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Principle 7 and the development of a *Social Value Toolkit* for the Cooperative Councils' Innovation Network

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This paper traces the development of the *Social Value Toolkit for Cooperative Councils* commissioned by the Cooperative Councils' Innovation Network as part of their development reports in support of the promotion of co-operation and community wealth building for member councils. We argue that a new social value paradigm is required for social change that goes beyond quantification and measurement of social value outcomes and towards a relational theory of social value. In doing so, the paper refers to the wider implications of the application of relationality to social value and the potential synergies with the parallel development of co-operatives as part of the community wealth building project, with particular reference to co-operative Principle 7 — concern for the community. The theory discussed in the paper is supported by data collected from one of the case studies investigated in the design of the toolkit, the case of Westminster City Council. The paper concludes by suggesting that greater attention should be given to the common good implied in a new relational paradigm and how such an approach is incompatible with private gain.

Introduction

One of the ultimate goals of the Preston model of community wealth building (CWB) in the UK, and its nationwide development through the Cooperative Councils' Innovation Network (CCIN), is the establishment of a network of worker-owned co-operatives (Manley & Eseonu, 2023; Manley & Whyman, 2021), and through this, a transformational change in the socio-economics of place that makes a difference in social value for communities. It is social value rather than financial value that brings identity and meaning to communities. While it is sometimes difficult to disentangle, many communities will identify themselves and be identified through the quality of their relationships and the extent of citizens' participation in the community. Worker-owned co-operatives represent the marriage of financial independence and social concern, which is why co-operation, social value, and community are so intimately inter-connected. This 'marriage' is only perfect in theory. In practice, co-operation in business is difficult to manage, especially the management of democratic structures (Davis, 2001), and often breaks down. CCIN recognises this theory-practice divide by presenting an aspirational, theoretical face to the world (CCIN, n.d.), but also as a practical means of making progress. This article discusses the

development of the *Social Value Toolkit for Cooperative Councils* (CCIN, 2025a) commissioned by CCIN that seeks to bridge this divide.

Principle 7 of the International Co-operative Alliance (ICA) co-operative principles states that all co-operative organisations are bound by concern for the community (ICA, 2015). Traditionally, the co-operative focus on community was about the local community of place. In a place like Preston, UK, the Preston model would also tend to refer to the place as named, with its anchor institutions located there. However, with contemporary enhanced communications — both physical and virtual — between places, groups, organisations, and individuals, a narrow definition of community becomes less satisfactory. Indeed, according to Bradshaw (2008), the norm in community definitions is the 'post-place' community identified through bonds of solidarity and culture rather than geography. Although Bradshaw (2008) admits to the complexity of such a definition, it is not difficult to see that what might once have been the local place-based community for co-operative Principle 7 is no longer clearly defined. Therefore, when this article refers to CWB, we bear in mind both the local place and the various places that are bound by solidarity. When we refer to social value, we mean that which benefits these communities in a social sense (whether linked to economic value or not), either place-based or on a more macro level.

Never far away from these definitions are the well-worn ideas of social capital (see Poder, 2011; Putnam, 2001), which also referred, in their original expression, to geographically defined communities. The work of social capital still continues to be relevant today in some form (Haldane & Halpern, 2025). It is broadly based around the idea that interactions between people foster relationships and social networks, generating trust that in turn strengthens relationships and develops mutually recognised values and norms that come to define community. Principle 7, social capital, social value, and relationships in community are all connected to such an extent that if viewed holistically, they might even be seen to be one and the same. This article will adopt a holistic version of these definitions in order to reflect the emergence of a broad social transformation that is occurring at both local and national levels in the UK today, as reflected in the ongoing developments of the CCIN and the development of a *Social Value Toolkit* for this organisation.

Development of the *Social Value Toolkit* for the CCIN

The CCIN is a collaboration between UK local authorities who are committed to finding better ways of working for and with local people for the benefit of their local community, as inspired by developments in CWB. Each year, they sponsor policy labs to co-develop new approaches to local government policy challenges, and in 2023 they launched the Social Value Toolkit Policy Lab. The project was coordinated by Simon Grove-White, supported by Manley and Hughes, and brought together academics, progressive legal professionals, procurement officials, and social enterprise and co-operative leaders to develop an expanded set of tools and approaches for understanding and pursuing social value in local government. The project involved an 18-month period of deliberation and exploration, through regular working group (WG) meetings and interviews with a wide range of practitioners, social value experts, and community activists.

