

# social value

## **Briefing 2** **Measuring social value, social** **outcomes and impact**

***By NAVCA's Local Commissioning and Procurement Unit***

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**There is an increasing expectation that charities and community groups will demonstrate how their work makes a difference. As public bodies seek to embed social value into commissioning processes, charities and community groups will face the challenge of measuring and evidencing how they create social value. This paper provides an overview of the different tools and approaches that are being used and developed and discusses the implications for smaller organisations.**

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NAVCA's Local Commissioning and Procurement Unit provide practical information, advice and guidance on public service delivery by voluntary sector organisations. We work with our members to provide the information, resources and help needed to improve local commissioning in communities across England.



## Introduction

There appears to be increasing convergence over the understanding of 'social value' and the strong likelihood that this term will become more prevalent in discussions and practice around public sector commissioning and procurement. This will be mainly due to likely incorporation into policy and law in 2012 of the Private Members Bill, Public Services (Social Value).<sup>1</sup>

The widening understanding of 'social value' will be along the lines of, "the additional environmental, social and economic benefits that can be accrued to communities above and beyond the delivery of the service".<sup>2</sup> These kinds of benefits or additional value might come, for example, from sourcing food locally with impacts both on local employment and the environment, reducing crime; increasing community cohesion; involving local apprentices who were previously unemployed in a local area enabling skill development and increased employability. More information on the progress of the Bill, and its implications, can be found on the NACVA website.<sup>3</sup>

At the same time, the European Commission (EC), long seen as blocking the ability of procurement officials to operate in a broader way, stated in a 2011 Green Paper on modernising EU procurement policy *Towards A More Efficient European Procurement Market* that

"public authorities can make an important contribution to the Europe 2020 strategic goals by using their purchasing power to procure goods and services with higher societal value in terms of fostering innovation."<sup>4</sup>

Similarly, the European Parliament has said that

*"the criterion of lowest price should no longer be the determining one for the award of contracts, and that it should, in general, be replaced by the criterion of the most economically advantageous tender, in terms of economic, social and environmental benefits – taking into account the entire life-cycle costs of the relevant goods, services or works."*<sup>5</sup>

Smaller charities and local support and development organisations will need to keep up-to-date with how such requirements will be factored into practical local commissioning. At the moment it is unclear what will be the most appropriate ways for organisations to think about, choose and evidence these wider benefits. It is also unclear how commissioners will incorporate ways of measuring progress or achievement of such objectives within contracts, grants or strategic planning; or of how best to determine what is possible within initial pre-commissioning processes.

This discussion therefore links directly to impact and outcome measurement and evaluation. This is an increasing part of funding

***"the criterion of lowest price should no longer be the determining one for the award of contracts"***



requirements. It is also being used by organisations themselves as a way to improve what they do and/or show their effectiveness – often for marketing purposes or to attract funding of different kinds, including government contracts. However, as is well known, there are many different approaches to measuring impact and outcomes. These can be confusing and costly, particularly for smaller organisations.

It is useful to think about the relationship between outcome measurement and social value since the terms tend to be conflated. ‘Social value’ as a concept has additional implications beyond those of measuring the outcomes of a particular project or organisation. In theory, it is an attempt to measure what is ‘valued’, and therefore, prioritised by different stakeholders. It also implies that an organisation needs to look at the full extent of its social, environmental and economic impacts (intended and unintended, positive or negative). It is also important to note that the word ‘social’ in this context includes environmental and economic impacts.

Considering the phrase ‘measuring social value’ involves similar discussions and issues as measuring ‘outcomes’ but additionally:

- There seems to be a recognition that value is subjective and requires discussion between different stakeholders and agreement on what is to be valued in particular circumstances. However, this is an area that will develop in practice since there may well be conflicts between what is ‘valued’ and negotiations might well require final leadership (probably in this case by the public sector) on what is to be recognised as valid;
- A wider set of outcomes need to be looked at and articulated, which go beyond the rationale for why an organisation was set up or a project initiated. In other words, it is about measuring the wider outcomes that arise from your ways of working, or the activities themselves, on people and your local area or environment.

This paper is designed to show how outcome and impact measurement relate to the different tools and approaches that are being developed, or currently used, in relation to evidencing and assessing ‘social value’.

It is useful to become as familiar as you can with the developing language and approaches, so that you are in the best position to work out what is relevant and possible for your circumstances.

