



Background Paper on Social Value

Produced for the Liverpool City Region Combined Authority
in support of the Spatial Development Strategy

**REAL
WORTH**



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Introduction and Purpose

Liverpool City Region (LCR) is set to be the first in the country to incorporate an evaluation of social value as part of the process to produce a Spatial Development Strategy (SDS). The SDS is a strategic spatial planning document designed to address the way that future development is established in the City Region. The Strategy states that development plans and proposals should seek to maximise social value for both the users of new development, and the wider community.

This background paper has been commissioned by the Liverpool City Region to explain and illustrate the concept of social value. It sets out how social value has been used to support the Liverpool City Region Combined Authority's (LCRCA) priorities and principles that are embedded in the Spatial Development Strategy. The document has been prepared by RealWorth, a social value specialist that has been advising the LCRCA Planning team throughout the SDS preparation period.

The paper explains:

- **What social value is**
- **How social value is measured**
- **Why social value is important to the planning process**
- **How social value relates to the SDS**

The paper has been prepared to help people living, working, and visiting the City Region to better understand how the SDS will create social value for everyone who will be affected by SDS policies.

What is Social Value?

Social value is the value of activities and programmes that can be measured and reported beyond their financial worth, by appreciating their contribution to society. The SDS defines social value as:

A measure of the importance that people place on the social and environmental changes that they experience as a result of development and spatial planning.

This definition has been adapted by the LCR from the Social Value International (SVI) definition for the requirements of the SDS. SVI is an organisation that brings together practitioners, organisations and changemakers from around the world to set global standards in the field of social value.

Social value stems from the way people react to the projects and policies they experience through the SDS's lifecycle. These changes to the way people live and feel about themselves can be assessed, described, and translated into a monetary figure. Social value can also be expressed in descriptive terms.





How Do You Measure Social Value?

The measurement of social value is based on the degree to which a policy changes people's lives.

An assessment of social value can be either predictive (anticipating the change that will happen in the future) or evaluative (understanding the effects that the policies have had on the population). An evaluation is more accurate as it is based on what people say about these changes after the policy has been implemented. Predictive assessments rely on the assessment of change based on what people say they care about, how they are living, and how they think their lives would change if the policy was implemented. This supports policy writers because it helps them to see how different versions of policies can affect the population prior to their inclusion in the SDS, and in turn, ensures that local people have the opportunity to influence decision making in a meaningful way.

RealWorth was asked to apply social value principles to the SDS in three ways:

By describing how each policy may affect people in the City Region

By predicting the amount of social value that the SDS will generate when the policies are implemented¹

By helping to develop a strategic planning policy on social value

¹ (see Annex 1 on p14 for more on how this is achieved)



Why is Social Value a Key Part of the Strategy?

A successful SDS will increase levels of social value for the majority of people living, working and visiting the City Region. The LCRCA is very aware that this part of England is home to some areas that would greatly benefit from this outcome.

It is well documented that the City Region has suffered from decades of both outmigration and economic decline in the later part of the twentieth century. While there have been signs of recovery in more recent times, the area still lives with the legacy of the social and economic damage this period caused to the area.

The LCRCA is ensuring that all of the policies have been considered in terms of their impact on social value, and asked RealWorth to calculate the amount of social value that the SDS will generate for the City Region.

The challenges for LCRCA policymakers are considerable. The intention to address such challenges has been highlighted by Mayor Rotherham who places the social aims of the SDS in a sustainable context when he says that:

"...we are determined to ensure that the social and environmental impact of any future development is considered alongside the more traditional economic measures. Pioneering this approach is key to ensuring that, for decades to come, our city region's economic growth benefits all of our residents."