The toolkit project was originally motivated by a deep frustration, both within the CCIN and member councils, with the dominant approach to social value within local government in the UK. It was felt that the processes and measurement frameworks used by councils to meet their legal obligations in this domain were not supporting CWB or council efforts to build up the strength of communities. In fact, as our research demonstrated, social value processes often systematically disadvantage organisations of inherent social value, such as co-operatives, social enterprises, and charities. For example, interviews conducted as part of this research, with council officers, public service providers, and other experts, repeatedly described the "gamification" of social value within dominant frameworks. This often had perverse results, such as favouring big corporate entities with the resources to "play the game". The objective of CCIN'S *Social Value Toolkit* was to facilitate a different approach to social value within local government,

more aligned with CWB and council efforts to build up the strength of communities. However, fairly early on in the WG process, it became clear that this would not be achieved through a technocratic fix, or a new measure of social value to be incorporated into dominant frameworks and processes.

Towards a new theory of value as an alternative to new public management

At root, the problem with dominant social value frameworks (for example, the themes, outcomes, and measures (TOMs) approach to the measurement of social value (National Social Value Taskforce, 2019), is the underlying conception of value on which they are based. Dominant frameworks and approaches have developed within, and are consistent with, a new public management (NPM) approach to the state (see, for example Hood, 1989). NPM revolutionised the management of the state in the 1980s and continues to shape local government processes in the UK. Drawing on game theory, NPM understands people as inherently selfish, utility-maximising actors, who must be incentivised with the promise of personal gain to take any action and must be constantly monitored to ensure they do not deviate and cheat the system (Lane, 2002). According to this, people will never freely co-operate for a common good and are at their best when forced to compete. On this basis, NPM advocates privatisation, outsourcing, and compulsory competitive tendering. The role for local government is one of market purchaser, and extensive accountability mechanisms are employed, including contracts with specified outcomes and quantitative targets, to ensure compliance. Here, value is measured in narrow economic terms, as numbers on a balance sheet: financial value is the best, and indeed the only, measure of success (Lane, 2002).

There are many problems with this approach to management of the state, not least the inhibiting and oppressive effects for public servants and the general public alike. Perhaps a less obvious problem is the inherent complexity of the world and the social processes within which governments seek to intervene. It is impossible to predict or specify social outcomes, as NPM requires, without distorting effects (Wimbush, 2011).

The Social Value Toolkit WG identified the need for a new ‘common sense’ understanding of value, to replace the narrow economistic framework within NPM. Taking a different starting point, the toolkit advocates and is based upon what we call a relational theory of value. This approach and mindset are based on a range of theoretical sources and empirical evidence, including complexity theory and wider philosophical work which highlights the interrelationality and deindividuated nature of people and social processes. The social value perspective adopted by the WG in this paper draws on Guattari’s (2000) three ecologies theory — the environment, social relations, and humanity — which thoroughly debunked individualised and concrete outcomes approaches and resonates with a relational theory of value. Relational theory and a three ecologies approach take the view that people are primarily social beings who can and want to co-operate around collective challenges, and that the world is complex, always in flux, and comprised of ever-shifting collaborations. Within this framework, any change — positive or negative — is the outcome of evolving relationships. All value — in the sense of what we should want to achieve if we are striving for a flourishing society — is rooted in positive, generative relationships. Although value is often rooted in history, habit, and culture, it is always emergent in quality: it cannot be predicted or precisely controlled. And there are contagion effects: positive relationships self-perpetuate by creating the conditions for more positive relationships to emerge.

So, from this vantage point, and bringing theory towards practice, what should local authorities be trying to achieve? If we accept a relational theory of value, the role of local (and national) government is fundamentally transformed. Public servants are not market purchasers; they are facilitators or conduits within a system of relationality, what might be termed ‘*system-conveners*’. In this scenario, the most important activity for state officials is to create the right conditions for

positive, generative collaborations. CCIN'S *Social Value Toolkit* includes an array of practical tools and case studies to help councils see how they can begin to govern in this way, entirely within the existing legal and policy frameworks.

