

**EXPLORING SOCIAL VALUE  
IN  
SMART LOCAL ENERGY SYSTEMS:  
Towards a Fairer Islington**



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## **1. Introduction**

### **1.1 Net Zero Carbon Challenge – National & Regional Policy**

In the UK, heat accounts for around half of energy use and over a third of the UK's greenhouse gas emissions. Emissions from heat are the single biggest contributor to UK emissions (BEIS, 2018). Therefore, the heat sector needs to decarbonise if the UK climate change goals are to be met by 2050. The challenge is outlined in the recent publication of the Heat & Building Strategy. This strategy brings together the Government's work on clean heat with an emphasis on fairness and affordability, skilled job creation, economic recovery and the levelling up agenda (BEIS,2021).

In 2019 the UK government renewed focus on infrastructure investment with the publication of a National Infrastructure Strategy. The National Infrastructure Commission (NIC), 'Design Principles for National Infrastructure' report, emphasised that 'infrastructure should be designed for people', and that projects should seek to find opportunities to add value beyond the main purpose of the infrastructure – 'they should look beyond the site boundary to consider the wider benefits' (ICE and Useful Projects, 2020).

At regional level, according to publicly available data, 300 Local Authorities (LA) have declared a Climate Emergency which is around 74% of local government organisations to date 226 have set Net Zero by 2030 (LSBU, 2021). Around 100 LAs, located in urban and suburban areas mention District Heat schemes as a way to deliver low carbon heat to meet their Net Zero commitments.

### **1.2 Exploring Social Benefits of Smart Local Energy Systems (SLES)**

The purpose of this report is to explore *how* to establish a consistent approach to social value for SLES. The first phase of GreenSCIES, the New River scheme, has been used to develop a methodology that can be applicable to the GreenSCIES Enhanced Future Plan for London Borough of Islington and the wider UK replication of the GreenSCIES approach to SLES. The report presents a summary of an approach to Social Value in SLES to support Local Authorities to use Social Value in their decision making. The report proposes collaborating with the Innovate UK-funded EnergyREV research consortium on the development of a multi-criteria assessment tool to encourage measuring, monitoring and evaluating targets through the life cycle of a project (Section 5.2.4).

In this report, Section 2 provides background research on Social Value terminology, definition of Smart Local Energy Systems (SLES) and explanation of the GreenSCIES project. This is followed by Section 3, a description of the project context in the London Borough of Islington (LBI) and an overview of LBI's Social Value Policy. Section 4 provides an explanation of the research design. In section 5, relevant academic literature and practitioner work is identified (including theories and conceptual frameworks) and reviewed in the context of the scope and objectives of the report. A review of existing evaluation tools for social value has been undertaken and presented in a comparison table for ease of use (Appendix 1).

Section 6 provides a summary of an approach to Social Value in SLES in a table format (Appendix 2).

In conclusion, Section 7 provides concluding remarks, recommendations followed by Section 8 Next Steps.

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### **1.3 What is a SLES?**

In response to the climate emergency, smart local energy systems (SLESs) can deliver low carbon heat from a range of primary & secondary heat sources and reduce our reliance on fossil fuels. SLES connect mobility, heat and power through flexible energy supply, demand and storage options supported by digital technology. SLESs are expected to help resolve the energy trilemma (making available cleaner energy, at an affordable cost and acceptable energy security). In particular, the sharing of local waste heat is more efficient, affordable and resilient to global energy market fluctuations than a centralised system.

### **1.4 GreenSCIES Project Background**

The GreenSCIES project ([www.greenscies.com](http://www.greenscies.com)) is led by London South Bank University and funded by Innovate UK, part of UK Research and Innovation (UKRI) through the Government's Industrial Strategy Challenge Fund on Prospering from the Energy Revolution. The GreenSCIES system will deliver low-carbon heat, cooling, mobility, and power, supplying many urban residents and local businesses. The system is based around a 5th generation ambient-temperature heating & cooling network loop (5DHC). The detailed design for the first phase of the New River Scheme will supply 2,208 homes and 10 local businesses providing an 80% carbon emission reduction equivalent to saving 5,709 direct CO2 tonnes per year.

## **2.0 What is Social Value?**

Based on the terms of The Public Services (Social Value) Act 2012, Social Enterprise UK defines social value as "looking beyond the price of each individual contract and looking at what the collective benefit to a community is when a public body chooses to award a contract". The Act places a responsibility on public bodies to consider the economic, social and environmental well-being when undertaking public procurements (Social Enterprise UK). Significantly, the Act did not offer a tight definition of 'social value' and it has become defined on a case by case basis. UK Green Building Council's (UKGBC) Framework for Defining Social Value, summarises a total of 23 different organisations' Social Value definitions (UKGBC, 2021 Appendix 3. p22-23).

In 2020, the UK Government announced a renewed and deeper commitment to obtaining social value through its procurement practices (Cabinet Office and Lopez, 2020). This announcement followed a public consultation in which the Act was identified as an ever more valuable tool in respect of the post-Covid economic and social recovery with social value embedded in the 'Build Back Better' agenda through Procurement Policy Note 06/20 and Construction Playbook 2020 (BS8950 Guide to enhancing Social Value 2020).

