁴, which covers all areas of local authority decision-making and will include the approach to broader social value requirements.

A Social Value Policy should:

1. Define social value within the local authority context.
2. Make reference to the strategic priorities of the local authority and any relevant planning policies.
3. Reference any other relevant documentation, such as the local plan, sustainable procurement policy, corporate strategy or commercial property strategy.
4. Identify a set of themes and outcomes based on local needs and the strategic priorities.
5. Set out a framework which includes outcomes and suggested metrics, which can be used for consistent measurement across the authority.
6. If monetising social value outcomes, stipulate the use of a robust and verifiable calculation methodology.
7. Include a plan of how the development outcomes are going to be monitored in the long term.

Procurement

The use of social value requirements in procurement that relates to new development

Background

Procurement is the process of acquiring goods, works and services from third parties, and covers everything from paperclips to major infrastructure schemes.

Local authorities use the procurement process to select partners to help them deliver development projects, for example, new schools, local authority offices or social housing.

These partners may be contractors, developers, architects, master planners or facilities management providers.

According to research conducted by Social Enterprise UK in 2016, [a third of all local authorities routinely consider social value in their procurement](#) and commissioning.

While contracts relating to new development represent only part of the total procurement budgets of local authorities, any social value committed to as part of these contracts has the potential to extend for the lifetime of the asset.

Sustainable Procurement Policies

Before the Social Value Act, many local authorities developed Sustainable Procurement Policies, which included requirements relating to new development. For example, [Hackney's Sustainable Procurement Policy](#) encourages specifying BREEAM standards in appropriate tenders.

Although a local authority's overarching Social Value Policy may cover many of the same objectives as a sustainable procurement policy, local authorities have found it helpful to target social value specifically, for several reasons. Firstly, as an opportunity to more directly address social outcomes; secondly to further embed the practices of the original Sustainable Procurement Policy; and thirdly because a Social Value Policy can be applicable to wider areas of decision-making, such as planning.

Recommendations

Types of requirement

Types of supplier

1. Use the tendering process to refine the long list of outcomes specified in the local authority's Social Value Policy, and suggest some possible social value outcomes that are particularly relevant to the communities likely to be impacted by the development.
2. Consider the type of organisation that is being contracted. Different built environment organisations and service providers will be better placed to deliver different outcomes and will need to be managed in different ways. See Slide 18 for guidance by organisation type.
3. The procuring party should make explicit the type of social value requirement in the tendering document (see Slide 17). For contracts that relate to local development, the requirement should ideally have an ambitious weighting, be required in addition to the core product or service and be delivered directly by the supplier or their supply chain. Reducing the use of financial contributions with contracts that relate to new development is especially important as any additional costs of development can compromise other aspects of the development.

Types of social value requirement

The type of social value requirements set out in procurement can vary significantly. The list to the right outlines some of the key variations.

Additionality – Many local authorities require that the social value element of the bid is offered in addition to the service or product being procured, and that the social value relate to the product or service. While the broader CSR activities of the supplier are to be applauded, they are less relevant and can be less targeted.

Weightings - In tender evaluations, weightings reflect the relative importance of selection criteria. Where local authorities score social value when scrutinising tenders, the score is typically between 5-10% of the overall points awarded, but is significantly higher for some local authorities, for example [Manchester City Council has a weighting of 20%](#). Within an authority, weightings for social value may vary across contracts, however the authority should recommend a default weighting as a guide for procurement teams.

Monetisation – While some local authorities may require a financial contribution that they will invest in activities that deliver social value, it is considered much more sophisticated (and a more efficient use of resources) to ask for the supplier to contribute to social value outcomes directly. Sometimes a financial equivalent will be specified, but this can be flawed if the same methodology is not used by all tenderers. However, it has the benefit that the tenderer can offer a financial sum to a “Social Value Fund” if they are unable to meet the requirement through their own activities, or if they fail to deliver during the contract.

Types of supplier

Different built environment organisations will be better placed to deliver different outcomes and will need to be managed in different ways. This section provides guidance on setting social value requirements for key built environment organisation types.