***“Social value as a concept has additional implications beyond those of measuring the outcomes of a particular project or organisation”***



## Basic measurement concepts

Whilst you may already be clear, it is first useful to get to grips, or to remind yourself, of the main concepts that underpin many measurement approaches and discussions. The words that are particularly used in current discussions of social value are: inputs, activities, outputs, outcomes, and impacts.

*Inputs* – refers to all the resources that you have, or will need, to accomplish particular goals. These resources might be, for example, people, physical assets, equipment, money or time.

*Activities* - these are the things you do to create change for people, your local area, or the environment. Examples might be training, events or information leaflets.

*Outputs* – refer to the direct results of these activities, for example, 100 people have achieved a particular qualification; or 1000 information brochures were delivered in a local area.

*Outcomes* – are generally changes in people, the environment, or the community, that result from your activities. For example, this might be: becoming more employable, or reducing crime in an area. Outcomes can also refer to keeping situations the same or preventing something negative from happening. Intermediate outcomes can be a useful way to describe step changes that happen along the way to a final outcome or impact.

*Impacts* – these are the longer-term changes that you are trying to achieve or contribute to. They take account of what would have happened anyway, the contribution of others, and the length of time it takes for the outcomes to happen. Impacts often relate to a wider user group than that which you are targeting and usually involve other players, for example, in reducing teenage pregnancies. As a result, most reporting tends to be for outcomes, although there are often attempts to recognise and account for external influences on your results.

It is important not to overstate your role in creating particular outcomes or impacts. There are ways of talking about the relationship of what you do to the wider environment. For example, the term attribution can be used to refer to how much of a particular change or outcome is 'attributable to', or 'because of', your actions.

*Deadweight* is another important term that is often used by government. It means what might have happened if you had done nothing at all. For example, out of a group of 50 people, a certain percentage is likely to have got a job whatever you did.

**“It is important not to overstate your role in creating particular outcomes or impacts”**



*Displacement* is also important. For example, if you are promoting small businesses in a particular area by setting up a managed workspace, have you really just moved economic activity from one place to another?

*Drop-off* is a term that reflects the extent of deterioration of an outcome over time.<sup>6</sup>

### **The practicalities and importance of outcomes measurement**

The Charities Evaluation Service (CES) summarises why an approach to outcomes measurement is important. They also have Outcomes Champions in different local areas and other useful resources such as the publication *Monitoring and Evaluating on a Shoestring*. CES has a website with a resources section for outcomes.<sup>7</sup> CES believes that:

*“Focusing on outcomes can help organisations to concentrate on their aims, and bring about the changes that will help achieve those aims. An outcomes approach can help organisations deliver services more effectively. It can also help make services more client-focused and needs-led by identifying what works well, and what could be improved. Other benefits can include:*

- *an improved sense of purpose and shared clarity about what an organisation is trying to achieve;*
- *a structure and focus to client/worker interaction through regular reviews within outcomes areas;*
- *encouraging staff and clients, through providing evidence of progress;*
- *increasing success in fundraising or improving relationships with funders.”*

There is also a useful ‘jargon-buster’ website with a glossary of terms.<sup>8</sup>

New Philanthropy Capital have brought out a publication called *A Journey To Greater Impact* which sets out the real life experiences of charities which they believe are at the ‘forefront’ of high quality impact measurement.<sup>9</sup> The publication is designed, they say, not to promote ‘ideal best practice’ but to illustrate ‘real good practice’ looking at the experience of charities and funders, including small, front-line organisations. They found that some of the difficulties for organisations in impact and outcome measurement include cost, staff believing that they are being monitored, or resistance to making negative results public. On the positive side, impact and outcome measurement can help develop new work and improve services, market and raise profile, secure funding, motivate and inspire frontline staff, save time or influence debates about what works.

**“impact and outcome measurement can help develop new work and improve services, market and raise profile, secure funding, motivate and inspire frontline staff, save time or influence debates about what works”**

## Theory of change or understanding and communicating how you do things

An important issue to recognise is that the ideas and concepts above refer primarily to *external* impacts and outcomes. They do not focus on *how* things happen; only *if* they have. Obviously, understanding how your resources and activities create outcomes is important to knowing how to improve what you do and explaining how you create the changes that you claim. This is important for replicating activities, improving what you do, or convincing funders and commissioners.