According to the Institute of Civil Engineers (ICE), social value is primarily considered during the procurement and construction phases of a project - largely because procurement is the focus of the Social Value Act (2012) (ICE and Useful Projects, 2020).

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## **2.1 Social Value from Infrastructure Projects**

Infrastructure offers significant co-benefit opportunities for communities over a long term +25 years. In making the case for social value outcomes to be a key consideration in infrastructure commissioning, there is also a recognition of the role this can play in building greater public support for infrastructure projects. The Centre for Sustainable Energy, PoweringUP! Ethnographic Study provides evidence that climate change is not a motivating factor for many local communities to engage in energy projects (CSE, 2017). Therefore, the wider social benefits of SLES maybe easier to articulate to the public than carbon savings and may provide a key driver for ongoing political and financial investment as well as engaging the local community.

Industry participants in the research by ICE and Useful Projects, 'Maximising Social Value from Infrastructure Projects', felt strongly that much greater social value can be created when needs and opportunities are considered from the early stages of project planning. This demonstrates that social value can be created at all stages of a project's lifecycle from the earliest planning, through design, procurement, delivery and into operations and eventually decommissioning (ICE and Useful Projects, 2020).

As local authorities need to become increasingly financially self-reliant, they are looking at how to make their limited resources go ever further while still maintaining the quality and breadth of services. The National Procurement Strategy for Local Government shows that councils that embed social value into their procurement processes are adding a minimum of +20% monetary value (at no additional cost) providing genuine additional benefits for local communities (Local Government Association (LGA)The Social Value Toolkit for District Councils, ND).

Similarly, in the private sector, equity was initially driven by an environmental agenda but recently the social aspect is gaining more importance in Environmental, Social, Governance (ESG) funding. A proactive approach can attract funding from the investment market which is increasingly prioritising social value.

## **2.2 Barriers to Delivering Social Value**

From recent research (ICE and Useful Projects, 2020), most practitioners believe that the three most significant barriers to delivering social value are:

- 1. Lack of consistent definition and measurement*
- 2. Lack of knowledge and skills on how to embed social value most effectively*
- 3. Absence of leadership and ownership*

Further research is required to understand the reason for these barriers. However, SLES pilot projects such as GreenSCIES play an important role in challenging perceived barriers. These can be overcome through interdisciplinary and collaborative working to increase knowledge on delivering social value. A crucial first step is for all stakeholders in the infrastructure sector to understand that social value goes beyond just delivering employment, apprenticeships and SME involvement during construction. There needs to be a broader view taken about how the infrastructure asset, once built, can improve the lives of local people and deliver multiple benefits.

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### **3.0 Towards a Fairer Islington**

#### **3.1 Islington Context**

In 2010, Islington Fairness Commission (IFC) reported that there are 'two Islington's'. Levels of income inequality in Islington are higher than the London median, with incomes for the richest 10% of households likely to be over 10 times that of the poorest 10%. Many residents struggle to access jobs with 21% economically inactive and 10% claiming out-of-work benefits compared to the London average of 7%. Over half of lone parents are not in employment and 93% are female. Men who live in the worst-off areas are expected to live 8 fewer years than men living in the better off areas in the borough. In Islington, 40.4% of children are growing up in poverty, the fifth highest proportion of children living in poverty in London. The IFC established LBI's approach to tackle inequality and poverty in the borough vision statement, 'To make Islington a fairer place and somewhere where everyone, whatever their background, has the same opportunity to reach their potential and enjoy a good quality of life' (IFC,2010)

In parallel, the council has declared a climate emergency and has published their 'Vision 2030', a strategy to deliver a carbon zero borough by 2030 (LBI,2020).

#### **3.2 LBI Social Value Policy Overview**

In accordance with recommendations from the Local Government Association (LGA), LBI has a Social Value Policy which LGA advises should act as a 'golden thread' between the Council Plan and the Council's procurement. Bidders for Council tenders can be asked to support delivery of the Council's objectives as set out in the Corporate Plan. The Strategic approach is to help people to build resilience through prevention and early intervention (*Building a Fairer Islington 2018-2022*).

The Council have seven clear objectives:

- 1. Homes**
- 2. Jobs and money**
- 3. Safety**
- 4. Children and Young People**
- 5. Place and environment**
- 6. Health and independence**
- 7. Well run council**

The following two objectives are directly related to the GreenSCIES project;

##### **Jobs and Money**

The Council has committed to provide support and advice for those affected by the rising cost of living, particularly on energy costs and by tackling fuel poverty. For example, delivering practical support for people to help tackle fuel poverty through the Seasonal Health Interventions Network (SHINE) service.

##### **Place and Environment**

The Council's commitment to make the borough a fairer place for all includes action to improve the environment, by tackling poor air quality through encouraging more people to walk and cycle and installing 400 new electric vehicle charging points across the borough.

