Measuring Social Value – An Overview

The measurement of social value is attracting growing interest chiefly within the third sector, but also in the public sector and amongst some private sector businesses. There have been three main drivers behind these developments:-

1. a desire to differentiate an organisation's market activity to consumers or investors on the grounds of additional social or environmental benefit. Some such social reporting is 'defensive' – ie a response to external criticism about human rights, environmental impact or social exclusion (eg Shell, some mining and utility companies, Camelot). Some has been 'pro-active' – a desire to raise brand profile by demonstrating a fair and socially engaged business philosophy (eg Co-operative Group, Body Shop, Traidcraft)

2. a desire to demonstrate social value added in public procurement or in the use of public funds as an additional benefit to the public purse (and thus to society at large). The Furniture Resource Centre in Liverpool was one of the first to use social reporting in this way. External studies of social return for the Adventure Capital Fund and Futurebuilders, and the application process for NHS Social Enterprise Investment Fund, have used the measurement of social value in much the same way

3. a desire to give a comprehensive account to stakeholders of an organisation's delivery of its social purpose. This third approach is that most commonly adopted by third sector organisations. Examples include: The Work Foundation, Black Country Housing Association, Neuromuscular Centre, Jesmond Pool.

Different tools have been developed to support these different approaches to measuring social value. The different tools reflect the different methodological approaches chosen.

The key differentiators in methodological approach are:

- a 'whole organisation' approach or a 'project based' approach. The whole organisation approach seeks to account for social value across the whole of an enterprise and is mostly commonly based upon a stakeholder approach. A project based approach is concerned with appraising the social value of a particular project or activity (usually in order to account for that social value to a funder or commissioner)

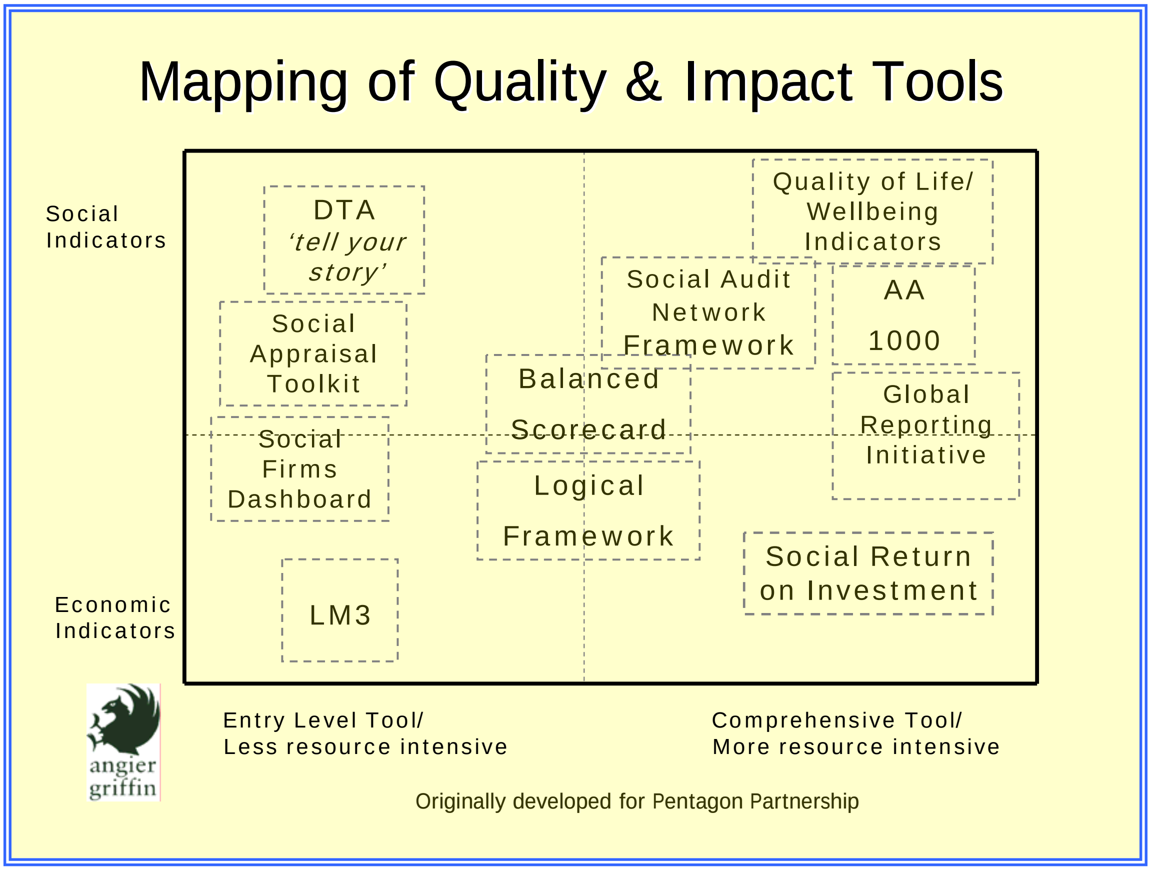
- use of 'soft outcomes' or use of 'financial proxies'. Some tools seek to demonstrate social value by demonstrating the <u>economic</u> benefit of particular social, environmental or well-being outcomes. Other tools use social science techniques to the measure and report the social outcomes using 'soft indicators' (eg attitudinal responses, behavioural indicators, opinions of service users)