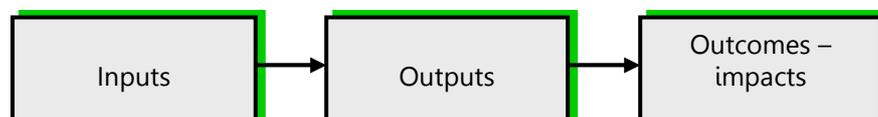
One way to look at this issue, through a method which appears to be widely promoted, is through developing a *Theory of Change*. This is a process by which you can articulate how the resources and activities you do create change. It requires you to consider very carefully the strategies and assumptions you are making. This can sometimes be quite difficult or surprising, but can lead to positive changes or improvements in what you do.

A core dimension of working out your ‘theory of change’ is to use stakeholders – in other words, the different groups of people who benefit from, or who are impacted by, your activities. It is often only by asking all those affected, or who might be doing similar projects, that you can often determine unintended consequences or wider outcomes and throw more light on how things might be happening.

There are several ways in which you could develop a theory of change.

### Linear models

One of the simplest, and in some senses the most simplistic, is that of the linear logic model or impact map. Here it is in its very simplest form.



**“Theory of Change requires you to consider very carefully the strategies and assumptions you are making”**

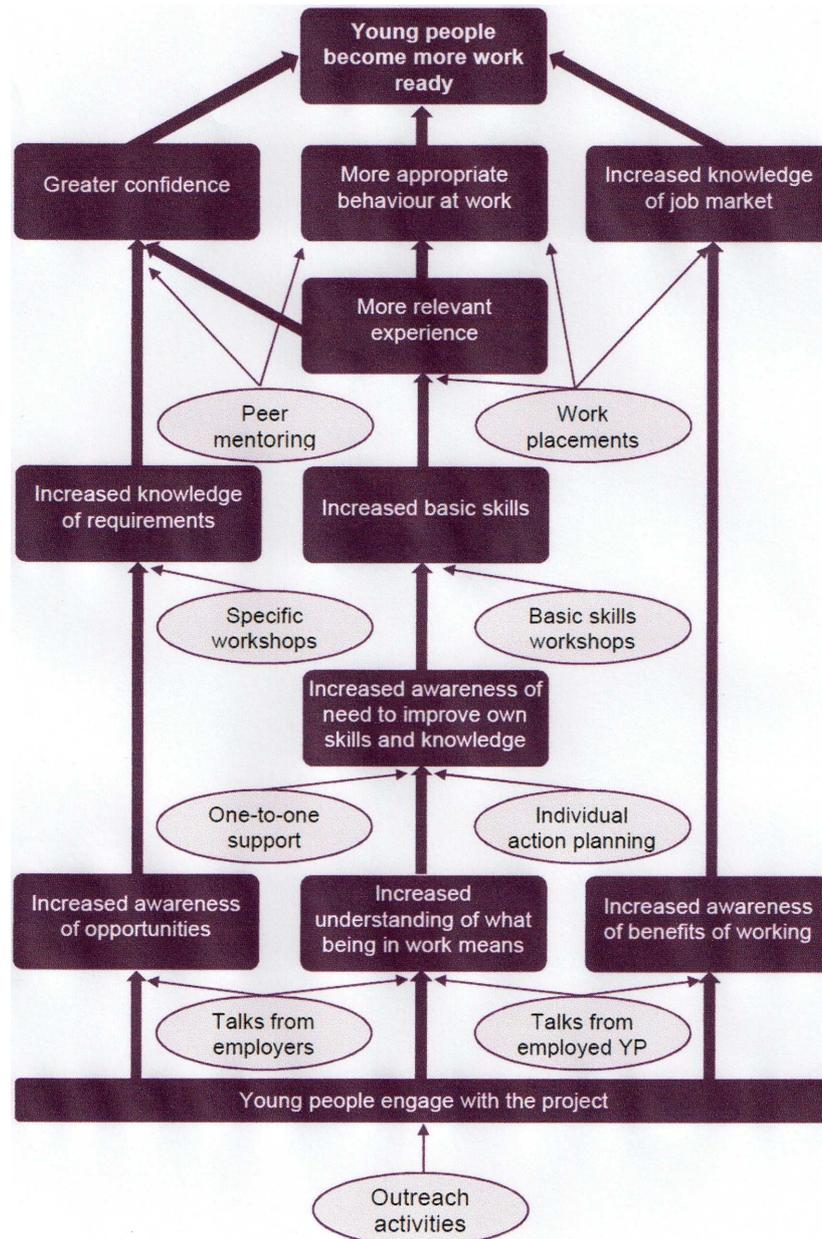
The Proving and Improving website sets out a simple model and provides a working example which is set out below.<sup>10,11</sup>