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The Council's proposals as laid out in the **Islington Local Plan 2019** Policy SC4 includes the requirement to meet the following policy;

- A. All development in Islington is encouraged to maximise social value in order to deliver as many public benefits as possible.*
- B. Major development proposals must undertake a Social Value self-assessment which clearly sets out the specific social value which would be added through delivery of the proposal.*

The Council's Procurement Strategy states that *'social value must ensure that every penny spent enables local communities and economy to thrive, whilst sustaining the physical and social environment'*. The IFC identified the need to strive for an inclusive economy that enables the most disadvantaged residents to get into training, good quality work and entrepreneurship. Recently, the Community Wealth Building Programme which began in May 2020, has focused on reducing economic inequality, sharing wealth and increasing opportunity by creating a sustainable and inclusive local economy. It is underpinned by a strong community asset base and a progressive procurement approach (LBI Progressive Procurement Strategy 2020/27).

In summary, the LBI Progressive Procurement Strategy 2020/27, defines social value as follows:

- *including explicit outcomes, particularly more jobs, apprenticeships and work experience opportunities, in all procurement activity, with a weighting of at least 20% of the overall scoring and evaluation*
- *working with supply partners who pay their staff a living wage and actively develop and support their career progression*
- *ensuring social value embraces our response to the climate emergency, embedding targets to achieve net zero carbon emissions by 2030 across all relevant contracts*
- *developing and enabling strong local supply chains of businesses likely to support local employment and retain wealth locally, including locally-owned SMEs and employee owned businesses*
- *leveraging the council's positive practice to influence and collaborate with key local partners that also possess significant purchasing power to maximise social value delivery.*

### **3.3 Measuring, Monitoring and Evaluation**

The LBI report on Social Value in Islington's Supply Chain, acknowledges that for social value objectives to be delivered, it is essential that the ways in which a contract will provide economic, social or environmental benefits can be measured and monitored over the life of the contract (LBI, 2013). Therefore, in this report existing assessment tools have been reviewed alongside existing literature on the topic of social value for completeness.

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## **4.0 Research Design**

The aim of the report was to investigate social value within the context of SLES infrastructure projects. The research was exploratory in nature, seeking to gather knowledge and information about the topic using the New River Scheme as a detailed design with a specific location to develop a methodology. The research was designed following constructivist theory using a qualitative inductive approach. Using such an approach, themes emerge from a review of the literature and existing assessment tools.

### **4.1 Methodology**

An initial thematic analysis of papers revealed several key topics that needed to be addressed to answer the research inquiry of exploring the Social Value of Smart Local Energy Systems (SLES). A structured keyword search was undertaken in the databases iDiscover and Scopus to extract papers relevant to the topic. These keywords were developed over several iterations: Energy Systems, Energy Transition and Social Value.

From the literature review, a list of relevant and commonly referenced social value evaluation tools has been compiled (Appendix 1). Following the review, a summary of an approach to social value in SLES has been developed from the key concepts and themes in the literature using the example of the GreenSCIES New River Scheme (Appendix 2).

## **5.0 Literature Review**

A thematic overview of relevant Social Value academic and grey literature was undertaken and the main concepts, themes and frameworks are discussed in this section of the report. Due to the limitation of the scope of this report, in terms of time and resources, the Literature Review focuses on key aspects identifying knowledge gaps and 'best practice' in Social Value studies relevant to SLEs.

### **5.1 Key Concepts, Themes and Frameworks**

#### **5.1.1 Stakeholder Engagement**

The literature shows evidence of a gap between the theory of Stakeholder Engagement process and implementation on projects (Fitton and Moncaster, 2019). However, by not engaging with stakeholders early and in a meaningful way, the ability to identify, create and maximise social value on a project is greatly reduced from the outset. Projects teams without involvement of stakeholders, will only be able to deliver a limited social impact and potentially not where stakeholders want or need it most.

There is a wealth of literature examining stakeholder engagement and participation in the planning and design of infrastructure projects using case studies from all different infrastructure sectors. For a process to be participatory and collaborative, stakeholder engagement should take place very early on in the conception of the project and then continually throughout all stages (Consultation Institute 2020; UK Green Building Council, 2020).

#### **5.1.2 Trust and Transparency**

The public perceptions of energy transition costs are important to acceptance. Respondents to a survey assigned the greatest responsibility for costs to energy companies (45%), followed by the UK government (32%); nevertheless, respondents allocated some responsibility to the general public (12%) and future residents (11%) (D. Evensen et al., 2018). These findings align with the UK government public attitudes tracker, which found that the majority (53%) of the British public do not trust energy providers (BEIS, 2018). In recent consultations, participants called for greater transparency from energy companies and for profits to

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be redirected to projects that were seen as better serving the people (Ostfeld, R & Reiner, D, 2019). Surveys indicate that although affordability is important, the UK public does not interpret this as meaning that energy bills simply need to be kept as low as possible. They accept extra costs if it ensures that energy comes from low carbon sources, that energy is secure, and that energy is affordable for the less fortunate (D. Evensen et al. 2018). The benefits of a stakeholder engagement approach are that it develops trust and provides transparency for stakeholders. They can help shape decision-making, so the project meets their needs and requirements, and they are left with a legacy that provides wider social benefits (Consultation Institute, 2018).

