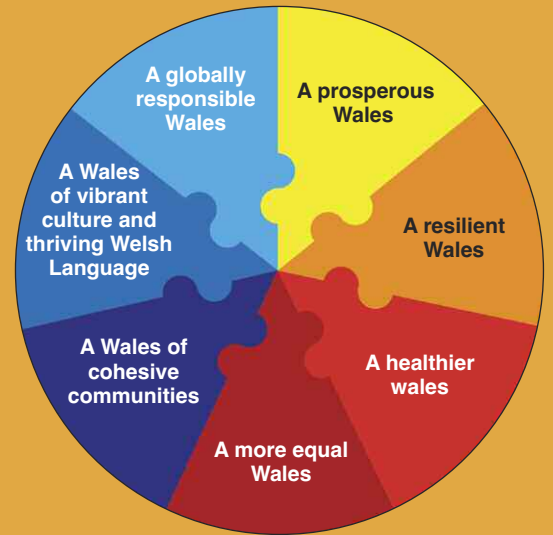


# How to Unlock the Potential of the Well-being of Future Generations (Wales) Act 2015



Llyn Tegid, Y Bala © APCE/SNPA



Yn cefnogi grwpiau gwirfoddol a chymunedol  
Supporting voluntary and community groups



ARIENNIR GAN Y LOTERI  
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## Understanding the Social Value of Well-being to Transform Public Delivery

# FOREWORD

Social Value UK is part of an international membership organisation, Social Value International, and we believe that to create a world where social inequality and environmental degradation are reduced and ultimately eliminated, we need to change the way the world accounts for value.

Over time within financial accounting, a range of legislation, standards and processes have developed that allow investors and managers to use evidence to make informed decisions to maximise the value they create. These processes help owners hold managers to account, and ensure the most efficient use of resources – a system that works extremely effectively.

But what about those organisations that wish to create value other than just financial? How do they make decisions that create the most impact – not this time for shareholders, but stakeholders – the individuals, the families, and the communities? Well unfortunately the answer is I don't think many are able to do so, yet. With the greatest intention in the world, without the necessary information, we are restricted in our ability to make decisions that can maximise the value for the people that matter most to us.

That's why Social Value UK believe we should include people to measure changes to their lives, those that they tell us matter. Following a set of key principles, we can do this in a way that provides meaningful information about the impacts of our decisions and of our work. But, and this is very important, it is not just about the measurement of the value we create – the results of measuring should always be the start, rather than the end of the conversation. A growing number of public, private and third sector organisations around the globe are recognising

that key to making improvements to people's lives is the use of social value measurement to manage, and ultimately maximise the social value we create.

Wales has some of the most pioneering legislation in the world, and this creates the potential to change the way decisions are made that impact on people. We are all very aware of the extreme pressures that many people and organisations are under, and this means that we must make the most of the resources we have; and key to this is using social value to inform the way we do things.

To make the most of such a promising legislative framework, one that places people and sustainable development at its core, requires government, business, the public and civil sectors, along with communities and individuals to be part of the decision-making process. We know that social value is an essential part of the process, and we look forward to seeing Wales show the rest of the world how it can be done.

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# S O C I A L V A L U E C Y M R U

Social Value Cymru is part of Mantell Gwynedd, the County Voluntary Council for Gwynedd. We are committed to supporting the third sector and demonstrating the importance of social value. We believe that social value is key to making decisions that can improve people's lives – regardless of the sector we work in.

## Introduction – purpose of this report

The Act's fundamental purpose requires public, private and third sector organisations to work differently, and to do so we need to identify the important things that need to be measured and managed. It is by understanding the social value of activities that we can truly work towards effectively managing the creation of well-being, and it is essential to making the intentions of the Act a reality.

## The essentials of the Act

A number of sources provide detailed information regarding the Act, and it is not the intention of this report to repeat this. However, it is important to outline the key requirements of the Act that seeks to improve 'the social, economic and cultural well-being of Wales'.<sup>1</sup>

The Act requires public bodies to think and behave differently, with the principle of sustainable development at the core of all decisions and actions. This ambition means that organisations in the private and third sector, as well as individuals and communities are also able

to contribute to the new agenda. There are five key ways in which public bodies are now required by law to do things differently, these are listed below;<sup>2</sup>

- Ensure that decisions have a positive and long-term impact for the future;
- Understand the integrated impact of decisions;
- Involve the people that are served;
- Collaborate to find common solutions;
- Actively prevent problems occurring or becoming worse.

## Well-being goals

Underpinning the need to act differently are 7 well-being goals, which are the blueprint for a shared vision of the kind of Wales that people want. Public bodies must work towards the accomplishment of all of the well-being goals, and importantly set and publish their objectives, and take all reasonable steps to accomplish them.

## How to make the Act have real impact

The new Welsh legislation is undoubtedly some of the most forward thinking in the world, and builds upon a legacy that has sustainable development at the core of progressive thinking. As the United Nations put it; **'What Wales is doing today, the world will do tomorrow'**.