Contractors

While the use of social value is most prevalent in procurement, the Social Value Act only refers to the procurement of services, rather than goods and works. Despite this perceived limitation, many local authorities have applied the principles of the Act to all contracts. In some cases, this has been justified due to the service element of a wider contract. In other cases, this has been justified by the [2011 Best Value Statutory Guidance](#), which references to both goods and services.

As the Social Value Act refers to the procurement of services rather than goods or works, not all contractor procurement includes social value requirements. Despite this, the construction industry has shown leadership on social value creation and measurement and local authorities should seek to utilise that preparedness. In many cases, the greatest focus of contractors has been on skills development and job creation. If these do not reflect the needs of the local area, the local authority should identify areas of local need that they'd like the contractor to address and be mindful that contractors may need support in implementation.

Developers

Developers can be the single biggest determinant of a development's success, and as such should be required to provide a comprehensive commitment to delivering social value. Because of this, some local authorities specify that the developer must set out a social value strategy for the site, which then forms part of the development agreement or business plan. The requirements should be the same when local authorities enter into joint ventures with developers, though in these instances the local authority will have a greater control and perhaps a greater role to play in the implementation of a social value strategy.

Social value outcomes for a site or project can also be established early through the use of development briefs, planning obligations and planning conditions.

Setting up a strategy and action plan at the planning stage will open up the opportunity of not only delivering social value during construction but also in the operational stage of the development with the occupiers. See the following section on planning for more specific guidance.

For local authorities concerned that social value places too heavy a burden upon developers, they can seek to reassure developers that the social value commitments made can also be delivered by their supply chain if they work to embed social value in their procurement process when they go to tender for a contractor.

Architects / Designers / Master planners

The design of the development plays a crucial role in generating social value. While much of the design specification will already be set, or stipulated through planning requirements, there is still significant room for architects and designers to include design elements which will deliver long-term social value. See our previous [social value guide](#) for a spectrum of these design interventions.

Architects and designers have the tools and skills for creating “human-centred” design, which relies on engaging and co-designing with communities. It could be that the social value architects and designers help deliver is supporting the engagement and skills of the local community in the development and design process. This then helps to empower and upskill communities in the development process, mitigate any disruption caused by development and builds trust between all parties.

Engineers

Engineers have a significant role to play in delivering social value outcomes including health, wellbeing and environment across the lifetime of the development.

Through the application of scientific principles, evaluation frameworks, computer modelling and creative design thinking, they are well placed to test ‘what-if’ scenarios to inform design decisions and build an evidence base across a wide range of social, economic and environmental factors. These include air quality, thermal comfort, acoustic environment, active travel, biodiversity, clean affordable energy and user satisfaction.

More directly, engineers can support learning, development, training and employment opportunities in STEM subjects for local schools and colleges.

Facilities Management

Due to the long lifespans of built assets, the occupation phase often presents the biggest opportunities for generating social value. Public sector spend on facilities management (FM) represents a significant chunk of the whole market, and has led to a growing awareness of the Social Value Act among outsourced providers. However, as a low margin industry, FM providers will benefit from clear guidance on the needs of the local authority, alongside a realistic view of the demands made by the procurer.

Having established these needs, the creation of social value should be a two way engagement as both sides have limited resources. Without guidance and engagement, many FM providers may fall back on describing or measuring in monetised terms their own CSR strategies. In many cases the most impactful social value an FM provider can generate is around local skills and job creation, alongside potential volunteering and environmental improvements to local communities. However, if these do not meet local needs, other outcomes should be explored.

Consultants

This is a broad grouping for the all the other professional advice sought by the local authority in relation to a new development, including viability assessors, planning consultants and legal advisors. Although these consultants have a less direct influence on certain outcomes, they are well placed to advise the local authority on taking a social value approach to the development.

As this group varies in terms of size and technical capabilities, it may be that allowing these actors space to innovative could be the most effective way to generate social value. That said, common to all consultants will be the opportunity to provide work placements to local schools and technical colleges, take part in volunteering programmes and provide pro bono advice to local community projects.

Planning

The use of social value requirements in the planning process

Background

In August 2018, the Strategy for Civil Society announced the intention of Government to explore application of the Social Value Act to planning. This has been suggested for a number of reasons, some of which are listed here.

