

Better Business Cases NI Supplementary Guidance

Incorporating Social Value into Business Cases

Version 2

May 2022

Contents

1	Introduction	2
2	Five Case Model & Social Value.....	4
2.1	The Strategic Case	4
2.2	The Economic Case	5
2.3	The Commercial Case	6
2.4	The Financial Case	7
2.5	The Management Case.....	8
3	Quantifying Social Value	9

1 Introduction

HMT's [Green Book](#) (Guidance on Appraisal and Evaluation) was updated in 2026, with one of the key focuses of the update being an emphasis on social welfare and social value. As stated in paragraph 2.4,

“Appraisal involves estimating the social value of different options and selecting the option that represents best value for money. This concept of social value is based on the principles of welfare economics”.

The importance of giving consideration to the social value has now been specifically highlighted throughout the guidance to the extent that the economic analysis used to select a preferred option is referred to as ‘Social Cost Benefit Analysis (CBA)’ or ‘Social Cost-Effectiveness Analysis (CEA)’. In addition, the total value of discounted benefits less costs is termed the ‘Net Present Social Value (NPSV)’. Social value refers to wider financial and non-financial impacts on the wellbeing of individuals, communities and the environment.

The Northern Ireland Executive’s commitment to social value in public procurement is detailed in ‘[Procurement Policy Note \(PPN\) 01/21: Scoring Social Value](#)’ which was approved by the Executive and is applicable to all Northern Ireland Public Procurement Policy (NIPPP) users. PPN 01/21 mandates that from 1 June 2022 tenders must include a minimum of 10% of the total award criteria to score social value. This 10% minimum will apply to contracts for services and works above the threshold where the Procurement Regulations apply.

The objective of this guidance is to ensure that social value is given the appropriate level of attention when developing business cases, economic appraisals and evaluations. Note appraisers may already be considering social value without specifically aiming to do so and, therefore, the outcome of this guidance may be minor presentational changes or a shift in focus rather than material changes to the process.

This supplementary guidance sets out the relevance of social value to each section of the FCM, followed by guidance on how to quantify social costs and

benefits when appraising options. This should be read in conjunction with other guidance on the Better Business Cases NI website. It is important to note that this work should adhere to the principle of proportionate effort, with the amount of time and resources spent on quantifying/monetising impacts reflecting the scale and scope of the business case.

2 Five Case Model & Social Value

As outlined in HMT's [Guidance on developing business cases for projects and programmes](#), the FCM is applicable to policies, strategies, programmes and projects and comprises of five key dimensions:

- the Strategic Case;
- the Economic Case;
- the Commercial Case;
- the Financial Case; and
- the Management Case.

In terms of the consideration which should be given to social value, this theme can run throughout the FCM, with each section addressing a different aspect of social considerations during business case development.

This section of the supplementary guidance takes each of the five cases in turn to highlight how social value can be considered in each.

2.1 The Strategic Case

The purpose of the strategic dimension of the business case is to set the strategic context and make the case for change – giving the appropriate consideration to social value while doing so can help to highlight how a proposal is both worthwhile and beneficial to society.

Procurement Policy Note ([PPN 01/21](#)) provides a framework of social value themes and indicators which Departments can draw on, as is relevant to the contract at hand. These indicators are linked to the Programme for Government outcomes.

For example, when setting the strategic context, an explanation could be provided about how the project supports the existing policies and strategies of

the organisation and will assist in achieving the business goals, strategic aims and business plans of the organisation. With this in mind, reference to the relevant social value theme or themes and how they are linked to and can be incorporated to further support the policies and strategies of the organisation will strengthen the strategic case. The [Social Value website](#) has a range of resources available to assist commissioners incorporate the most relevant social value themes in their programmes and projects.

Explaining the need for a proposal and setting robust spending or investment objectives is essential in terms of making a coherent case for change. When doing so, consideration should be given to deficiencies in current provision and the impact this has on society. Furthermore, objectives/targets could be framed in such a way to enable the post-implementation societal impact to be understood and transparent.

Remember, procuring assets and infrastructure is rarely a spending objective in itself; it is what the organisation is seeking to achieve through the use of these resources in terms of identifiable and measurable social, economic and environmental outcomes that constitute social value and Value for Money for the related spend. These outcomes and the impact they have on society should be the focus of the case for change.

2.2 The Economic Case

The purpose of the economic dimension of the business case is to identify the proposal that delivers best public value to society, including wider social and environmental effects. This is achieved by formulating and shortlisting options, before appraising these using economic analysis.

In terms of options, these are short-listed on the basis of an assessment of their Strengths, Weaknesses, Opportunities and Threats (SWOT analysis) and a conclusion in terms of how well they meet the spending objectives and critical success factors (CSFs) agreed for the project. Therefore, if these objectives and

CSFs have been defined with social value in mind, in theory only options which may result in social benefits are most likely to be short-listed.

The economic analysis should include quantifiable costs and benefits to society where possible and one of the challenges of the Economic Case is to try to place a value on these, many of which do not have a market value. Not quantifying these is likely to mean that the Net Present Social Value (NPSV) will not fairly reflect the actual societal value of a proposal. Advice on how this can be done is provided in Section 3 below.

