



From Policy to Practice

Achieving more through measuring place-based social value

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Context

What is social value?

Social value refers to the broader benefits a project or service delivers to society, beyond financial gains. This includes improving local employment opportunities, supporting community well-being, promoting sustainability, and overall enhancement of quality of life.

What is *place-based* social value?

When applying a place-specific lens to social value, the unique social, economic, and environmental benefits to a community or local area are assessed. This approach highlights local needs, ensuring interventions positively impact those areas.

Why is measuring place-based social value so important?

Through accurate measurement, organisations can demonstrate their contributions to societal goals, fulfil legal obligations, and align with public policy objectives. By focusing on place-based social value, organisations can tailor strategies to address specific challenges, promote equitable development, and create meaningful outcomes that resonate with a community's distinct identity and needs. A business' application and measurement of social value reflects a broader commitment to responsible and sustainable business practices.

Introduction

Across the UK, inclusive economic growth is a priority.

Regional priorities depend on local ambitions with a devolved perspective on the skills needed for a more sustainable future, to drive job creation, equal opportunities, and digital inclusion.

Against the backdrop of a new government in the UK prioritising economic stability and growth, this article will discuss how the UK's social value legislation aims to create new businesses, jobs, and skills – supported by four case studies exhibiting Microsoft and GIST Impact's approach to embedding social value and understanding how and where positive social and environmental impact is being delivered.



An evolving legislative landscape

The UK's Social Value Act, formally known as the Public Services (Social Value) Act 2012, was introduced in response to growing pressure and recognition that public sector spending could and should achieve more than just the delivery of services, and rather contribute more broadly to social, economic and environmental goals.

In line with the Social Value Act, public sector organisations are empowered to maximise benefits through commercial relationships, with contracts incorporating a minimum of 10% social value weighting. Public sector procurement teams can challenge suppliers to be more focused on supporting local socio-economic growth - drawing on the Sustainable Development Goals (SDGs) to frame responsibilities. This means that organisations operating within the public sector must look beyond merely the cost of contracts, and seek to promote positive impacts for communities and the environment.

This provides a great opportunity for the public sector and its suppliers to collaborate.



The new government has shown a renewed commitment to social value, including how it can be strengthened and delivered within public contracts to generate positive outcomes. Achieving inclusive economic growth requires collaboration between the private and public sectors to address local socio-economic priorities across UK regions.

As a result, the government is expecting greater efforts in private-public partnerships. The much-anticipated Procurement Act 2023 is a tangible example of this imperative and is set to come into force in early 2025—a date which has been pushed out as the government seeks to further redefine social value commitments attached to public procurement.

In the interim, however, we have some insight into notable changes in the Procurement Act 2023 - the introduction of Key Performance Indicators (KPIs) and changes to award criteria:

Introduction of KPIs

At least once every twelve months, during the life cycle of a contract and on termination of a contract, the contracting authority must assess performance against predefined KPIs and publish this information.

Changes to award criteria

The Procurement Act 2023 changes the term "Most Economically Advantageous Tender" (MEAT) to "Most Advantageous Tender" (MAT), signalling the march towards social value impact measuring as an economic imperative.

With this renewed agenda, we have seen the market become more assertive in its asks of the private sector relating to its impact on the environment and society at large. As a result, we're experiencing an encouraging new standard emerging, with both sides of the market moving to request and respond to these changes.



