# Commissioning to create social capital and social value

# Contents

## 1.	Introduction

1.1	There is an increasing expectation in many areas of national policy that commissioning processes will make explicit the health and wellbeing benefits that arise from creating social capital and that the measuring and evidencing of social value will quantify the social, economic and environmental gains, to both individuals and local communities, in relation to the cost of the investment.

1.2	This report sets out some of the key definitions; considers the rationale for the approach; identifies some of the work taking place nationally and locally to develop commissioning approaches and make suggestions for how Devon can take this work forward.


## 2.	What is social capital?

**Context**

2.1	Interest in understanding social capital in terms of its meaning, measurement and links to health has increased over recent years.  There is recognition that social approaches to the organisation and delivery of public health may have considerable potential for improvement, particularly for those most disadvantaged in society.  This has grown out of the idea that health related behaviours are shaped and constrained by a range of social and community contexts and that the ways in which an individual relates to social networks and communities has important effects on their health and wellbeing (Economic and Social Data Service 2001).

2.2	The renewed interest in social capital also reflects current policy drivers around the Big Society and Localism.  There is a renewed emphasis by the coalition Government on increasing the role of charities, social enterprises, mutuals and co-operatives in public service delivery (Cabinet Office 2010) and an increasing focus on ensuring that public sector services deliver wider social outcomes.

2.3	Central to Government thinking is a desire for:

- new opportunities for civil society organisations to be able to deliver some public services

- existing public service markets to be more accessible to civil society organisations

- commissioners to use assessments of full social, environmental and economic value to inform their commissioning decisions, **and**

- civil society organisations to support greater citizen and community involvement in all stages of commissioning

(Cabinet Office 2010)

2.4	However, there is a real challenge in defining social capital and creating it and measuring and evaluating social outcomes in terms of social value.

**A shared definition**

2.5 A quick definition of social capital is that it is **the glue that holds communities together** and is a combination of:

- civic engagement

- neighbourliness (reciprocity and trust in neighbours)

- social networks (friends and relatives)

- social support

- perceptions of local area

(Office for National Statistics 2008)

**Why does social capital matter?**

2.6 Research has shown that higher levels of social capital are associated with better health, higher educational achievement, better employment outcomes, and lower crime rates. In other words, those with extensive networks are more likely to be "housed, healthy, hired and happy" (Cabinet Office 2010).

Therefore joint working between policy-makers and community members need to consider and make explicit social capital outcomes.

## 3. How is social capital identified?

**What are the most common indicators of social capital?**

3.1 There are a number of ways in which social capital can be identified. The Office for National Statistics (ONS) identified the key dimensions that underpin it:

- civic participation (eg propensity to vote, action on local and national issues)

- reciprocity and trust (eg trusting other people, trust in the courts or police)

- social networks and support (eg contact with friends and relatives)

- social participation (eg involvement in groups and voluntary activities)

- views about the local area (eg satisfaction with living in the area, problems in the area, fear of crime)

(Office for National Statistics 2011)

**How can information be collected on those indicators?**

**New surveys**

3.2     One approach would be to conduct area-specific surveys to identify social capital and its impact on various outcomes (health, employment etc). Questionnaires should address issues around attitudes (value of self, trust/perceived safety, participation in the local community, reciprocity, attitudes to government, demographic information etc).

**Use existing sources of information**

3.3     Another option is to use the data already collected by Central Government, such as the General Household Survey which contains elements that focus on social capital.  The social capital module of the General Household Survey (GHS) 2000/01 looks at the distribution of various indicators of social capital in the population; the variation with respect to socio-demographic and geographic factors; and the inter-relationship between the different aspects of social capital.

**Use indirect measures**

3.4     It could be possible to use existing sources of information, such as parish plans, the Joint Strategic Needs Assessment etc, to identify indirect measures that indicate levels of local social capital.  Possible indirect indicators of social capital can include:

- percentage of individuals who served on a committee of a local organisation

- percentage of individuals who served as an official/taken a position of responsibility (eg trustee) of some club or organisation

- number of individuals involved in groups

- mean number of club meetings attended in the last year

- number of non-profit organisations per 1000 population

- mean number of times worked on a community project in last year

- mean number of times did volunteer work last year

In Devon, this sort of information can be found from a number of sources:

- community involvement in parish planning processes (numbers of responses) could be an indirect indicator of civic engagement

- information on location and numbers of voluntary groups can be gained from the Devon Association of Councils for Voluntary Services

- information on the number of volunteers and volunteering opportunities in particular locations can be obtained from volunteer centres

- information on voter turnout in local and national elections

## 4. How can social capital be developed?

### Commissioning

4.1 Commissioning is seen as one way in which local authorities and other statutory partners shape communities and build social capital. There are a number of ways in which the commissioning process can create social capital:

### Commission services with explicit social capital outcomes

4.2 This requires thinking differently about how outcomes are achieved and building this into commissioning processes at the start. However it means that social outcomes can be built into the commissioning process. It is important to look at what measures can be used to test if the outcomes are being achieved, what methods will be used to collect the measures and how they can be made proportional.