- Social value creation is already at the heart of planning, yet existing policies are not unlocking the full social value of new development, for a number of reasons outlined in our [previous guidance](#).
- As in the case of procurement, requirements for social value in planning have the power to unlock additional social value from the development, i.e. over and above the standard planning requirements.
- As a large proportion of development is of private land, the only opportunity for local authorities to put in place social value requirements is through the planning process.
- Planning involves significant levels of public spending, and therefore can be considered as an opportunity to gather more value from the public purse. This spending comes directly from the operation and administration of the planning system, but also indirectly through the spending of developer contributions.
- A briefing note published by the Social Value Portal claims that integrating the Social Value Act into the planning process has the potential to [unlock an additional £15bn value for our communities](#) across the UK every year.

Local authorities may feel that the level of ambition set out in their planning policies means that setting social value requirements on top of those outcomes would be unnecessary. However, [evidence shows](#) that many local authorities are already using the social value requirements in planning to successfully unlock more value from local development for communities.

Local authorities may even find some further benefits. For example, the ongoing monitoring and reporting of a social value approach could support the planning system to ensure that developers are held accountable for their commitments and help all parties understand the full legacy of the development. Likewise, using the planning process for setting social value requirements could ensure that when the development passes into new ownership, the new owner will also take on the social value aspirations and initiatives of the development.

It is important to note that local authorities have been able to embed these practices and policies into their planning processes as the ambition to unlock social value from local development is consistent with the guidelines of [National Planning Policy Framework](#), and its overarching ambition for achieving sustainable development and meeting local needs. However, central government must do more to encourage these activities, for example through the development of a bespoke Planning Practice Guide.

Recommendations

Planning mechanisms

1. There are various mechanisms within the planning system which can be used to set social value requirements. See [Slide 26 - 29](#) for more detailed guidance on embedding social value in planning obligations, planning conditions, Supplementary Planning Documents and Local Plans.
2. To avoid the risk of challenge, the social value requirements set out in planning obligations and planning conditions can be strengthened through the development of policy in the Local Plan, with further guidance provided in Supplementary Planning Documents.
3. Planning obligations can slow the planning process down and cost the developer in legal fees. Therefore, if there isn't a planning obligation being prepared on an application for other contributions, many local authorities would rather use a condition. In other instances planning obligations can be seen as preferable as they are harder for the developer to renegotiate on the basis of viability.
4. It is important to set out the ambition for social value as soon as possible in the planning process. In most cases this opportunity will come in the pre-planning discussions. It may be that the ambition may be so clear from these discussions, there is less need to set requirements.
5. Planning teams could benefit from following the lead set by procurement teams and seek to provide some consistency in their social value requirements. At the moment the inconsistent application of requirements may be confusing for developers and contractors.

Planning Obligations

Planning obligations, also known as Section 106 agreements, are legally binding agreements made between local authorities and those submitting planning applications. Section 106 agreements can be used by the Planning Authority to require certain social value outcomes, or to extract a financial contribution from the developer for delivery of certain social value outcomes as part of the development.

However, when social value requirements are financial contributions, they risk simply reallocating contributions or funding that would have gone elsewhere. Developers should also not presume that other Section 106 contributions, such as requirements for affordable homes, may be offset by broader social value contributions. Social value requirements should always seek to provide an additional benefit to the local community.

While the aspiration for creating social value should be set as early as possible in the development process, the local authority should think strategically about which outcomes require binding commitments from the developer.

As Section 106 legally binds developers to their proposed commitments, most developers will be naturally cautious about the social value they commit to at this stage. Therefore we do not advise mandating all desired social value outcomes as part of a Section 106 agreement, as this could lead to compromised ambition and scope.

Planning Conditions

Where planning authorities do not wish to be seen as adding financial burdens on development, or social value is not prescribed in heads of terms and therefore unable to attract a Section 106 financial contribution, thought should be given to incorporating social value requirements as a planning condition.

A planning condition may be used, just like a planning obligation, to require social value be delivered as part of the development. Similarly, it may focus on a particular outcome, general grouping of outcomes or have a requirement for the developer to provide a full Social Value Strategy with the planning application. It may be the case that the Local Plan includes a policy relating to social value that is enforced through the use of planning conditions.