Working in partnership to measure social impact

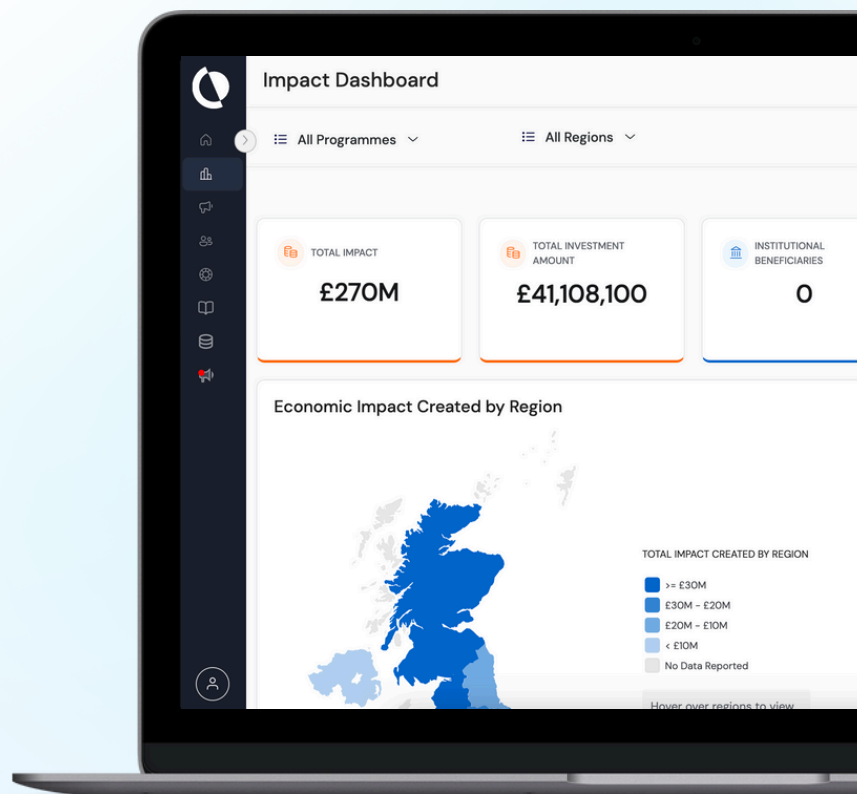
Since 2022, Microsoft and GIST Impact have been working in partnership to measure the social and economic outcomes and impacts of Microsoft's social programmes .

Together, we have built an impact platform that measures the impact of each programme on the economy, nature, and society. We measure impact in monetary terms, using advanced datasets and methodology which aligns to impact accounting principles followed by the Social Value International, Capitals Coalition, the Value Balancing alliance (VBA) and the International Foundation for Valuing Impacts (IFVI).

Through the platform, we can capture the data needed to evidence social value impact in the local community and map the impact of our programmes to demographic parameters of the beneficiaries such as their gender or ethnicity, and to related SDGs.

In addition, the platform also maps the outcomes of the programmes in line with reporting metrics of the respective Model Award Criteria (MACs) laid out in the Social Value Model 2020.

Providing a place-based understanding of the specific impacts of each programme enables Microsoft to better understand how and where we are delivering positive social and environmental change.



Case studies

We have measured a total of 12 Microsoft programmes using GIST Impact's science-based methodology, which measures the outcomes of these efforts, rather than the inputs.

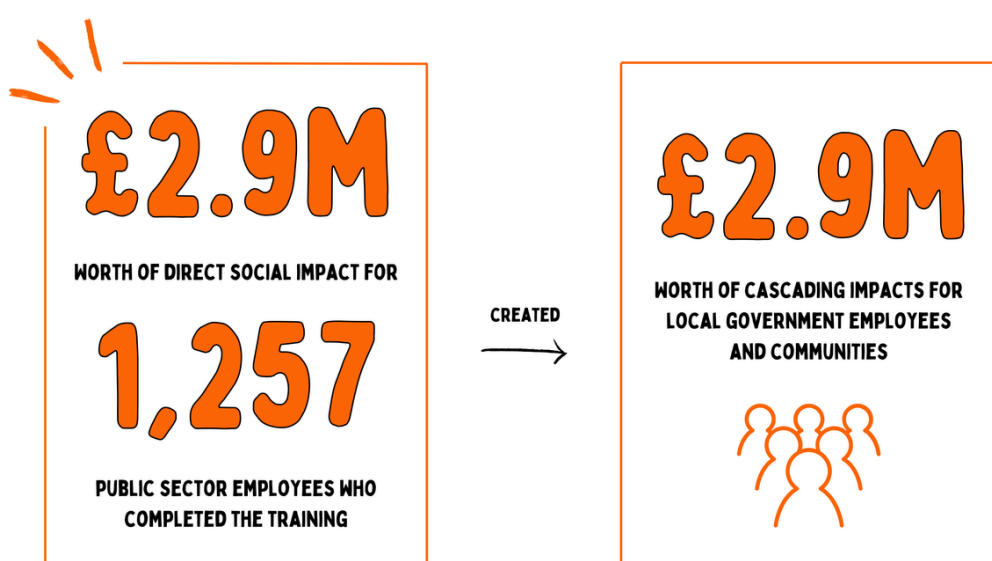
In harnessing the power of data and AI to ensure we are making impact where it is most needed, we can review impact by region, demographics of beneficiaries and capital generation. We will cover high-level insights from four of the 12 programmes in this article.