### The Surf Centre's Impact Map

Inputs	Activities	Outputs	Outcomes	Expected Impacts
<p>Questions asked:</p> <p>What time, money, resources, etc. did you have at your disposal for the organisation or for the part of the organisation you're going to evaluate?</p>	<p>Questions asked:</p> <p>What things did the organisation, the department, or team actually do?</p> <p>Were unplanned things done?</p>	<p>Questions asked:</p> <p>What things happened directly as a result of the activities?</p> <p>What things can you count?</p> <p>Did people do something or make something?</p> <p>Were these things necessary to reach the longer-term goal?</p>	<p>Questions asked:</p> <p>What longer term changes have happened?</p> <p>If they haven't happened yet, are there things along the way that tell you that the longer-term changes will eventually happen or not?</p>	<p>Questions asked:</p> <p>Are the things that are happening as a result of your actions what you intended?</p> <p>Are they in line with what your organisation hopes to achieve?</p>
<p>Responses and results:</p> <p>Volunteers</p> <p>Trainers</p> <p>Paper for fliers</p> <p>Computers</p> <p>Software</p> <p>Rooms on the estate</p> <p>Coffee, tea, and supplies for café</p>	<p>Responses and results:</p> <p>Marketing campaign</p> <p>Introduction to Computers and the Internet course</p> <p>Mentors club</p> <p>Self-service hot drinks bar</p>	<p>Responses and results:</p> <p>Increase the number of paid users of the Internet Café</p> <p>Increase the number of overall Internet users</p> <p>Have a wide range in age among Internet Centre users</p>	<p>Responses and results:</p> <p>More people use the internet to get information to make life better (e.g. find employment, access services, connect with other people)</p> <p>People are empowered - feeling more confident and engaged-- by gaining computer skills.</p>	<p>Responses and results:</p> <p>Improve the quality of people's lives on the estate</p> <p>People will see young people as a positive force for change in the community.</p>

Source: *The New Economics Foundation, Proving and Improving website: Case Study – The Surf Centre (accessed January 13th, 2012)*

A slightly more complex approach is suggested by the Charities Evaluation Service.<sup>12</sup> Their publication *Making Connections* shows how to think about and illustrate the linkages between activities and changes, whether early, intermediate or longer term. They use an employment project to illustrate this slightly more complex approach. The following diagram, which you can find on page 19 of *Making Connections*, shows you the links between outcomes and outputs.



Source: Ellis J, Parkinson D and Wadia A (2011) *Making Connections: Using a theory of change to develop planning and evaluation*, Charities Evaluation Services and National Performance Programme.



These approaches can help you identify the assumptions you are making, and test these out with stakeholders. These assumptions could, for example, relate to how your activities link to your outcomes and the range of contextual or environmental factors that might influence them. You can also explore the unintended consequences of what you are doing which would be hard to find out in any other way. You can also use these maps as visual models of change which can help communication. They are, of course, also useful for refining what you do.

This impact map or logic model approach is also the first stage of Social Return on Investment (SROI) (see the section on Social Return on Investment below). An example is shown in the *Guide to Social Return on Investment* using a worked example for an organisation called Wheels-to-meals which is illustrated on page 102.<sup>13</sup>

It is important, however, to bear in mind that these approaches are mostly linear. In other words, the causality runs from inputs, to outputs to outcomes and to impacts. In reality, it is likely that there could be complex feedbacks between different elements, and connections to other organisations and activities. A linear model is only a representation of what happens. You need to be flexible about thinking about how and what you do.

**Non-linear models**

More complex ways of looking at how you create change are in early development. For example, New Philanthropy Capital talks about impact networks.<sup>14</sup> Here, different organisations combine together to create positive outcomes.

This approach implies that any discussion of social value may not just be about recognising the different outcomes and value an organisation creates, but also what *could* be created by partnerships between organisations of different kinds. This is part of the fundamental shift that a focus on ‘social value’ could give rise to. In other words, it enables a move from top-down decisions of what is to be done or valued, to more collaboration over what is possible and how to achieve it. At least, that is the theory.

An interesting paper by Alfredo Ortiz Aragon for the Institute for Development Studies (IDS) Bulletin in 2010, argues that it is necessary to go beyond linear models to..

*“take into account the inherent complexity of social change ... [and the] emergence, flexibility, adaptability and innovation”*

required. He argues that learning from soft systems theory instead..