Putting a relational approach to social value into practice

Rather than attempting to prescribe a set of measures which could appropriately account for plural, democratically-derived, and subjectively experienced conceptions of social value, the toolkit offers a method for discerning the important and context-appropriate relational qualities for collectively generating value within communities.

The intention behind the toolkit is to show local authorities how to repurpose the existing legal framework, and the tools of procurement and commissioning as methods to:

- Identify and develop shared objectives with others;
- Formalise relationships around shared objectives; and
- Establish governance that can manage resources, make decisions, and adapt to evolving circumstances in pursuit of these shared objectives.

As pointed out by Cook et al. (2024), these are all characteristics of a co-operative, which is itself a formal legal mechanism for establishing and managing a set of relationships formed around shared values and goals - in the case of a co-operative, the ICA values and principles (ICA, 2015). It does this through "a structural relationship (membership), specifying what it covers (objects), how decisions are made (governance), and the shared values and principles which underpin that decision-making" (Cook et al., 2024, p. 7). Co-operatives can therefore provide an example of the essential ingredients for a collaboration built on shared values.

Westminster Council: From measuring outcomes to measuring inputs

In the development of CCIN's *Social Value Toolkit*, we have been careful to include thoughts, feelings, and expressions of value from the different actors in the CCIN, as well as consulting archives and written documents. The value of the spoken word for this study resides in the nature of social value itself: it is supported and delivered through an approach and attitude; it is based on understandings and trust engendered through relationships and a view of these relationships as inter-subjective (Benjamin, 1988). Inter-subjectivity was conceptualised as a feminist re-configuration of relationships which would recognise equality and quality of inter-relationality beyond the paternalistic paradigm. As such, this approach is wholly relevant to the understanding of value(s) and co-operation. There is more than a hint of paternalism in the competitive and market-based approach to procurement by local authorities nested within a system that encourages competition as a virtue. The toolkit, therefore, is concerned as much about quality in a social sense as quantity in an economic sense. Ultimately, it is also about participation, particularly about alternative ways of understanding democracy and co-operative governance. In the following case study, drawn from interviews conducted while developing the toolkit, we discover to what extent such relational approaches are becoming practical realities in Westminster City Council (WCC).

WCC has been struggling with the application of the TOMs framework (National Social Value Taskforce, 2019) applied to social value. In its work, WCC has moved away from TOMs and towards an autonomously designed points-based system. In this system, potential suppliers respond to social value questions in ways that emphasise both their own skills and knowledge areas and the council's priorities. In this way, WCC's points-based system focuses on social value that is specific to the provider's strengths and aligned with the council's knowledge of social value needs in Westminster. Importantly, these needs are the fruit of co-operation between the council and community stakeholders. Success in defining the needs is dependent on the quality of relational trust established between council and community. What this means

in practice is that WCC is more interested in what various suppliers can *input* rather than measuring the (difficult to measure and quantify) *outcome*. For example, suppliers are asked specific questions about what they will commit to in concrete terms at the tender stage, instead of providing vague wish-like promises that can be inflated for the purposes of a competitive contract but are too abstract to be properly measured.

According to interview responses from WCC, until recently, social value was both misunderstood and regarded as an additional burden or "hoop" for suppliers to go through in order to secure a contract with the Council. Whenever suppliers were asked about social value, they would give a "fluffy response". This would be along the lines of "we will look for employment opportunities within Westminster where possible". The generalised sense of this would mean that WCC "can't hold the supplier accountable for anything, because they just said that they will look for opportunities where possible." Current policy at WCC prioritises actual social value at the input stage that holds the supplier accountable, for example, donating "a specific amount of financial resource to a charity that they have named" (Respondent B, WCC). The reasoning behind this approach from WCC is nuanced and more than simply receiving a defined value, whether social, financial, or both. What counts at least as much as the outcome is the quality of the relational process that preceded the transaction. The council's approach is firmly and authentically embedded in community relationships, which lead to quality in social value, which is far removed from the wish lists and tick boxes WCC associates with the TOMs:

> It's all very well rocking up in every quarter saying, how many apprenticeships have you given us if we're not sitting down and listening to them, and they say to us, 'Well, the candidates you put forward really weren't suitable', or 'they weren't even interested in this line of work. They want to be lawyers and doctors, not bricklayers'. Then we're not doing our jobs properly. So, it's all about the meaningful relationships that we've got, internally as well. (Respondent A, WCC)

The danger is in not having established sufficiently enhanced relationships to be able to understand genuine need. In their development of social value policies, the council makes a subtle but vital distinction between the provision of a service and the social value that this might deliver: the service itself is not the social value. Instead, social value is "benefit that can be derived from a contractor through *relationships that they can build*, through resources they can offer" (Respondent A, WCC, our italics).