Matching LCR Facts to SDS Policies

Policies that create high quality employment opportunities for all members of the community

Around a third of neighbourhoods are in the 10% most deprived in terms of both employment and income

Policies that attract investment, promote innovation, improve productivity, increase opportunity and reduce inequalities

The City Region has the fourth highest rate of economic inactivity in England

Policies that support the provision of high-quality energy efficient new homes to meet identified needs across the City Region

The City Region is limited for housing choice and has an overabundance of aging, low-quality and energy inefficient properties

Policies that generate high quality employment opportunities for all members of the community

Almost one-third of City Region employers unable to recruit employees with the relevant skills and almost one-quarter of the working age population is inactive

Policies that support the sustainable growth of key sectors of the City Region economy

At least 13% of households in the City Region currently experiences fuel poverty

Policies that promote opportunities that enhance employment skills and qualifications

There is a higher-than-average proportion of residents with no qualifications and a low proportion of people with a degree

Policies that reduce health and wellbeing inequalities

Many neighbourhoods in the region have higher numbers of people with long-term disabilities (16 to 64 year olds)

Policies that ensure fast and reliable digital infrastructure particularly in underserved areas that are digitally excluded

Almost one-quarter of neighbourhoods in the LCR are not connected to the internet compared to 10% nationally



Metro Mayor Steve Rotheram has stated that he wants to:

“build a city region that is fairer, greener, cleaner, stronger and better connected – a region where no one is left behind... we have the potential to be the UK’s Social Value capital.”

By considering the SDS in social value terms, a local solution to improving people’s lives can be provided. Problems can be alleviated by ensuring that the maximum number of people benefit from each new development established in the area.

Assessing every policy proposed by the SDS through the lens of social value allows the LCRCA to understand how people’s lives could be changed by the SDS. This should ensure that the impacts of new development can be harnessed for the benefit of the whole of society, and in particular, for those who tend to be overlooked when new opportunities arrive in their area. This type of development is sometimes referred to as ‘inclusive’ or ‘good’ development or ‘inclusive growth’.

By including social value as a key part of the SDS, the reputation of the City Region as a place that enhances lives by encouraging celebration, gatherings, sociability can be protected and enhanced in the future.



How Does the Strategy Seek to Deliver Social Value?

Alongside a social value review of all of the policies in the SDS, a specific policy on social value will be included in the SDS. This policy can deliver social value in the following ways:

New Development Plans

RealWorth has helped policy writers to understand the implications of each policy on people's lives during the draft stages of the SDS. However, there is also a specific policy in the SDS that encourages developers to integrate social value into new planning applications.

The SDS social value policy states that new development plans created by the planning authorities in the City Region should 'seek to maximise social value provided by new development for its future users and the wider community'.

The aspects that are likely to generate social value are suggested by the SDS to include:

Reducing crime and anti-social behaviour

Education and skills provision

Local employment and job creation, including the local supply chain

Improving the natural environment and public open space

Benefits to health and wellbeing

New Projects and Programmes

The social value policy also seeks to ensure that proposals for new development will be able to increase the social value of the City Region where the following three measures are implemented:

Requirement to Prepare a Social Value Statement

This will apply to applicants submitting planning proposals defined as of 'potential strategic importance' and sets out the measures proposed through the lifecycle of the development that will make a positive contribution to social value.

Preparation of Supplementary Planning Documents

The Spatial Development Strategy builds on existing planning policy and SPDs and seeks to ensure their continuation at a local level. At the city regional level, this will promote the evaluation and sharing of best practice across the city region which, in turn will demonstrate how social value can best be implemented.

Planning Conditions and Obligations

The SDS sets a framework for planning authorities to include conditions and other obligations for applicants to follow in order to secure commitments to social value.



How Will Increased Amounts of Social Value Affect People Living in the City Region?



Social value can be categorised into 11 different factors that influence people's lives. These factors can be used to explain the different ways in which people might be affected by the new policies contained in the SDS. These outcomes could include:

Housing and Neighbourhood Quality

The degree to which people feel that they live in places with comfort, beauty, enjoyment, and privacy, and where their basic needs are met. This can influence feelings of wellbeing, and could be instrumental in plans on whether to remain in the City Region.

Income and Wealth

The change in the amount of money people have at their disposal. This can affect living standards, and govern their ability to spend money that can benefit others.

Work and Job Quality

How working practices help individuals stay connected with society, build self-esteem, and develop skills and competencies.

Social Connections

The frequency and strength of people's personal relationships. This has important implications for those who are lonely or need social interactions to maintain their mental health.