### **5.1.3 The Interdependency between Social Value and Stakeholder Engagement**

Research shows that social value is derived from an understanding of the needs of stakeholders and local communities impacted by the infrastructure projects (Fitton and Moncaster, 2019). Public opposition to large infrastructure projects can be costly in terms of budget and time as well as risking a loss of reputation. If project teams engage with stakeholders, issues can be mitigated before they escalate, avoiding costly delays. Gaining buy-in from stakeholders early can help provide a smooth transition through the project lifecycle (ICE and Useful Projects, 2020).

## **5.2 Overview of Existing Evaluation Tools**

SLES are characterised as being socio-technical in nature (Ford et al., 2019); as such two common types of socio-technical transition frameworks, strategic niche management (SNM) and multi-level perspective (MLP), can be used for the assessment of SLES (EnergyREV, 2020). The MLP on socio-technical transition offers a wider perspective and addresses the interdependent social, political, cultural, and technical processes of a low carbon transition (Geels et al., 2017).

Currently, there is no standardised approach to evaluate SLES which requires assessment of complex multiple performance indices, scenarios and stakeholders. According to EnergyREV, a IUK funded project, most existing tools only give part of the story or are problematic for various reasons such as being techno-economic centric and difficult to use (EnergyREV, 2020).

### **5.2.1 Quantitative and Qualitative Research**

In the UK, there are well developed quantitative assessment tools for project evaluation based on cost benefit analysis (CBA). The HM Treasury's Green Book and The Department for Communities and Local Government (DCLG) appraisal guides are industry standards. However, good access to data, time and resources are required for CBA. Less common are strategic level tools based on Multi Criteria Assessment (MCA) which are useful at the project early stages.

The most commonly adopted approach to capture social value is the Social Return on Investment (SROI) methodology, which attempts to quantify the monetary value of social investments. The SROI process relies heavily on the use of agreed proxies (e.g. the Housing Associations' Charitable Trust (HACT) Wellbeing Evaluation approach (Cabinet Office, 2015)). Full guidance on using the HACT Social Value Bank can be accessed at: <https://www.hact.org.uk/measuring-social-impact-community-investment-guide-using-wellbeing-valuation-approach>

Although establishing an objective set of proxy measures can make it easier to compare the social value outcomes across different projects, the literature review has identified major shortcomings with this SROI



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approach. The emphasis on quantifying social returns of investment can obscure the more qualitative aspects which are important to capture.

Thus, rather than focus only on the quantitative measure of social value at a particular point in time, it is important to pay greater attention to the unfolding narratives and changing discourses on who and what matters over the project life cycle. It is by figuring out who and what matters and, more crucially, how these change over time (i.e. when) that society can begin to examine in more detail the social value outcomes in the process of the development of SLESs.

**5.2.2 An overview of United Nations (UN) Sustainable Development Goals (SDGs) Framework**

This report explores the opportunity for SLES to widen the scope of co-benefits by aligning with the United Nations (UN) Sustainable Development Goals (SDGs). The transformation of smart sustainable cities and communities is part of a bigger global shared plan of action for people, planet and prosperity to transform the world by achieving the SDGs (sustainabledevelopment.un.org, 2015). EnergyREV analysed the 17 SDGs to filter out the applicable targets and indicators for SLES. A total of 11 SDGs were aligned to multiple benefits from SLES, thus demonstrating that SLES can play a role in tackling these global issues (EnergyREV, 2020 Energy Evaluation Europe Conference).



Figure 1. The UN Sustainable Development Goals (sustainabledevelopment.un.org, 2015). The goals in colour mark those that may be supported by the development of SLES (Credit: EnergyREV, 2020)

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### **5.2.3 UKGBC Defining Social Value Framework**

In the UKGBC Framework social value is holistic in scope but focussed on people, highly dependent on context and inherently local to a particular area. The framework describes a process of how to create a definition of social value for a particular project and place. This process involves identifying the stakeholders, understanding what's in the best interests of those stakeholders and agreeing the intended outcomes. The local community should be involved at all stages of the process. It is important to note, that defining social value is the first step in the process to deliver social value.

- 1. Identify the stakeholders**
- 2. Understand the stakeholder best interests**
- 3. Agree the outcomes**

Then, after the strategy has been created, establishing a measurement framework, implementing, monitoring and the continuous feedback loop of improvement are critical to effectively deliver social value. Step four, establishing the baseline social value is essential to demonstrating that the strategy will provide additional value to stakeholders. UKGBC suggest that a 'golden thread' of community involvement should run across all steps. The more the community is involved in the process the greater the likelihood of creating positive social value. This is both because their contributions are very valuable, but also because involving communities in decision making has a direct impact on wellbeing. Based on best practise in the industry, UKGBC has developed 6 Principles for delivering social value;

- 1. Context**
- 2. Place**
- 3. Outcomes**
- 4. Collaboration**
- 5. Process**
- 6. Additionality**

Alongside the various assessment tools, **Social Value UK** have developed seven principles of social value which are the generally accepted social accounting principles:

- 1. Involve Stakeholders**
- 2. Understand what changes**
- 3. Value the things that matter**
- 4. Only include what is material**
- 5. Do not over-claim**
- 6. Be transparent**
- 7. Verify the result**