So, how do those making decisions think more about the long-term, work more effectively with people, and collaborate to prevent issues arising? One of the key things to be considered is what now needs to be measured in order to understand how much we are contributing to the well-being goals. Without first measuring how we are doing, we are severely restricted to make changes that can create improvements in the lives of the people that matter.



1 Welsh Government (2015) Well-being of Future Generations (Wales) Act 2015; The Essentials.  
2 <http://gov.wales/docs/dsjlg/publications/150623-guide-to-the-fg-act-en.pdf>  
<http://gov.wales/topics/people-and-communities/people/future-generations-act/future-generations-act-video/?lang=en>

This means that as well as measuring things that have always been measured, such as financial costs and the number of people receiving services or support, we also need to measure other things, such as how our work has reduced an older person's loneliness, strengthened a parent's confidence, or improved the mental health of a victim of abuse.

In the language of evaluation, we are talking about the need to measure outcomes rather than just outputs. This is an important point, and one that should not be under-estimated. Think about this from a health perspective; are we interested only in the outputs of how many patients are seen, or the outcomes of how many people recover from illness, or even how things are prevented from occurring in the first place? The answer seems obvious, but if we look at what has traditionally been measured we see a consistent focus on outputs; a focus that has led to a range of serious negative outcomes affecting patient health and well-being, as well as ultimately costing more to the health authorities themselves. Don't believe me, just consider the issue of A&E waiting time-targets causing patients to be held in ambulances, or older frail people being discharged from hospital without appropriate after-care that results in poorer health and re-admissions.

If we do not measure the things that matter, and only focus on the things that are easier to measure, we can never truly hope to improve things significantly, and the ambition of the Well-being of Future Generations Act will remain just that, an ambition.

## Social value

People may interpret the idea of social value differently, but at its core it is about understanding **what has changed in someone's life as a result of particular activities, and valuing those changes**. Based on 7 principles, social value allows us to discuss the outcomes of our work in the same language as the costs of

producing them. By monetising changes in people's well-being, decision makers have more information about the relative worth of different outcomes to a range of stakeholders. This information means that outcomes for the same stakeholders can be compared to each other, and the costs of their creation – allowing us to make decisions to increase the positive impacts of our work. Importantly, it does not always mean that we must employ expensive techniques with high scientific-rigour; but what it ultimately does is increase the likelihood of making decisions that have the greatest possible positive impact, within the limits of the resources available.

The **7** Principles of Social Value are:

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.**

Further detail on the Principles is available from Social Value UK,<sup>3</sup> but what is hopefully clear are the similarities to the requirements for the new Act. From the very beginning stakeholders are involved to explain what has changed for them – meaning that they are able to put in their own words what elements of their well-being have changed. This is an opportunity for those directly and indirectly affected by activities to have a voice, and addresses the requirements of the Act to 'involve people that are served' and to 'understand the integrated impact of decisions'. Moving away from a culture whereby those making decisions do so without complete information about the impacts of their decisions, the Act and the Principles of Social Value both demand that the voices of all the people effected are heard, listened to, and included in decision making.

3 <http://www.socialvalueuk.org/why-social-value/the-principles-of-social-value/>



By extending the boundaries of accountability to include outcomes of our work that are intended, unintended, and both positive and negative, we are better able to 'ensure that decisions have a positive and long-term impact for the future,' and where the work is preventative in nature, we can 'actively prevent problems occurring or becoming worse.' Extending how we view accountability to a position that appreciates integrated impacts, and explicitly considers the long-term, means that people and organisations are better able to understand how they co-create (or destroy) well-being value. Doing so also means that we can view well-being from a perspective that appreciates the role that we play in partnership with others. It is highly unlikely that we create value in isolation, and through understanding how our work is complemented by others, or even where others are able to do things better than we do, we can make decisions in collaboration about how to allocate resources to maximise the social value / well-being of those that matter.

### Concluding remarks

It all sounds good in theory – we can work together, involve the people that matter, we can understand how our work creates value for people that contributes to the well-being goals of the Act, we can even improve and maximise the impact of our work, but what about the things that stop us doing this? Yes, there may well be

increased short-term costs as a result of doing things differently. But let me ask you two questions:

1. Wouldn't you want to know if you could create more positive and long-term value for individuals, communities, and organisations?
2. How do you know that what you are doing now is better or more efficient than an alternative based on measuring social value and well-being?

What social value allows us to do, is appreciate the value that people place on different elements of their well-being. By doing so, we understand better how to create and maximise well-being through our activities. The Well-being of Future Generations Act provides the opportunity for those who are responsible for public benefit to make decisions that place people and their well-being at the centre of what they do, with the vision of **making decisions for a better tomorrow**. But to do so we need a language that helps make sense of well-being, and one that allows us to improve and maximise the impacts of our work. Social value is the language that can help to make **better decision for a better tomorrow**, and realise the ambition of the Act to create positive outcomes for the people of Wales.

