



SOCIAL VALUE

INTERNATIONAL

The
Principles
of Social
Value



About Social Value International

About

Social Value International is the global network for social value and impact management. Our members share a common goal: to change the way society accounts for value.

All too often key decisions about resources and policies are made using a limited economic concept of value, which fails to consider important effects on people and the environment. As the gap between rich and poor increases and the effects of climate change become more apparent, our work has never been more urgent.

Social Value International works with our members to embed core principles for social value measurement and analysis, to refine and share practice, and to build a powerful movement of like-minded people to influence policy. This pioneering community contains members from 45 countries, drawn from a huge range of different sectors and disciplines.

Our goal at Social Value International is to support, connect, and represent our members through training, knowledge-sharing and networking. Social Value International is much more than a professional network.

Together, we are building a movement for change.

Our Vision

A world where decision making, ways of working and resource allocation are based on the principles of accounting for value leading to increased equality and well-being and reduced environmental degradation.

Our Mission

To change the way society accounts for value through principles, practice, people and power:

Principles: Our principles will lead to the inclusion of social, environmental and economic value in decision making.

People: We will build and support a network of like-minded individuals who want to work with us to put these principles into practice.

Practice: We will develop guidance, tools, and support to help put the principles into practice.

Power: By connecting these individuals and supporting their learning, growth and influence we will build a movement to change the way society accounts for value.

The Principles of Social Value

Social Value is the value that stakeholders experience through changes in their lives. Some, but not all of this value is captured in market prices.

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. They are generally accepted social accounting principles.

The Principles are not individually remarkable; they have been drawn from principles underlying social accounting and audit, sustainability reporting, cost benefit analysis, financial accounting, and evaluation practice. There are other guides available on the process of measuring and reporting social value and impact that also refer to principles, such as the Social Investment Taskforce Guidelines for Good Impact Practice. However, the Principles of Social Value can be distinguished by their focus on what underpins an account of social value, and on the questions that need to be addressed so that the information can be used to better inform decisions.

An account of social value is a story about the changes experienced by people. It includes qualitative, quantitative and comparative information, and also includes environmental changes in relation to how they affect people's lives.

By applying the Principles, it is possible to create a consistent and credible account for the value that is being created or destroyed. The outcomes, and the measures and values of outcomes, can remain specific to the context, activity, and the stakeholders involved.

When applied, the Principles also create an account that recognises that the level of rigour required depends on the needs of the audience and the decisions that will be taken.

The application of the Principles will require judgments. Therefore the information produced using the Principles needs an appropriate level of independent verification or assurance. As a result, the requirement for verification is also a principle. More guidance on making judgements can be found in A Guide to Social Return on Investment.

Adopting the Principles will sometimes be challenging as they are designed to make invisible value visible. Value is often invisible because it relates to outcomes experienced by people who have little or no power in decision making. Applying the Principles will help make organisations more accountable for what happens as a result of their work, and means being accountable for more than whether the organisation has achieved its objectives.

The Principles of Social Value

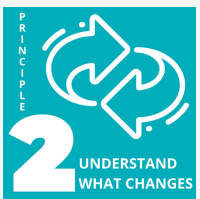


Principle 1: Involve stakeholders

Inform what gets measured and how this is measured and valued in an account of social value by involving stakeholders.

Stakeholders are those people or organisations that experience change as a result of the activity and they will be best placed to describe the change.

This principle means that stakeholders need to be identified and then involved in consultation throughout the analysis, in order that the value and the way that it is measured, is informed by those affected by, or who affect, the activity.



Principle 2: Understand what changes

Articulate how change is created and evaluate this through evidence gathered, recognising positive and negative changes as well as those that are intended and unintended.

Value is created for or by different stakeholders as a result of different types of change; changes that the stakeholders intend and do not intend, as well as changes that are positive and negative. This principle requires a theory of how these different changes are created, which is informed by stakeholders and supported by evidence. These changes are the outcomes of the activity, made possible by the contributions of stakeholders. It is these outcomes that should be measured in order to provide evidence that the change has taken place..



Principle 3: Value the things that matter

Making decisions about allocating resources between different options needs to recognise the values of stakeholders. Value refers to the relative importance of different outcomes. It is informed by stakeholders' preferences.

There are various ways of achieving this. One method is to use financial proxies which as well as revealing preferences, also means that the value can be compared with the cost of the activity. This can be an effective means of communicating value in order to influence decisions.

The Principles of Social Value



Principle 4: Only include what is material

Determine what information and evidence must be included in the accounts to give a true and fair picture, such that stakeholders can draw reasonable conclusions about impact.

One of the most important decisions to make is which outcomes to include and exclude from an account. This decision should recognise that there will be many outcomes, and a reporting organisation cannot manage and account for all of them.

The basic judgement to make is whether a stakeholder would make a different decision about the activity if a particular piece of information were excluded. An assurance process is important in order to give those using the account comfort that material issues have been included.

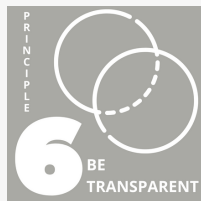


Principle 5: Do not overclaim

Only claim the value that activities are responsible for creating.

This principle requires reference to baselines, trends and benchmarks to help assess the extent to which a change is caused by the activity, as opposed to other factors.

Reporting on and managing the outcomes that have been determined with the affected stakeholders will enable other people or organisations to better understand how they can contribute to creating value, avoiding negative outcomes and encouraging a system or collective approach to achieving outcomes.



Principle 6: Be Transparent

Demonstrate the basis on which the analysis may be considered accurate and honest, and show that it will be reported to and discussed with stakeholders.

This principle requires that each decision is explained and documented in relation to: stakeholders, outcomes, indicators and benchmarks; the sources and methods of information collection; the different scenarios considered; and the communication of the results to stakeholders. This will include an account of how those responsible for the activity will change the activity as a result of the analysis.

The analysis will be more credible when the reasons for the decisions are transparent.

The Principles of Social Value



Principle 7: Verify the Result

Ensure appropriate independent assurance.

Any account of value involves judgment and some subjectivity. Therefore an appropriate independent assurance is required to help stakeholders assess whether or not the decisions made by those responsible for the account were reasonable.



Principle 8: Be Responsive*

Pursue optimum Social Value based on decision making that is timely and supported by appropriate accounting and reporting.

Optimising Social Value means delivering on societally agreed goals, such as the United Nations Sustainable Development Goals, as far and as fast as possible. This principle requires organisations to implement a management approach based on three types of decisions: strategic - setting goals in alignment with societal goals; tactical - choosing activities that best achieve goals; and operational - making improvements to existing activities. The management approach must also include scheduling of decision-making, Social Value Accounting to an appropriate degree of rigour, and external reporting for accountability.

*This summary of Principle 8 is a DRAFT and subject of consultation and board approval in October 2021.