Quantifying the impact of social programmes not only enables us to make more informed decisions, promote equity, and ensure that technology adoption serves the well-being of all, but also allows business leaders and public sector authorities to understand what is important. This in turn, enables investments to be prioritised and risks to be mitigated.



Innovate Together

Microsoft’s Innovate Together programme provides a platform for the rapid exchange of ideas and solutions to maximise Public Sector organisations’ journeys to digital transformation. This is achieved through a series of events and training sessions for Public Sector employees to accelerate digital transformation through collaboration. In helping public sector organisations learn from each other, we have witnessed the sharing of digital applications and best practice. We found the training economically benefits the organisations and leads to increased innovation.



The programme created £2.9 million worth of direct social impact for 1,257 public sector employees who completed the training offered. This was measured in terms of time savings and productivity gains due to improved tech knowledge, leading to innovation and AI usage. The programme further created cascading impacts worth £2.9 million for additional local government employees and communities.

See how this programme maps to the relevant social value theme and model award criteria in the Social Value Model 2020:

Social Value Theme	Policy Outcome	Model Award Criteria (MAC)
Tracking economic inequality	Increase supply chain resilience and capacity	3.2 - Innovation and disruptive technologies

Digital Edge

Apprenticeship programmes play a crucial role in helping more people access digital careers, while enabling employers to address digital skills shortages, attract a more diverse workforce, and grow their business cost-effectively.

Catch22 is a non-profit social enterprise with a history spanning over 200 years. It runs Digital Edge, a training course co-designed with Microsoft to support people from underserved communities. The goal is to help individuals access a digital apprenticeship or entry-level job with a local employer within Microsoft's network of customers and partners.

The Social Return on Investment (SROI) of the Digital Edge programme was calculated to be £78,000 in total economic value per person completing the programme - representing an incredible return of £ 10.14 per £1 spent.