An approach favoured by some is the setting of 'dual conditions'. This is a planning condition that requires the developer to provide a social value strategy for the proposed development both before construction can start and before occupation is permitted.

Local Labour Agreements are a common example of a planning conditions that specify a group of social value outcomes (in this instance, those relating to jobs creation and skills development). Local Labour Agreements have been extended by some local authorities to go beyond job creation and skills development, but have retained the same name, it being seen as easier to communicate than "social value".

Local Plans

Local authorities can choose to incorporate a dedicated social value planning policy into their Local Plan. This policy outlines the outcomes being sought, references any related planning policy, and suggests a planning mechanism (likely to be either planning obligations or conditions) for enforcing the policy.

One of the benefits of having a dedicated social value planning policy in the Local Plan is that it strengthens the social value requirements set out in other planning mechanisms.

For example, introducing requirements into planning obligations without reference to a local plan policy can introduce the risk of challenge, as those requirements cannot be justified in planning terms.

Likewise, if any Supplementary Planning Documents which require social value are considered by a planning inspector to be adding in a new policy requirement, it is likely that they would rule against the Planning Authority at appeal.

Supplementary Planning Documents

Supplementary Planning Documents (SPDs) build upon and provide more detailed guidance about policies in the Local Plan. They are capable of being used as a material consideration in planning decisions and may focus on specific sites, or on particular issues.

Increasingly, SPDs are being used by local authorities to require additional social value from developers. In these instances, the SPD can:

- Have a focus on a specific geographical area and highlight the required social value outcomes for development in that area⁵

- Relate to a particular theme or set of themes, such as local job creation or local environment
- Be a dedicated “social value” SPD which requires developers to provide a Social Value Strategy for schemes above a certain threshold

The SPD will typically set out the outcomes being sought by the local authority and refer to the relevant policies in the Local Plan that it is seeking to implement.

Where there isn't a specific social value planning policy in place, there are likely to be other policies which justify the specific outcomes being targeted.

⁵These are known as development briefs. Development briefs are documents prepared in advance of an application for development being submitted. They are generally only prepared on large complex sites. Development briefs relate heavily to existing planning policies should set out clearly and simply the kind of place that should be created. When a development brief is adopted by the local authority it becomes a more powerful tool in influencing the outcome of any future planning application.

Land Disposal

The use of social value requirements in the disposal of land and where social value requirements support the sale of public land at less than best consideration

Background

Social value requirements can be set when selling land for development or when transferring assets, such as land or buildings, to communities

Local authorities have always needed to buy and sell land as part of their estate management and property strategy. Recently, local authorities have been encouraged to sell off considerable amounts of public land to plug the gaps in central government funding. It has been reported that since 2016, 64 local authorities in England have spent a total of £381m made from property sales.

This has been widely reported and controversial, as the current rate of release of public assets is arguably unsustainable. However, selling local authority owned land is a necessary part of local authority operation and can be managed in such a way that it maximises social value outcomes.

Setting social value requirements as early as the land disposal stage can help to ensure that decisions such as the primary use for the site or the masterplan are influenced. It also helps to set expectations between the key stakeholders early on. However, not all opportunities for generating social value can be recognised at this stage, so there should always be flexibility to bring in further social value requirements later on in the development process.

Recommendations

Undervalue

Community Asset Transfer

1. When selling land, local authorities are able to give weightings to social value in the tendering process, so that bids for land can be compared in terms of the potential social value of the future development scheme.
2. Some social value requirements could be set in the conditions of sale. However, this is very unusual as it would likely result in the land price being negotiated down. Most social value requirements will sit better in the development agreement, should a development agreement be proposed by the landowner.
3. Land covenants could be useful to set social value requirements that ensure the ongoing maintenance of an asset, especially public assets, and ensure social value is maximised during operation. However land covenants are more likely to be historic requirements.
4. Calculating the monetised social value of certain aspects of a proposed scheme can be used to justify discounts to the market land value given by local authorities to the developer or community. In these scenarios, there is still a concern that the social value commitments might not be fulfilled, depending on the strength of the legal mechanism used.