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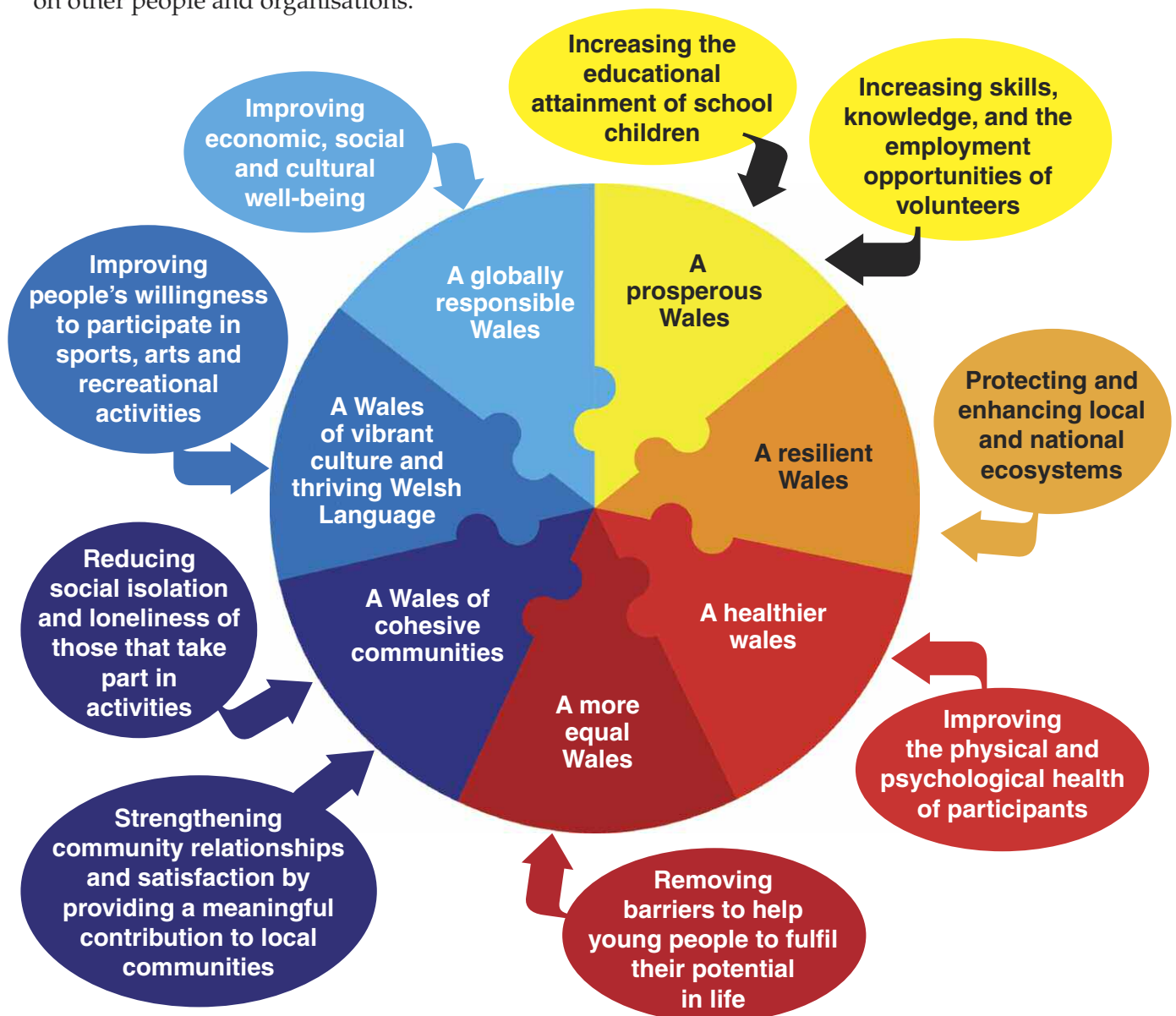


## How outcomes from our activities relate to the national well-being goals

The two broad examples below are not intended to provide a complete list – they are only a small selection of the potential outcomes that each example can provide, and are intended to stimulate further discussion.

### Case study – Volunteering opportunities for young people

Volunteering is widely recognised to provide volunteers with important benefits such as increasing social networks, learning new skills, giving something back to the community, and sharing experiences with others (see for example <https://www.volunteering-wales.net/why-volunteer/>). For young people this can lead to important skills and experiences that can last a lifetime, and equally have significant impacts on other people and organisations.



### Case study – The impacts of the arts

The arts and creative industries are not always recognised as providing important impacts in people's lives. However, there is significant evidence that these industries can help create real impacts for people in essential areas such as direct economic benefits through the employment of people and income through tourism, whilst also improving societal, health and well-being, and educational impacts of those that take part (see for example Arts Council England (2014). 'The value of arts and culture to people and society').