Education and Skills

The ability to gain knowledge and competencies that allow people to contribute productively to society. This can lead to increased levels of skills and qualifications, better employment prospects and improved financial status.

Environmental Quality

The quality of green and blue environments that people can easily reach and experience in a variety of ways. This has many social benefits including influences on health, wellbeing, social interaction and feelings of pride in the neighbourhood.

Civic Engagement

The extent to which people in the City Region get involved in actions that benefit their community and wider society. This helps people maintain interest in what goes on in their area and make people feel that they have some degree of control over their future.

Health

How physically and mentally healthy people are. The way people feel about their health can have a profound impact on their outlook on life. This impacts motivation, optimism, and how effective they are at work or in family roles.

Subjective Wellbeing

People's personal evaluation of their life satisfaction and how they feel about themselves. Increased wellbeing leads to better social behaviour, more confidence, and better health outcomes.

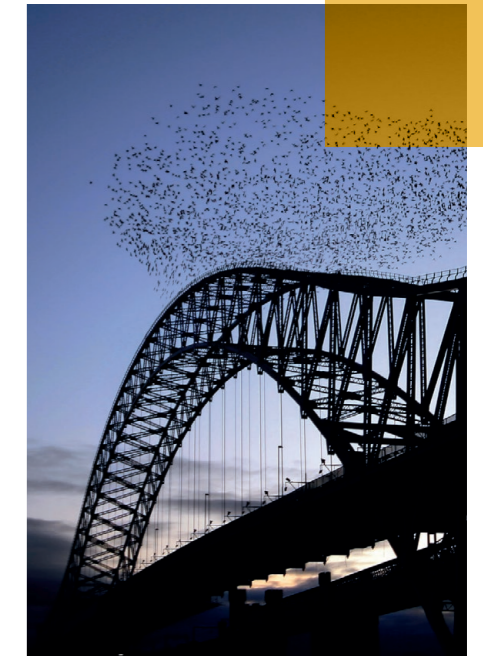
Safety

The degree to which people feel that they are physically, and digitally, vulnerable to crime, or other factors that threaten their quality of life. This can undermine feelings of positive wellbeing and inhibit social behaviour.

Work-Life Balance

The ability of people to find opportunities to spend time away from work and engage in meaningful leisure time. This can affect decisions on whether to stay in jobs or to continue to live in a certain area, or whether to leave the City Region.

The Spatial Development Strategy covers several issues that have the potential to increase the levels of social value throughout the population of Liverpool City Region. These issues range from the creation of sustainable and inclusive communities, transport and movement, climate change, health and wellbeing, the quality of the built and natural environment, energy and water, and historic environment and heritage. Each of these issues can influence people's lives through some or all of 11 factors (see graphic and Annex 1 for a more detailed explanation of the way social value is calculated).



There will be a predictive assessment of the social value that the SDS is likely to generate prior to the Examination in Public. The assessment will be a publicly available document when it is produced.

For more information contact Erik Bichard at RealWorth at erik.bichard@realworth.org or

Spatial Planning Team: planning@liverpoolcityregion-ca.gov.uk

Annex 1: A Brief Description of Social Return on Investment

RealWorth measures social value using an approach called Social Return on Investment, or 'SROI', set by SVI. SROI is informed by the way people anticipate or are affected by change. An assessment of the SDS should be based on an understanding of the following elements:

- The policies and what they are intending to influence
- The amount and type of people who will be affected by the policies
- The social, economic and environmental context in which the affected people live
- The type of changes to people's lives that the policies are likely to influence
- The amount of change that can be associated solely to the SDS policies compared to other influences on people's lives.

SROI enables the changes in people's lives, also known as outcomes, to be assessed. This includes identifying the factors that cause change to happen. RealWorth uses 11 factors, derived from the [OECD Better Life Index](#) to do this. These are indicated in the graphic below.

LCRCA has spent a considerable amount of time asking people living and working in the City Region how they feel about how the city region is planned and developed in the future, and what they want to see in terms of improvements to the City Region and their lives.

RealWorth used these accounts to assess the amount of social value that the SDS is likely to generate. This included a policy by policy social impact assessment and a SROI analysis of the whole SDS.



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