Undervalue / Less than best consideration

In 2003 central government announced a general consent for disposals of land under Section 123 of the Local Government Act for less than best consideration . This allows a local authority to dispose of land for less than best consideration if it considers that the disposal will contribute to the promotion or improvement of the economic, social or environmental well-being of its area, with the limit that the undervalue is no more than £2 million.

This power has been used strategically by local authorities to provide discounts to land for development that provides social value to the area, for example, the development of an adult care facility. The discount may be justified through savings to a particular local authority service or activities that contribute to broader social value outcomes. In some instances, local authorities are using the monetised social value of a proposed scheme to calculate a discount on the land value.

Community Asset Transfer

Under the 2011 Localism Act local authorities have powers to transfer a publicly owned asset, usually land or buildings, to a community organisation at less than market value. Section 88 of the Localism Act states that land can be considered a community asset on the basis that the use of the land or asset “furthers the social wellbeing or social interests of the local community”.

In instances where assets are transferred to communities, the local authority can justify discounts by calculating the additional social value created through the asset being transferred to the community. The local authority can use this as an opportunity to suggest additional activities to the community that can generate social value, such as providing employment opportunities to local people.

Policy Examples

Examples of policy and practices that support the recommendations of this resource

Policy examples

Policy which explicitly extends social value requirements to works contracts



Local Authority	Policy summary	Link
Manchester City Council	In 2015 Manchester City Council increased its weighting for social value considerations from 10% to 20%. When tendering to supply goods, services or works potential suppliers will be asked to provide details and evidence of how they meet the Council's six social value objectives, as set out by Greater Manchester Combined Authority in the GMCA Social Value Policy. Potential suppliers are scored on their 'offer' to the Council, which can be either as 'Social Value in Kind' (directly contributing to one of the outcomes) or a financial contribution to their Social Value Fund.	Social Value Toolkit for Suppliers
Greater Manchester Combined Authority	GMCA's Social Value Policy states that it seeks to embed the policy and associated Great Manchester Social Value Framework within all commissioning and procurement activity, explicitly referencing services, goods and works.	Social Value Policy
Durham County Council	Durham County Council used the Social Value Act as an opportunity to "further embed the work it had already been doing under its Sustainable Commissioning and Procurement Policy". The council took the decision that the "social value" test would be applied to all contracts over its £50,000 tender threshold and include contracts for works and goods as well as services.	Sustainable Procurement & Social Value Policy Statement
Coventry City Council	Coventry City Council set out in their Social Value Policy a definition of social value that includes goods as well as services. Their policy provides a set of outcomes that will allow it to consider the economic, social and environmental well-being of the city and its residents and are based on the vision, values and priorities contained in the Council Plan.	Social Value Policy
Kirklees Council	Kirklees Council's Social Value Policy Statement states that their social value approach includes the procurement of goods as well as services. It also states that while the Act only applies to contracts where the value of the contract exceeds the European Procurement Threshold of £172k, their approach encompasses the full commissioning cycle.	Social Value Policy Statement

Policy examples

Commitments to use social value requirements in the planning process



Local Authority	Policy summary	Link
Leicester City Council	Leicester City Council's Social Value Charter sets out its ambition to improve economic, social and environmental wellbeing through procurement, planning and grants. The Charter states that the council will seek to negotiate scheme amendments and use planning conditions or legal agreements attached to a planning permission to ensure permissible social value benefits are secured and delivered.	Social Value Charter
Manchester City Council	Manchester City Council's Local Labour Condition is a planning condition that requires developers to submit a Local Labour Agreement that shows how the development will benefit people and business in Manchester. The developer is given guidance on the metrics that they can focus on.	Local Labour Agreement
Hampshire County Council	In their document, Developers' Contributions towards Children's Services Facilities, Hampshire County Council set out the principles to be applied to all negotiations for developer contributions. The County Council expects developers' contributions to meet the cost of children's services facilities required as a direct consequence of development. The purpose of their document is to establish consistent and open criteria so that Local Planning Authorities and Developers can make informed decisions about the potential level of contributions they may be required to make towards Children's Services facilities. These facilities include primary and secondary schools, provision for children with special educational needs and disabilities (SEND) and early years facilities to support young children and their families.	Developers' Contributions towards Children's Services Facilities
Coventry City Council	Coventry City Council use their Social Value Policy as the lever to include social value planning conditions in all major planning applications. These can apply at the construction phase and potentially the "end user" stage. The condition puts the onus on the applicant to develop a skills and employment plan for the site. The applicant is encouraged to work with the council to develop that skills and employment plan. The condition will not be discharged until the skills and employment plan is agreed. The skills and employment plan is monitored for the duration of the build.	Social Value Policy