### **5.2.4 Development of the MCA Tool for SLES**

The Innovate UK-funded EnergyREV research consortium is developing a multi-criteria assessment tool (MCA) for SLES. MCA it is an alternative to the more widely-used cost-benefit analysis (CBA), it allows strategic level decision making in a projects very earliest stages when data for CBA may be limited. The first step is to develop a simple standardised framework for assessing the performance of the system and the realisation of benefits. 10 key themes create a taxonomy for SLES performance that are aligned with relevant UN Sustainable Development Goals (UNSDGs) to track wider co-benefits. The key themes include: Data Security, Data Connectivity, Technical, Transport, Economics, Business and Finance, Governance (Socio-Political), People, Living and Environment. The intention is for the GreenSCIES to take part in the testing phase and support development of the MCA tool with feedback from 'real life' experience.

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**5.3 A Summary of Existing Social Value Frameworks and Tools**

From the literature review, the most commonly referenced tools are summarised in addition to tools suggested by GreenSCIES partners from their recent project experience. The purpose of the overview of six assessment tools is not to recommend a specific tool but to capture the learning to develop an approach to a Social Value Framework for SLEs.

**Tool 1. National TOMs (Themes, Outputs and Measures) Framework**

In 2017 The National Social Value Task Force sponsored by the Local Government Association (LGA) and supported by Social Value Portal developed and published the National Social Value Measurement, TOMs Framework, the UK’s first standard measurement framework for social value. National TOMs (Themes, Outcomes, Measures), comprises of 5 themes, 17 outcomes and 53 measures. It is used widely across the sector and it is open source and free to use by all councils and uses financial proxy values from Office National Statistics (ONS) data, UK Gov database. It is considered by some in the industry to be a minimum reporting standard and a crude model. For example, as illustrated in figure 2, Fuel Poverty and Air Quality which are GreenSCIES project KPIs are not currently measured in the TOMs Framework. Bristol ‘s City Leap initiative has taken a bespoke approach and have produced a tailored version of TOMs. Partnering with Proactis (e-tender) may be an advantage for a Local Authority managing the tendering process alongside social value and evidence can be uploaded live to support contract management. The Social Value Portal recommends that a stand-alone weighting of 10-20% for Social Value is included alongside the Quality/Price matrix for evaluating procurements to ensure that contractors take social value seriously in their bids.

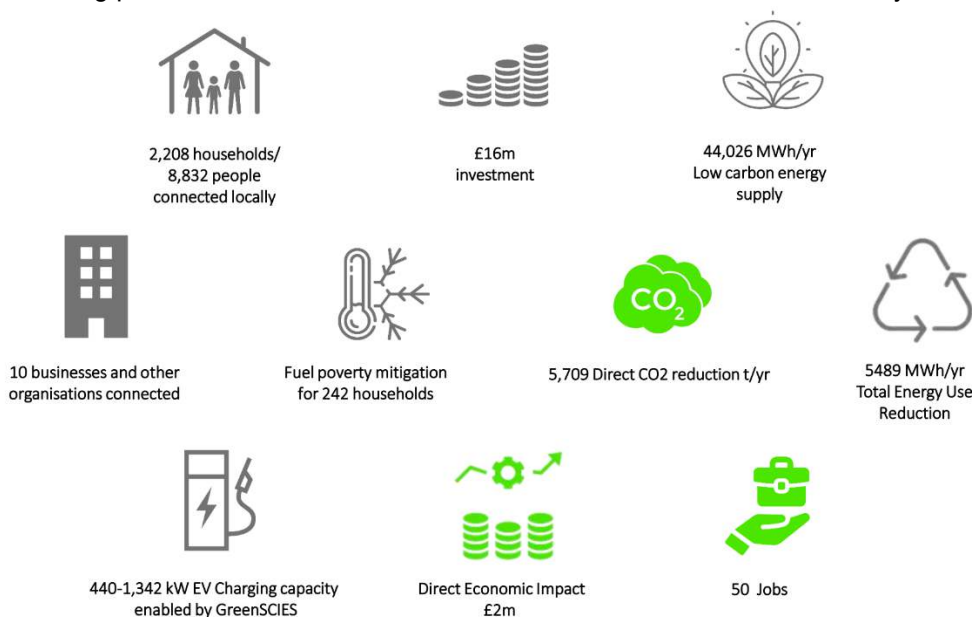


Figure 2. GreenSCIES KPIs Dashboard - highlighted in green the 3 outcomes measured in National TOMs assessment.

**An example of National TOMs Measurement for GreenSCIES**

An initial National TOMs measurement has been carried out for this report which indicates the following;

**NT1: 50 No. local direct employees (FTE) hired - value is estimated at £2,081,200.**

**NT31: 5,709.00 CO2 Tonnes/year savings in CO2 emissions - value is estimated at £402,084.87**

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### **Tool 2. Sustainability Sun Tool**

In Sweden, SWECO have developed an MCA qualitative assessment tool which is now available for the UK on a web-based platform. Rather than choosing a couple of themes, all the SDGs are reviewed in the process. This allows interlinkages and additional impacts to be assessed. The metrics can be set with key stakeholders in a workshop to facilitate early conversation about motivations and drivers to embed them in the project at an early stage. The bespoke graphic outputs for the project are a useful visual tool for early stage communication to project stakeholders and the wider group such as local councilors and officers.