### Co-production/social commissioning

4.3 A range of health and social care studies have suggested that co-production is key to ensuring that commissioning builds social capital. The underlying premise is that service users and the wider community are key to achieving social outcomes and that commissioning decisions have to take into account their role and value their input. Social commissioning is the manner in which local neighbourhoods and service beneficiaries are made central to the process of commissioning. This, in turn, means developing systems to ensure that local communities are genuinely involved in the early stages of commissioning leading to clarification of the role of the beneficiary as to how the service should be received and the role of the wider community in terms of the impact of the service on the community.

### Personal budgets and the personalisation agenda

4.4 Personalisation and the use of personal budgets is seen as a key way in which social capital can be created because people taking control of their own care is an important means of achieving co-production. Evidence also suggests that a large number of those who take direct payments spend their money purchasing local services and support therefore building local social capital.

### Commissioning the Third Sector

4.5 Commissioning the Third Sector can be a key means of developing social capital. This does not necessarily imply Voluntary and Community Sector only contracts or identifying preferred Voluntary and Community Sector providers for particular services. Rather, it is about creating a level playing-field which enables Voluntary and Community Sector providers to offer their services to commissioners in the same way as any provider but recognises and rewards the "added value" that the development of social capital can bring and Voluntary and Community Sector organisations are well placed to deliver.

**Supporting initiatives that increase engagement and participation**

4.6    Creating opportunities for public engagement can influence social capital. The coalition Government sees volunteering as one means of building social capital. In the context of the Big Society, the Prime Minister has emphasised the need to promote a culture of volunteering. However, public engagement needs to be inclusive if it is to build social capital - not just engagement with the "usual suspects".

4.7    There are a number of projects already funded by Devon County Council which impact on the development of social capital. They include the role of the Devon Consortium and Devon Association of Councils for Voluntary Services (DACVS) in promoting engagement of Voluntary and Community Sector organisations in a range of issues; projects that stimulate and promote representation and engagement, volunteering and community initiatives.

**Indirect and direct support for neighbourhood groups and associations**

4.8    Research from Scotland (Chapman and Kirk 2001) shows that engaging in community-based learning and social activity can build social capital through developing knowledge resources from opportunities for interactions with other members of the community and also can provide access to employment opportunities. Therefore enhancing social capital through engagement in learning can potentially increase economic and social activity leading to wider benefits for the individual, their community and society.

4.9    The Government sees the "Community First" programme (Community Development Foundation 2011) as a means of providing funding to neighbourhood groups to help them implement their projects and plans. It will be "focused on areas with low social capital and significant deprivation. It will seek to encourage the giving of time, money, goods, services and facilities for wider community benefit by matching these." The Government has also identified faith communities as an important source of social capital. The voluntary and community sector already play a role in supporting neighbourhood groups and can provide evidence of good practice.

4.10   Other options for supporting community groups include:

- micro-finance

- support for micro-providers

- support for localism initiatives (neighbourhood community budgets, community management of assets, participatory budgeting etc)

- investing in user-led and carer organisations

## 5. How can social capital be measured?

5.1 There are a variety of views as to whether social capital can or cannot be measured. There are banks of sample indicators and questionnaires (such as those offered by the 'new economics foundation') that organisations can use to evaluate the current levels of social capital in a community and measure progress in increasing it.

**Developing robust indicators**

5.2 Indicators can be either **quantitative** - having to do with a quantity or number or **qualitative** - having to do with the qualities or characteristics of what is being discussed. The new economics foundation (nef) suggests that key criteria for indicators should be:

- **action focused** - does knowing about this issue help your organisation or its key stakeholders to do things better or more effectively? Is it within your organisation's power to influence it?

- **important** - is it a priority for a core stakeholder or group of stakeholders?

- **measurable** - can you get information that tells you something about the effects you have had?

- **simple** - is it clear and direct enough to be understood by all stakeholders? Is it easy enough to get information without expert assistance if none is available?