Policy examples

Social value requirements in a Local Plan



Local Authority	Policy summary	Link
Salford City Council	<p>“All development shall be located, designed, constructed and operated so as to maximise its social value and contribution to making Salford a more socially inclusive city.</p> <p>All major developments shall submit a Social Value Strategy at the planning application stage for the approval of the city council. A condition will be included on all relevant planning permissions to ensure the implementation of any approved Social Value Strategy, including requiring compliance with the relevant parts of the strategy to be confirmed prior to the commencement and the occupation of the development.</p> <p>The Social Value Strategy shall identify how the development will support social inclusion and deliver social value throughout its lifecycle. This shall include demonstrating how the development will maximise its positive contribution to:</p> <ol style="list-style-type: none">1) Reducing inequalities in Salford and their adverse impacts on residents;2) The ability of local residents and vulnerable groups to fully participate in society;3) Inclusive places, in accordance with Policy F3;4) Economic inclusion, in accordance with Policy EC2; and5) Good mental and physical health, in accordance with Policy HH1. <p>For the purposes of this policy, social value is defined as the range of potential social, economic and environmental benefits to communities in Salford, including existing residents, businesses and other stakeholders in the local area.”</p>	<p>Policy F2 Social value and inclusion. Revised Draft Local Plan.</p>
Bristol City Council	<p>Bristol City Council set out in their Social Value Policy an intention to reference social value in the Bristol Local Plan so that the wider community and social aspects of a development can be considered.</p>	<p>Social Value Policy</p>

Policy examples

Supplementary Planning Documents relating to social value



Local Authority	Policy summary	Link
Barnet Borough Council	<p>“The Public Services (Social Value) Act 2012 requires people who commission public services to consider how they can also secure wider social, economic and environmental benefits. The draft SPD has been subject to a Sustainability Appraisal which assesses the social, economic and environmental implications of the document. Social benefits will principally be secured through opportunities to increase housing delivery (including affordable housing). Economic benefits will be delivered through the increased accessibility of Colindale Station making the regeneration area more attractive to inward investment as well as new residents. Environmental benefits will be delivered through the re-allocation of roadspace, giving pedestrians and cyclists more priority, car-free development that helps reduce congestion and an enhanced public realm with greater planting that softens the existing hard landscape and improves air quality.”</p>	<p>5.3 Draft Colindale Station SPD</p>
Knowsley Metropolitan Borough Council	<p>“This adopted SPD provides guidance on how the Council will implement the requirements of the Knowsley Local Plan, and Policy CS4 in particular, by requesting that developers in the Borough prepare and implement a Social Value Strategy in a case where their scheme meets or exceeds a certain threshold. It outlines the process for creating Social Value Strategies and identifies the kind of social value outcomes which could be expected from new major development; such strategies will commit to maximising the employment and training of local people during the construction phase and in the completed development, helping to develop the resident workforce skills, and there will be a route to employment for local people.”</p>	<p>Adding Social Value to Development: Employment and Skills SPD</p>
Central Lancashire	<p>“The SPD has been driven by Preston, Chorley and South Ribble Councils’ aspiration to see additional benefits (known as social value) incorporated into their housing and other development opportunities. Social value is defined as “the additional economic, social and environmental benefits that can be created when the Council purchases a good or a service from an outside organisation, above and beyond the value of that good or service”. By integrating social value at the planning stage of a project, this can result in significant ‘added value’ benefits to the residents of Lancashire, particularly in the area of employment and skills (to which this SPD relates). It will also contribute to the Lancashire Employment and Skills Strategic Framework, which details the employment and skills needs within Lancashire.”</p>	<p>Central Lancashire Employment Skills SPD</p>