### **Tool 3. Social Value Calculator (SVC)**

SVC developed by Social Profit Calculator is the only tool to measure 4 KPIs and can be compared against SDGs & TOMs.

1. *Social Return on Investment SROI (CBA)*
2. *Environmental Model*
3. *Local Economic Impact Module*
4. *Operational Asset Value Calculator*

The Social Value Calculator is a free self-assessment tool designed to help users judge how well they are measuring and reporting on their social value, in line with the Principles of Social Value. Currently, an ESG framework and Carbon Module are in development. The SVC is integrated with Pagaboo procurement software. SVC are developing, a Smart Infrastructure Calculator, funded by UKRI in collaboration with TIES Living Labs. It is a comparison study of Modern Methods of Construction (MMC) compared to traditional construction. The study is measuring the impact of MMC higher skilled jobs and opportunities for off-site construction to be located in an area of higher unemployment. The SVC tool is comprised of a seven-stage questionnaire, showing results as a spider chart illustrating areas of strength and areas for improvement.

### **Tool 4. The RIBA UoR Social Value Toolkit (SVT) for Architecture**

The SVT is a bottom-up initiative developed by a group of UK researchers in architecture practices (notably Assael Architecture, Atkins and HTA Design LLP) with the University of Reading, Arup, New Economics Foundation, Hatch Regeneris, Triangle Consulting and MHCLG. Although it has been developed for architecture and specifically housing, it is applicable to considering social value in all built environment projects. A review of the grey literature of wellbeing reveals considerable consensus on the social value outcomes delivered by good places. SVT define these as: *positive emotions; connecting; freedom and flexibility; and participation*. They are closely linked to the New Economics Foundation's Five Ways to Wellbeing. The approach for monetising social outcomes is based on Social Return on Investment (SROI). According to SVT, Social impact can be quantified in several ways such as *Value for money: Willingness to pay extra for something you value, Time is money: The value of saving time and Subjective Wellbeing valuation: Putting a value on wellbeing – most appropriate to understanding the impact of design on end users*.

### **Tool 5. Six Capitals**

The method for sustainable accounting that assesses long-term viability and value creation over time for an organisation and utilises integrated reporting can be easily applied in the assessment of SLES. It examines financial, manufactured, intellectual, human, social and relationship, and natural impacts (ACCA and NBA, 2013). In 2019, the Association of Consulting Engineers (ACE) published their Five Capitals Model which sets a framework within which a client can define what value means to them in the context of a specific investment. Arup have also developed their own 'Total Value' model for infrastructure investment which builds on the five capitals model.

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### **Tool 6. British Standard BS8950:2020**

This Standard does not describe or recommend a single tool for measuring social value. It introduces the concept of social value and proposes a working definition of 'enhancing wellbeing'. The BS provides the principles of measurement, objectivity and statistical viability. The focus of BS8950 is on measuring change and a common approach to a process.

In summary, a comparison table for Social Value assessment tools has been created for the benefit of Local Authority officers to support their decision-making process on appropriate choice of tools (Appendix 1).

## **6.0 A Summary of Social Value for SLES**

The literature review has shown a proliferation of frameworks, tools, KPIs and advisors and approaches which claim to measure social value. Early scholarship on social value has often focused on the development of these measurement frameworks. However, the literature review suggests that the emphasis should be on *what* benefits are being measured and for *whom* as well as *how* is it measured. The social value discussion is often focused on assessment tools, driven by data and software platforms. Most importantly, the process requires good human judgement, and the tools are only as good as the data. Often, these tools can be generic and too narrowly focused on short to medium outcomes (construction phase). Assessment tools can be blunt instruments and reward larger suppliers. For example, SMEs can be at a disadvantage in procurement process but have bigger impact, as they often employ local workers, are more productive and build local capacity.

Frameworks are useful to help organisations and projects organise their approach, but it is the way in which they are applied which is critical; 'they must be embraced by the client, enable the design and delivery team to be creative, and facilitate innovation' (ICE, 2020). SLESs infrastructure are long term projects, and the impact should be considered in a longer time frame. One of the key findings of ICE report, 'Delivering Social Value from Infrastructure Projects', is that such projects are complex but their budgets and geographical scale means that benefits are potentially very large. ICE recommend an organisational approach, to have greater impact, social value needs to become fully embedded in organisational strategy, culture, processes and decision making.

First, while there is recognition that social value can mean different things to different people, there is a tendency to focus on measuring and presenting social value as monolithic, objective 'truth', in part because of the desire to enable comparisons in an audit focussed society. Second, the push towards quantification also means that focus is placed on measuring social value at a moment in time, rather than examining how social value changes dynamically over time.

This report follows ICE guidance as 'best practice' to produce a Social Value Strategy for a project that identifies clear and ambitious social value outcomes. *'The strategy should ideally include opportunities associated with what is delivered, how it is delivered and how it is operated, based on a Local Needs Analysis. The strategy should create social benefits and a lasting legacy for the communities you serve'* (ICE and Useful Projects, 2020).