2.3 The Commercial Case

The purpose of the commercial dimension of the business case is to demonstrate that the preferred option will result in a viable procurement and a well-structured deal between the public sector and its service providers. In terms of the link to social value, it is widely acknowledged that public procurement can contribute positively to the delivery of greater equality and social inclusion as well as broader sustainability goals.

Procurement Policy Note 21 ([PPN 01/21](#)) details how to integrate social value throughout the procurement process. It emphasises the importance of considering the social value element of the contract at pre-procurement (i.e. business case) stage to ensure that the procurement strategy maximises the social benefits delivered by contracts.

Appraisers should be mindful of options and impacts linked to the social economy or 3rd sector not-for-profit enterprises. The social economy comprises co-operatives, mutuals and voluntary organisations (associations) – this includes charities (and foundations). Social enterprises play a significant economic role in addressing needs unmet by the private and public sectors, competing with for-profit enterprises, enhancing economic productivity, improving delivery of public services, promoting economic and social development, and providing employment, often for those most distanced from the labour market.

As indicated by PPN 01/21, Departments must consider, as part of its pre-procurement deliberations, the potential to reserve a contract under the Public Contracts Regulations (PCR) 2015. Furthermore, it is good practice that a range of sourcing options be identified in the procurement strategy to ensure the sourcing option delivers the desired outputs and outcomes, maximises social value and maximises opportunities for the VCSE sector and micro enterprises.

It is important to ensure social value is considered from the very beginning of the business case process. Not doing so is likely to be detrimental to the ability to maximise the social value delivered through the programme or project.

2.4 The Financial Case

The purpose of the financial case is to demonstrate the affordability and funding of the preferred option, including the support of stakeholders and customers as required. Part of this will be to assess if there is an impact of the proposal on any prices that the organisation charges for its services.

As set out in [PPN 01/21](#), New Decade New Approach (NDNA) commits the Executive to becoming a Living Wage Employer. The Living Wage is an estimate of the hourly wage that would provide a full-time worker with a reasonable standard of living calculated by the [Living Wage Foundation](#). In line with NDNA, the payment of the Living Wage must be included as a condition of contract for all tenders from June 2022. Any additional costs arising from this condition should be built into business cases.

Naturally any increase in the cost of services will have to comply with legislation/policy but the link to social value is the impact an increase in charges or fees could have on those paying for the service. It is important to consider in the BC if the preferred option is likely to have an impact on the cost of services, which will be passed on to the general public, and how this will be assessed e.g. outline the relevant impact assessments which will need to be undertaken.

2.5 The Management Case

The purpose of the management dimension of the business case is to demonstrate that robust arrangements are in place for the delivery, monitoring and evaluation of the scheme, including feedback into the organisation's strategic planning cycle.

In terms of consideration of social value at this stage, the management case should include a benefits realisation plan, outlining how social value will be evaluated, monitored and realised, and a risk management strategy to ensure any risks are reduced/mitigated.

Where the [Social Value Unit](#)'s approach to maximising social value¹ has been included in public contracts, the contract is added to the Social Value Monitoring System. This system produces regular reports on the delivery of social value requirements, providing Departments with quantitative and qualitative data, which can be used to demonstrate how social value has been achieved.

Again, it is likely that these are actions which are already being undertaken but this helps to show how social benefits/impacts permeate the whole of the BC process.

¹ Guidance and model text is available to download from the Social Value Unit website – www.buysocialni.org/procurement

3 Quantifying Social Value

The principles of social value provide the basic building blocks for anyone who wants to make decisions that take this wider definition of value into account, in order to increase equality, improve wellbeing and increase environmental sustainability. Building this value into the economic case and, more specifically, estimating the net present social value (NPSV) of a proposal relies on a robust quantification of the costs and benefits. One of the main challenges of estimating the NPSV is monetising/quantifying those impacts which do not have a market value.

Where possible, costs and benefits should be valued in monetary terms. However, it is not always cost-effective or practical to do so. In many assessments there are non-monetary impacts such as environmental, social or health effects that cannot be valued cost-effectively. These non-monetary costs and benefits must be taken into account and should not be regarded as any less important than the monetary values. They may be crucial to the decisions needed.

Traditionally, this has been addressed using Multi-Criteria Analysis (MCA), notably using an impact assessment table or weighted scoring analysis. Whilst the use of these is still generally acceptable, it is important to emphasise that placing a monetary value on social benefits is preferable and the default position should be quantification rather than using MCA. As with all aspects of economic appraisal, this should be undertaken with proportionate effort in mind. In other words, it is unlikely to be appropriate to use resources to quantify social impacts for proposals which are relatively low-value and are not novel or contentious. However, the use of evidence-based quantification should be encouraged.

To aid the quantification of these impacts, a tool has been developed with proxy values, where available, and sources of evidence. The aim is to update this regularly, with input from relevant departments, as more robust evidence becomes available.

This tool can be found on the Better Business Cases NI Website.

Departmental economists should be able to advise on specific appraisal queries. Any questions or comments about this guidance should be sent to DoF at the email address below.

economicappraisal@finance-ni.gov.uk

Queries about the Procurement Policy Note referenced above (PPN 01/21) can be sent to Procurement Policy Branch at the email address below.

procure.policy@finance-ni.gov.uk

The Social Value Unit can also advise on queries relating to the inclusion of Social Value using the email address below.

info@buysocialni.org