**“A linear model is only a representation of what happens. You need to be flexible about thinking about how and what you do”**



*“should help make these theories of change explicit because unless an organisation has clarity on what it is trying to accomplish, taking into account the complexities of the situation it is trying to affect, it is difficult to know what would make any particular capacity development meaningful.”<sup>15</sup>*

Another issue with the theory of change model is that it tends to focus on project or organisational impact and can sometimes ignore how the organisation itself is structured, governed and behaves. Some of these internal processes might be ends in themselves (involvement of local people and beneficiaries in governance) or contribute to the achievement of outcomes.

### **Indicators**

Once you have got some idea of the range of different outcomes you aim to create, then you need to determine whether or not you are achieving them.

Indicators are what the word implies – an indication that you are achieving your goal. They are not the goal itself but only an approximation. It is very important to grasp this point.

They can be quantitative (numerical) or qualitative (about people’s perceptions or experiences). An example of a quantitative indicator might be the number and type of qualifications gained by people attending a training centre. An example of a qualitative indicator might be the change in confidence of those attending the centre (whether it increased, decreased or stayed the same).

Some people also talk about SMART outcomes or indicators – Specific, Measurable, Achievable, Realistic and Time-based.

There has been much work over the last few years to develop standardised indicators for the different kinds of outcomes that organisations might produce. This can be very useful since they have already been created for you, can be compared, and are recognised and credible. However, it is not always possible to use existing indicators. You may have to create your own, either for your organisation, or together with others doing similar things.

Also bear in mind that every indicator or measure will have its limitations. You will need to think hard about what is best in the circumstances, or who else might be using similar techniques (so that you can share stories and create similar approaches). This is one area where you will need to discuss with your local intermediaries and public sector agencies the kinds of indicator that are seen as valid and useful in relation to social value.

**“Every indicator or measure will have its limitations. You will need to think hard about what is best in the circumstances”**



### Sources of indicators

There are many different sources of information on specific indicators and broader frameworks for looking at groups of indicators. One useful summary is a sourcebook on outcomes and indicators from the Charities Evaluation Service.<sup>16</sup>

There is also a sample indicator bank on the online 'Proving and improving' website from the new economics foundation.<sup>17</sup> This website also sets out 20 quality and social impact frameworks, which explore whole systems for looking at overall organisation quality and performance as well as measurement and tools for planning. The website gives the benefits and limitations for the use of each one.

The indicators mentioned there that could be useful are:

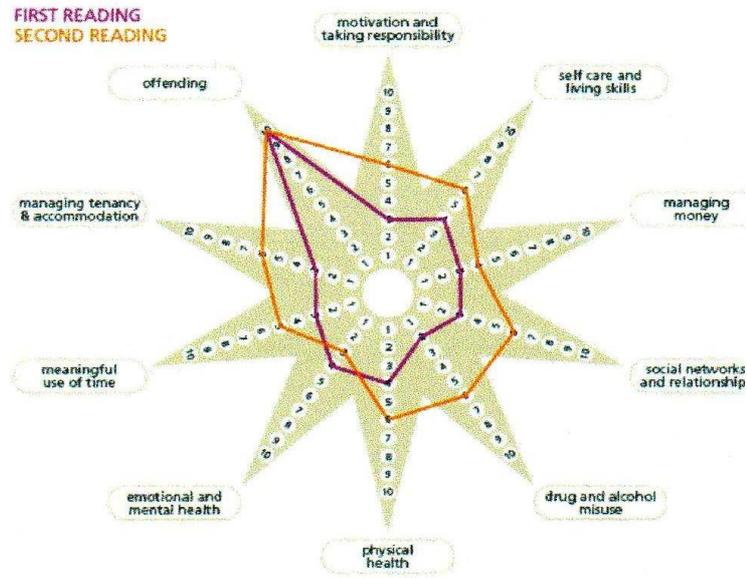
- Eco-mapping – looking at environmental impact from water use to waste
- LM3 – Local Multiplier 3 – a useful tool for assessing how the money you spend works in the local economy and how to improve your impact<sup>18</sup>
- Social Impact Measurement for Local Economies (SIMPLE)
- Volunteering Impact Assessment Toolkit

The *Outcomes Star*, developed by Triangle Consulting, was primarily designed for work with vulnerable people. It is adapted for use with different groups such as older people, those with mental health issues, or the homeless.<sup>19</sup> Their website provides different versions to download for different groups and issues. They say that they adopt an explicit 'model of change' which has been informed by literature and experience.