A summary for Social Value in SLES as an approach to delivering a Social Value Strategy has been prepared for GreenSCIES (Appendix 2).

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The summary aligns:

- Social value outcomes to LBI policy goals and SDGs to enable communication of benefits of SLES within the wider Local Authority and local community.
- It promotes early engagement and decision making at a strategic level to prioritise, tailor and simplify key social value outcomes.
- A focus on first stage of forecasting, allowing outcomes to be estimated before being measured and monitored before, during and after construction.

The local authority has a unique opportunity to play a constant role in the changing stakeholder landscape. For example, developing relationships to build local capacity and stewardship of supply chain. Increasing social impact in the development of SLESs should be seen as a journey and not an end in itself. The journey should be people focused sharing best practice and looking beyond procurement to design and post construction. ICE argue there is a lack of creative and ambitious approaches – too many projects simply focus on apprenticeships and SME involvement in the supply chain (ICE and Useful Projects, 2020).

## 7.0 Conclusion & Recommendations

Infrastructure is critical for the economic and social prosperity of society. Understanding the social value of SLES is important in order to deliver a socially successful as well as technically successful project. Stakeholder engagement is a critical activity which helps to facilitate the understanding and the identification of social value.

The following **3 key themes** emerge as essential to delivering Social Value;

### Legacy

There is a tendency for social value to have a short-term focus on the construction phase. However, the medium and long term are important to the local community. Therefore, the quality of jobs should be given more consideration. For example, looking beyond construction to property management and operations roles for local employment. There needs to be a 'buy in' from all project stakeholders and not just a 'take up' of assessment tools. GreenSCIES partner, Kate Ashworth at WMCA noted that cross sector training was important to upskilling the industry. For example, electricians to be given training to install and maintain heat pumps in Heat Networks.

### Outcomes

From the literature review, there is a recommendation to specify what you are looking to achieve in terms of 'outcomes' and move away from deliverables 'outputs'. These outcomes need to be adaptable to different contexts and unintended consequences must be considered to minimise adverse social impacts. Therefore, ideally a bespoke set of social value outcomes for the project based on the best interests of the relevant stakeholders needs should be agreed at the outset. To achieve success the project team must fully embed social value requirements and project specific outcomes into design briefs. In GreenSCIES, 3 'Cs' Community, Cost and Clean were set out in the design brief and developed into 12 project KPIs.

### Local

Social value interventions should deliver benefits that meet the specific needs of the affected communities; helping to build stronger and more resilient towns and cities. A Local Needs Analysis, should be commissioned, structured around a detailed assessment of local needs including Indices of Multiple Deprivation (IMD Data), and a review of the Health Impact Report in advance of finalising a project's

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strategic brief. This should assess local needs beyond the project redline boundary and include engagement with a wide group of local stakeholders (UKGBC,2021). One often cited 'best practice' is engagement of the local community through Co-design of social value objectives and collaboration as early as possible with the local supply chain to identify opportunities for social value creation and capacity building.

In conclusion, from the overview of Social Value literature and assessment tools this report identifies the following 'best practice' advice which is applicable to GreenSCIES in Islington and the wider UK replication.

- For all evaluation methods, the most important aspect is the involvement of the local community in the process of defining social value outcomes in the project.
- Local Authorities should prioritise a focus on key outcomes, tailored and simplified to allow social value to be adopted widely.
- These key outcomes should be estimated and measured before, during and after a contract.
- A broad view of social value should be embraced with the aim to create it at all stages of the project lifecycle.
- Based on industry 'best practice' GreenSCIES partners propose that 30% of contract value should be required by LBI to ensure social value is delivered.

## **8.0 Next Steps**

- **Collaboration EnergyREV**  
The GreenSCIES project intends to collaborate with the EnergyREV team developing the MCA Tool by using the GreenSCIES project to test the tool and give feedback for the New River Scheme and Enhanced Future Plan.
- **Integrating Social Value into GreenSCIES and Wider Replication**  
The GreenSCIES partners aim to embed Social Value into the early design stage. The participation of the local community through the Co-design of the SLESs allows the local community to be involved with defining the co-benefits and prioritising social outcomes of the GreenSCIES project.
- **Engagement with LB Islington**  
This report has been prepared as guidance for LBI officers to consider Social Value in their early-stage decision making prior to procurement.