- 'self reported' or 'independently verified'. Independent verification can be expensive. Thus in some cases in may be both appropriate and most cost-effective to measure and report social value based upon audited data. In other contexts the authority of external validation against agreed standards may be an essential part of the process.

- a fourth dynamic is scale. Tools designed for use within a large multinational (eg Global Reporting Initiative, AA1000) will not be appropriate for us by smaller emerging social enterprises.

In 2005 New Economics Foundation conducted a study of quality and impact tools for social enterprise which mapped some of the most commonly used tools (www.proveandimprove.org). Some tools have been launched or up-dated since that study, but it still offers a very useful and accessible guide.

Angier Griffin mapped some of the mostly commonly used tools as part of an action research programme *Even More for Your Money* sponsored by the Pentagon Partnership, Tyne & Wear. The chart which follows is one of the outcomes of that research. It shows the different tools against two axes.



The horizontal axis represents the level of complexity and resources required to use the tool. The vertical axis represents the reported results in terms of economic impact (what is the benefit of social value created measured in economic terms) versus social impact (what is the benefit social value created measured against indicators of well-being and quality of life).

The Darzi Report (2008) promotes social enterprise and focuses on improving standards and measuring outcomes. The Department of Health's Social Enterprise Fund has looked to social return on investment to help it evaluate its funding recipients. Similarly, Ipsos MORI has undertaken programmes of research using indicators of quality of life touching upon the delivery of public services including the NHS. Well-being indicators have been piloted in some local authority areas including North Tyneside.

For social enterprises the CIC Regulator's website (www.cicregulator.gov.uk) carries links to tools suitable for CIC [1]'s to demonstrate their delivery of community benefit in their annual report.

ACCA [2] supports annual awards for sustainability reporting. The report of the UK judging panel provides useful guidance about best practice in social reporting.

The Office of the Third Sector [3] has recently commissioned a project to develop and support the use of Social Return on Investment (SROI) as a measure of social value in the third sector and 'to support social investors and commissioners of public services to make more intelligent investment or purchasing decisions'.

Angier Griffin is able to guide clients in an understanding of the 'big picture' and to help them to distil from a plentiful range of tools and methodologies available, those applications which are most appropriate in terms of scale, focus and transferability to the needs and purposes of individual social enterprises.

[1] Community Interest Companies – a favoured legal form for social enterprise

[2] The world-wide professional body for accounts

[3] www.cabinetoffice.gov.uk/third_sector/research_and_statistics/measuring_social_value.aspx