5.3 The 'nef' has a bank of indicators that organisations can use to measure the impact of their interventions in terms of building social capital (before and after questionnaires/surveys). Two examples of criteria that relate to the definition of social capital within this report are:

**People feel civically-engaged/involved in their community**

People feel civically engaged when they:

- are well-informed about local affairs

- can influence decisions that affect the area

- can influence decisions that affect the neighbourhood

People do not feel civically engaged when they:

- have not been involved in a local organisation

- do not feel well informed

- do not feel they or others can influence decisions that affect the neighbourhood

**Neighbourliness**

Reciprocity with neighbours

- do neighbours look out for each other (yes/no)

- have you done a favour for a neighbour? (yes/no)

- have you received a favour from a neighbour (yes/no)

Trust in neighbours

- would you say that you trust (most/many/a few/none) of the people in your neighbourhood?

('new economics foundation' 2000)

5.4 A key trend emerging from research is the need to develop flexible key performance indicators for organisations that deliver new and innovative services. Their services and outcomes may not always fit neatly into standard key performance targets, for example:

- using detailed case studies as part of the performance framework. These proved essential in measuring impact that may not be reflected through key performance indicators (KPIs), such as increased confidence and increased mobility, and without the case studies this vital information could have been missed

- sometimes hard data can be combined with softer information on factors, such as customer satisfaction

- key performance indicators need to take account of all the additional services that voluntary and community sector organisations offer to the vulnerable people they serve

**Linking wellbeing and the economy**

5.5 The concept of 'wellbeing' often has a broad application. The Department for Environment Food and Rural Affairs (Defra) (2007) offers a helpful definition proposing it is:

'A positive physical, social and mental state; it is not just the absence of pain, discomfort and incapacity. It requires that basic needs are met, that individuals have a sense of purpose, that they feel able to achieve important personal goals and participate in society. It is enhanced by conditions that include supportive personal relationships, strong and inclusive communities, good health, financial and personal security, rewarding employment, and a healthy and attractive environment.'

5.6 There is increasing interest in understanding the relationship between wellbeing and economic output. The Institute of Economic Development (2011) has produced a paper that considers the question 'will measuring **wellbeing** change the way we develop the **economy**?' The evidence offers a guide to policy development in that:

- income is important to wellbeing up to a certain level

- equality is positively associated with wellbeing, whilst inequality has a negative impact on both mental and physical health

- unemployment is hugely damaging to wellbeing

- job security is seen as a desirable feature

- wellbeing rises as hours worked rise up to a point but starts to drop as hours become excessive

- the experience of work is important with good social relationships highly valued

- the dominance of materialism leads to higher levels of mental ill health

5.7     The paper also recognises the positive impact of 'non economic' features associated to wellbeing:

- participation in the community and volunteering

- seeing family and friends

- social trust (trust in most other people)

- living close to open green space

(whilst pollution, aircraft noise and frequent moves of home for children are negatively associated with wellbeing).

5.8     Measuring wellbeing is challenging, particularly in the context of performance against the Government's principal goal of policy and economic activity; improving the quality of people's lives.  The revision of the 'Integrated Household Survey' by the Office of National Statistics will include subjective questions on:

- overall, how satisfied are you with your life nowadays?

- overall, how happy did you feel yesterday?

- overall, how anxious did you feel yesterday?

- overall, to what extent do you feel the things you do in your life are worthwhile?

5.9     The ability to explore the statistical relationship between the responses to these questions and others relating to an individual's objective conditions, ie employment to housing to health, will provide interesting data in relation to policy and the impact on wellbeing.

5.10    At a local level, questions relating to income, job security, employment and the experience of work (meaningful employment) will help give an insight into the social capital of a community and the wellbeing of individuals.

## 6.    How can social value be measured?

6.1    The Demos study (Wood and Leighton 2010) offers a help definition for 'social value' proposing that it 'refers to wider non-financial impacts of programmes, organisations and interventions, including the wellbeing of individuals and communities, social capital and the environment'.

6.2    For commissioners, social capital building often links into building social value measurements into procurement processes.   There are several different methods for calculating social value, including the Social Return on Investment (SROI) model, which seeks to quantify social benefits achieved against the cost of the investment.  This model (SROI) can have limitations, particularly for smaller organisations.  In terms of social value measurement targets, there are a number of key considerations:

- evaluation needs to embody good outcomes measurement and evaluation practice and will prove a stretch for many in the Voluntary and Community sector

- it will require **investment in the sector** in training and practical guidance, as well as encouragement and incentivisation from commissioners and funders to help the sector agree and reach agreed benchmarks

6.3    Setting any benchmarks must be underpinned by three fundamental principles:

- **proportionality** so that the burden of evaluation is in line with the scale and nature of the organisation undertaking it