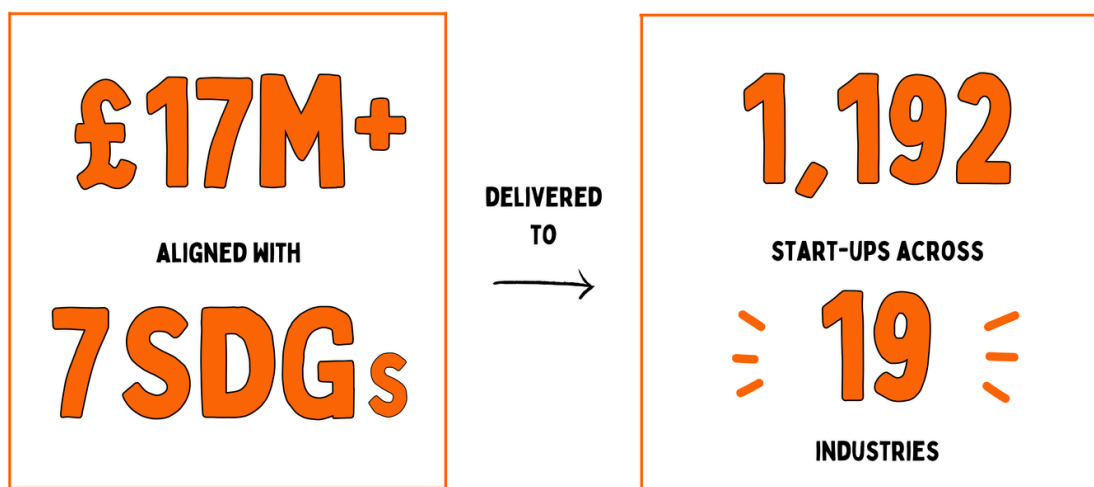


See how this programme maps to the relevant social value theme and model award criteria in the Social Value Model 2020:

Social Value Theme	Policy Outcome	Model Award Criteria (MAC)
Tackling economic inequality	Create new businesses, new jobs and new skills	2.2 - Employment
		2.3 - Education and training

Founders Hub

Microsoft for Startups Founders Hub helps startups to accelerate innovation by providing access to AI services, 1:1 mentoring, and the technology needed to build a future-proofed startup. This involves technology and business development support, such as Azure credits (free access to cloud services), access to Microsoft productivity apps, and technical advice. The programme aims to help startups develop software-based products or services and has delivered significant value to startups across the UK, contributing to positive outcomes aligned with UN SDGs.



In 2022, the programme delivered more than £17 million in benefits to 1,192 startups across 19 industries, contributing to positive outcomes aligned with seven UN SDGs.

See how this programme maps to the relevant social value theme and model award criteria in the Social Value Model 2020:



Social Value Theme	Policy Outcome	Model Award Criteria (MAC)
Tackling economic inequality	Increase supply chain resilience and capacity	3.3 - Modernising delivery and increasing productivity

Connector

Microsoft Connector is a platform, designed in partnership with GetMyFirstJob, that helps people who want to pursue a career in digital by providing them with access to local roles, apprenticeships, and bootcamps.

Connector also helps employers promote their vacancies to a larger and more diverse pool of candidates. Microsoft and GetMyFirstJob recognised the need to reduce barriers to social mobility and help small businesses to fill apprenticeship positions by simplifying the process to find both open roles.

We have been able to estimate that for a cohort of 1,966 people completing apprenticeships via the Connector platform, the 5-year total economic benefit in terms of future income and avoided expenditure on training was £86,000 per person.

This translates to a total impact of £170 million and an incredible Social Return on Investment (SROI) of £3.95 per £1 spent



WHICH MEANS



See how this programme maps to the relevant social value theme and model award criteria in the Social Value Model 2020:

Social Value Theme	Policy Outcome	Model Award Criteria (MAC)
Tackling economic inequality	Create new business, new jobs and new skills	2.2 - Employment

What's next?

Microsoft and GIST Impact welcome the direction and inclusion of positive social value advancements that the Procurement Act 2023 is promoting. This legislation is poised to strengthen social value impact for businesses and communities throughout the UK.

It is also encouraging that our combined approach to social value impact measurement aligns more broadly to the EU's Corporate Sustainability Reporting Directive (CSRD), which looks at how a business' undertaking affects communities. The parallel between our approach to place-based social impact and the general direction of broader legislative developments indicate that we are operating at the forefront of progressive and sustainable practices needed for a resilient future.

In the evolving digital and AI economy, Microsoft is committed to skilling, up-skilling and re-skilling people in the UK to ensure they have the right suite of skills to take advantage of the innovations this technology presents. We believe that everyone should have access to the knowledge and opportunities needed to succeed. This will involve programmes to join up talent with opportunities, whether it's learning digital skills or participating in the digital economy.

In equipping communities with the AI skills needed, Microsoft and GIST Impact will continue partnering to understand the place-based value that Microsoft's AI skilling programmes are delivering to local communities. In doing so, we are helping communities to harness and embrace the opportunities that will come with AI—ensuring social value remains front and centre as we enter a new area of digital innovation.



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