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	Social Value Evaluation Tools	Themes	Key Benefits + Limitations	UNSDGs	Assesement Type	Applicable to GS	Cost
1	National TOMs	1. Jobs 2. Growth 3. Social 4. Environment 5. Innovation	<ul style="list-style-type: none"> <li>Endorsed by LGA &amp; Recognised by central government</li> <li>Dominant model used widely across the sector</li> <li>Open source and free to use by all councils and developers</li> <li>Allows benchmarking</li> <li>Mapped against SDGs</li> <li>Integrated with procurement platform</li> <li>Crude assumed Model</li> </ul>	Yes	CBA	<i>Adaption required to a tailoerd TOMs version to measure fuel poverty &amp; air quality</i>	Contractor Cost
2	Sustainability Sun	17 UNSDGs	<ul style="list-style-type: none"> <li>Fast assesement process (1-2 week per project)</li> <li>Workshop with Key Stakeholders (10-15 people)</li> <li>Team of 2/3 people under take the assesment</li> <li>Qualitative Assesment: Transparent, Replicable, Rigorous</li> <li>Output report with visual graphics</li> </ul>	Yes	MCA	✘	Appoint SWECO fee £3k per project
3	Social Value Calculator (SVC)	1. SROI 2. Environmental Model 3. Local economic impact module 4. Operational Asset Value Calculator	<ul style="list-style-type: none"> <li>Most comprehensive tool which covers 4 values types</li> <li>Smart Infrastructure Calculator in development</li> </ul>	Yes	CBA	✔	licence model £416p/m (Public Sector)
4	RIBA Social Value Toolkit for Architecture	1. Positive emotions 2. Connecting 3. Freedom and Flexibility 4. Participation	<ul style="list-style-type: none"> <li>A library of post occupancy evaluation questions developed out of wellbeing research and considerable consultation.</li> <li>A monetisation tool based on Social Return on Investment (SROI). that can be used as a clip on to other post occupancy evaluation processes, particularly questionnaires such as the Arup Building User Survey</li> </ul>	No	MCA/CBA	✘	Open Source
5	Six Capitals	1. Financial 2. Manufactured 3. Intellectual 4. Human 5. Social and relationship 6. Natural impacts	<ul style="list-style-type: none"> <li>Assesses long-term viability</li> <li>Integrated reporting</li> <li>Easily applied in the assesment of SLES</li> </ul>	No	CBA	✔	Consultant Cost for Bespoke Service
6	Social Value Standard BS8950	A Framework of Wellbeing Principles	<ul style="list-style-type: none"> <li>LAs and companies can signed up to British Standard</li> <li>Not sector specific</li> <li>Cost £218 to Download Guidance</li> <li>High level strategic guidance</li> </ul>	Yes	N/A	Not an assesment tool	Consultant Cost for Bespoke Service

Social Value Framework for SLES

Themes	Islington Policy Context	SDGs	GreenSCIES KPIs	GreenSCIES WS	GreenSCIES Outcomes	SLES Wider Replication
Economic	% increase in the employment of Islington residents, including those with the greatest barriers to work i.e. long term unemployed; people with disabilities; BAME; and women	Goal 4. Quality Education	 50 Jobs	C2_Centre of Excellence	Focus on Long-term Impacts: 1. Quality Jobs (operation & maintenance) 2. Skills & Training for SLES (upskilling, cross sector)	How can you deliver cross sector training (upskill) robust / quality employment?
	% increase in expenditure with Islington-based businesses, and on a sub-regional level, including social enterprises and co-operatives.	Goal 8. Decent Work & Economic Growth	 Direct Economic Impact £2m	C1_Community and Local Engagement	Partner with Anchor Institutions to remove barriers to social inclusion: 1. CITY (access to education) 2. Sadlers Wells (access to culture) 3. Support Islington businesses, particularly SMEs, successfully tender for council contracts	Can you undertake a stakeholder mapping exercise? Who are the anchor institutions that could be potential collaborators?
Environmental	LBI commitment to Vision of net carbon neutral by 2030	Goal 7. Affordable Clean Energy Goal 13. Climate Action	 44,026 MWh/yr Low carbon energy supply 5489 MWh/yr Total Energy Use Reduction	C3_Policy Investigations	Low Carbon Energy Community Investment Community Fund for Fuel Poverty	What is the local Net Zero Carbon Commitment?
	Circular Economy Approach	Goal 11. Sustainable Cities & Communities	 440-1,342 kW EV Charging capacity enabled by GreenSCIES	A5_Detailed Technical Design	Design and Construction commitment GS Partners & JV/ Contactor commitment as part of Tender Process	How can you build social value into the supply chain?
	LBI commitment to reduce single-use plastic	Goal 12. Responsible Consumption and Production		A2_Mobility Planning	Public Access to EV charge point	How can you encourage 'best practice' on site?
	Supporting sustainable transport					Equitable access to EV mobility
Social	Supporting mental and physical wellbeing	Goal 5. Gender Equality	 5,709 Direct CO2 reduction t/y Fuel poverty mitigation for 242 households	C1_Community and Local Engagement	Public Health Benefits: Air Quality Keeping Warm & Well	How can you offer advice on 'comfort' in homes?
	Making Every Contract Count (MECC). Suppliers' can help signpost residents to help them get the support they need quickly, easily and as early as possible.		 2,208 households/ 8,832 people connected locally	B2_Investigation of Business Models	Co-design social value initiatives: Building Community Resilience Good Governance: Local community involvement with GS Energy Company	Can you involve the community in place making creating a ownership? How can you promote understanding about Energy System and empower people to reduce their demand?
	Engaging with VCSEs	Goal 10. Reduce Inequalities		C1_Community and Local Engagement	Partnering with local community groups or organisations that can help deliver social value: Finsbury Library	Can you link up with other services – both internally and externally – to improve access to services people may not otherwise have a chance to access?