Policy examples

Local labour requirements in a Local Plan

Local Authority	Policy summary	Link
Black Country	<p>The Black Country's planning policy EMP5 states that planning obligations will be negotiated with the developers and occupiers of major new job creating development to secure initiatives and/or contributions towards the recruitment and training of local people. The training schemes should offer help particularly to disadvantaged groups, so that they may obtain the necessary skills to increase their access to job opportunities. In practice, the implementation of the policy is not being imposed through Section 106 but rather through the use of planning conditions seeking the submission of Local Employment and Training Strategies at the outset of development proposals.</p>	<p>Core Strategy (2011) - Policy EMP5 (Improving Access to the Labour Market)</p>
Birmingham City Council	<p>Birmingham City Council's planning policy TP26 states that The City Council will seek to work closely with developers to identify and promote job training opportunities for local people and encourage the use of the local supply chain to meet the needs of new developments. The policy also states that in order to ensure that the benefits of new development wherever possible are targeted at local people, developers will be encouraged to sign up to targets for the recruitment and training of local people during the construction phase of development, and where appropriate for the end use. The Plan states that the policy will be implemented through the use of Section 106 and "planning management".</p>	<p>Development Plan (2017) - Policy TP26 (Local employment)</p>

Case studies

Case studies of local authorities using social value requirements to maximise the outcomes from local development for their communities

To propose a case study, please email sophia.cox@ukgbc.org

Case studies



Havering Council

“The commitment of Wates Residential to this type of work was one of the strengths of their bid to be our joint venture partner.”

Andrew Blake-Herbert, Havering Council’s Chief Executive

Wates Residential and Havering Council entered into a joint venture to deliver 3,000 homes built on sites across the borough over the next 12 years, one of the biggest social housing regeneration schemes in London.

Wates Residential have pledged to deliver a lasting legacy for the community as part of the joint venture. Through the developer’s investment in skills, training and education, the Council predicts social value benefits for Phase 1 of the project will be worth around £6.8 million.

Commitments include a comprehensive programme of community initiatives and commitments to the wider borough, from the creation of a new Construction Academy to school curriculum support and the delivery of around 165 apprenticeships across the life of the scheme. There will also be a focus on investment in local facilities.

The joint venture aims to deliver improved housing for local people, with the amount of affordable housing across the estates doubling under the project and council rented accommodation increasing by 70 per cent. The right to return is guaranteed to every existing resident on the estates being regenerated.

Case studies



Durham County Council

During 2013 the Council tendered for a contractor to fabricate and erect timber-framed buildings on Gypsy/Roma Traveller Sites around the County.

As the buildings are timber framed, it was made an essential requirement of the contract that all timber used would meet the requirements of the Council's Sustainable Timber Procurement Policy. At shortlisting stage, bidders were required to evidence the sustainable timber chain of custody they had in place.

At the pre-procurement stage, an assessment was undertaken to identify any barriers which might be faced by smaller or local potential bidders, to ensure that the tender process was not too onerous for small firms. The winning contractor, Karlin Timber Frame, is a local small business based in Newton Aycliffe, County Durham.

As a further measure to support the local economy, a commitment was obtained from Karlin that any job vacancies arising during the duration of the contract would be notified to the Council's employability team, and long-term unemployed or otherwise disadvantaged candidates sought where possible.

Case studies



Croydon Council

The Croydon Council Urban Regeneration Vehicle (CCURV) is a Local Asset Backed Vehicle into which Croydon Council provides land and assets and John Laing provides equity working capital and development management services to undertake development projects. CCURV is committed to delivering regeneration holistically within Croydon.

Ambitious yet robust strategies to deliver social and economic benefits locally are part of CCURV's strategy for each development and are reflected as key deliverables in CCURV's contracts with its construction supply chains.

The CCURV Skills & Employment Group brings together the public, private and third sectors to shape and review the social and economic benefits delivered through CCURV.

Bristol City Council

Bristol City Council recently transferred one of its assets – a building on a row of shops on Gainsborough Square in Lockleaze – to the North Bristol Advice Centre (NBAC) to convert into a community shop.

As well as helping to solve a long-running lack of fresh fruit and vegetables in the area, NBAC has converted the upper floors of the building to house its employment support project and to create workspace for new social enterprises. Instead of selling off the building, the council has used it to help resolve long-standing issues identified by residents of this area.