A wider movement to rethink local government processes

Through the process of developing the toolkit, a number of parallel movements and trends have been identified which are relevant to the themes outlined so far. For example, the work of community power champions New Local (New Local, n.d.) and Power to Change (Power to Change, n.d.) looks at rebuilding the relationship between state and communities from the bottom up. Campaigns like We're Right Here (We're Right Here, n.d.) emphasise the need for value to be defined and created through participative, democratic processes, and for power to be held and decisions to be taken at the level that they impact.

As referenced in the introduction, there has been a notable renewed interest in the decline of social capital, suggesting that many in and around Westminster recognise the erosion of community cohesion as a significant problem to be addressed. Crucially, the importance of social capital is recognised as going beyond simply improving social cohesion. Instead, some studies demonstrate how the national economy is inextricably linked to trust engendered by improved social capital (Haldane & Halpern, 2025).

Conclusion: The Role for Co-operatives within this Wider Movement

Co-operatives, as organisations founded on and guided by a set of positive, mutually enhancing, relational values and principles, including concern for community, should see in these developments the potential for much closer collaboration with national and local governments. Indeed, another very recent CCIN Policy Lab toolkit (2024) is precisely about

how to develop co-operatives as part of the CCIN mandate. Together with the *Social Value Toolkit*, these can mutually contribute to a relational approach to public services and community. However, it is notable that these links are not necessarily obvious and that, outside of the movement itself, direct reference to co-operatives is largely absent from policy solutions. Another recently published report by the CCIN (2025b) offers a possible explanation, arguing that the co-operative movement (through an over-emphasis on form over function) has so far failed to convincingly articulate its value beyond its own boundaries. It proposes greatly expanding the use of a simple but clear distinction between co-operatives and mainstream businesses: namely that "they trade for *the common good* rather than for private benefit" (CCIN, 2025b, p. 6). It argues that this fundamental difference:

> … has not been effectively articulated by the movement … Without this clarity, it is hard to make a convincing case to promote co-operation; or even to get people, businesses and institutions to understand that there is more than one way of doing business. (CCIN, 2025b, p. 6)

By contrasting operating for the 'common good' with operating for 'private gain', the essential difference between a public common partnership and a public-private partnership would become much more apparent to the uninitiated (Milburn & Russell, 2019).

To relate this back to procurement and social value, although many local authorities have expressed a desire to award more contracts to co-operatives (often through a CWB agenda), it is generally not legitimate under procurement law to award a contract, or give other preferential treatment to an economic actor, on the basis of its legal *form*. However, as the toolkit demonstrates, it is entirely legitimate (and, we argue, highly advisable!) to assess for qualities and characteristics in a procurement assessment — namely, to assess *function*. Any local authority that seeks and tests for the qualities that are likely to lead to a productive collaboration (for example, shared goals/purpose, flexibility, openness and transparency, shared responsibility, commitment to community) is likely to find natural partners in organisations which themselves operate for these common good purposes.

The growing institutional recognition of value as relational and generated in complex social systems (as identified in the toolkit), and rooted in the quality and nature of relationships, along with the growing recognition of the effectiveness of human-centred collaboration built on shared goals, contains seeds of radical potential for the co-operative movement. Institutional decision-making that has been freed from the straitjacket of NPM orthodoxies will be much better able and far more willing to consciously discern the difference between organisations operating for private gain and those operating for the common good. In bringing together a new vision of social value, we also come to recommendations for CWB and the co-operative movement. For co-operators and those committed to the movement, it may be that recognising and articulating the need to emphasise the common good — Principle 7 — would be akin to taking full advantage of this moment as a moment of opportunity.

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