- **comparability** so that even with a range of flexible frameworks, organisations can still produce outputs based on comparable principles and terms of reference

- **standardisation** so that there are tools and data available to remove the need to evaluate outcomes from scratch and reduce the burden on organisations

6.4    Any framework for measuring social value would need to consider:

- outputs/direct deliverables

- outcome

- wider impact (social and environmental indirect impacts)

- stakeholder participation

- measuring distance travelled

- financial indicators (eg savings as a result of an intervention – although attribution can be a challenge)

6.5    The recent Demos study (Wood and Leighton 2010) showed that very few organisations currently evidence their wider impacts and many were only measuring outputs and not much more.  The National Association of Voluntary and Community Action (NAVCA 2012) has recently posted a detailed toolkit on its website for health and social care commissioners and providers to help work through the process of commissioning for social value.

## 7.    What is happening locally?

7.1    There are a number of areas of work that relate to the development of social capital and the achievement of a social return on investment.  The main ones are:

**Devon County Council Procurement Strategy**: identifying opportunities to influence strategic planning and producing tools to measure outcomes that could be applied across a range of commissioning organisations to increase the social return on investment.

**NHS Devon and Devon County Council Prevention Strategy Promoting Independence and Wellbeing for Adults 2011 – 2013**: the implementation of the recommendations offers a number of opportunities to commission for social return on investment, particularly in the Voluntary and Community sector.

**Devon County Council Third Sector Commissioning Strategy**: working through a co-production approach to agree local procurement approaches and a framework.

**Devon Voluntary and Community Sector Commissioning Pilot**: the main focus of this work is to develop an outcome-based approach for the sector.

**Ilfracombe Community Budget Pilot**: the pilot is focusing on developing a framework that will essentially put local people in the driving seat when it comes to shaping the way in which local services are commissioned in the future.  The aspiration is to develop new more empowering ways of working across the whole public service to maximise social, environmental and economic returns on investment.

**Connecting Communities Programmes**: programmes in Dartmouth, Teignmouth and Exeter are based on mechanisms for engagement with local people to identify their priorities and services and ensuring their views inform commissioning.

7.2    These pieces of work are not mutually exclusive and where it is logical should be aligned.

## 8.    Next steps

8.1    The main issues that arise from this report and the areas of work currently underway that need to be addressed are:

- to what extent should social capital be a fundamental principle at the heart of public sector policy making?

- where and at what level does leadership sit at?

- how does Devon County Council, NHS commissioners and other public sector partners address this corporately, taking account of the need to measure returns on investment and change cultures?

- how can 'impact assessment techniques' help promote social value outcomes?

- how do we agree shared values?

- what investment is needed to support organisations and communities to produce/demonstrate social value?

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# 11. Glossary of terms

**Commissioning**

Commissioning is the cycle of assessing the needs of people, currently and for the future, designing and then securing an appropriate service. It is the process by which public bodies decide how to spend their money to get the best possible services for people. Involves anticipating future needs and expectations rather reacting to present demand.

**Co-production**

The greater engagement of 'service users' in the design and delivery of services.

**Demographics**

The statistical view of a population, generally including age, gender, income, schooling, occupation etc.

**Indirect measures**

A measure or sign that approximates or represents a phenomenon in the absence of a direct measure or sign. For example, the number of female members of a chamber of commerce could be taken as an indirect (or proxy) indicator of the percentage of female business owners.

**Mean number**

The average number.

**Outcomes**

The changes, benefits, learning or other effects that happen as a result of services/activities provided by an organisation.

**Personalisation**

The process by which beneficiaries are being given control over the public services they receive.

**Public engagement**

Public engagement describes the many ways in the statutory sector can connect with the public.

**Reciprocity**

A mutual agreement to exchange privileges, dependence, or relationships.

**Social capital**

The pattern and intensity of networks among people and the shared values that arise from those networks. The main aspects are citizenship, neighbourliness, trust and shared values, community involvement, volunteering, social networks and participation.

**Social clauses**

Clauses that require the contracted organisation to demonstrate that they can deliver social benefits and outcomes while carrying out other work that is the primary purpose of the contract.

**Social outcomes**

The wider social benefits that arise from an activity.

**Social value**

The additional environmental, social and economic benefits that can be accrued to communities above and beyond the delivery of the service.

**Third Sector**     The voluntary sector or community sector (also non-profit sector) is the sphere of social activity undertaken by organisations that are for non-profit and non-governmental.

**Volunteering**     The principle of donating time and energy for the benefit of other people in the community as a social responsibility rather than for any financial reward.