*"The attitudes and behaviour expected at each of the points on each scale are clearly defined in detailed scale descriptions and summary ladders giving the scores some objectivity."*

Users and supporters plot where they are at the beginning of an intervention and where they are at the end (or at times in between).

Here is an example from the Outcomes Star website of an Outcomes Star for homeless people:



The Outcomes Star - Homelessness version

Source: Outcomes Star website, accessed 13th January 2012.

*SOUL Record (Soft Outcomes Universal Learning)* is another approach which looks at confidence, self-esteem and problem solving. It focuses on progress towards soft outcomes with projects that help adults, young people and children.<sup>20</sup> Their website provides information on the tool and says that “not only can it be an effective method of measuring progression in soft outcomes... It can also be used diagnostically to help the individual identify changes they want to make.” It has been used by different organisations “from small voluntary groups to county councils, including schools, children’s centres, community groups, health schemes and mentoring organisations.”

The *LIMtool (Local Impact Measurement)* allows businesses, charities and social enterprises to show that they contribute to local strategic priorities. It has been promoted as useful for those that work with public services and seems to focus more on what might be desired by commissioning bodies rather than subjective expressions of change from within an organisation or from stakeholders. Organisations can access an online tool which records information such as revenue, employment data, or environmental practices and the tool creates an outline of local impact as well as a useful summary diagram.<sup>21</sup>

**“there are different motivations for those taking on impact measurement”**

**Outcome approaches all have their benefits and limits**

Work by the Third Sector Research Centre shows that there are different motivations for those taking on impact measurement, ranging



from meeting funding requirements, to marketing, to gaining a competitive edge in bidding for contracts, to motivating staff, or for internal learning and improving.<sup>22</sup> There are many questions of judgement, and there is also the potential for manipulation of what is measured, through what indicators are selected, and how results are reported.

The paper also notes that it is likely that external auditing of results might increasingly happen to ensure that verifiable processes are being used. This already happens in a few approaches such as social audit<sup>23</sup> and helps to reduce any tendency to unduly claim for positive results. It does not need to be expensive and, as seen below in *Your Value!* could involve, say, a nominated 'critical friend'.

### **What does all this mean so far for smaller organisations?**

From my discussions with measurement experts here are a few tips which might be useful to bear in mind:

- Start simply.
- It might be possible to work with similar organisations to share information and costs to create indicators or find the most appropriate approach.
- Ensure that what you are doing is proportionate to the size of the organisation and to what you need to do.
- Use pro bono sources if you can such as Pro Bono Economics.<sup>24</sup>
- You could try and ask funders to support some in-depth external evaluations by, for example, a university if you need these.
- In 'theory of change' discussions there might well be existing rigorous research which you could use to evidence the longer-term impacts. By doing this you might then need only show progress towards these goals.

It was also thought that possibilities in future could be:

- commissioners might usefully limit to a few (say 5) indicators in sub-sectors which could be compared.
- smaller organisations could link with larger ones for mutual learning and benefit.<sup>25</sup>

*“there is also the potential for manipulation of what is measured”*



## **Developing and existing tools and approaches for measuring ‘social’ value**

As noted above, value determination is not the same as outcome measurement. In other words, the outcomes you aim to deliver may not be valued equally (or even at all) by all stakeholders. Value is subjective not objective (although much outcome measurement is also rough and involves choice). In other words what is valued by one person is not necessarily valued similarly by another. There are therefore judgements to be made about what is relatively important. There seems to be consensus that these are best developed by talking to all available stakeholders so that fully informed decisions are made. However, the realities of commissioning what is ‘valued’ by the public sector, although potentially and ideally developed in consultation with possible providers, will probably dominate.

There is also no current agreement on how social value will be developed, measured and reported around the country. The challenges for measuring and determining social value will be to find ways to show and evidence the different kinds of value created; as well as to compare different approaches and outcomes from different activities or organisations. With limited public resources, the impact of initiatives on available money will also be important.

At present, organisations will need to think about how their organisation creates different kinds of outcomes and how these relate to the kinds of things being currently discussed under ‘social value’. You can then work out how best to evidence and present your approach and results.

## **The impact and power of the ideas of economic value**

To understand where some of the current approaches have come from, it is useful to understand the currently most dominant way of thinking about value which has been ‘economic’. What this simply means is that the interaction of demand for something, and the provision of that service or output results in a price which is seen as a ‘proxy’ for the value of that good or service. The extension of this way of thinking, or the use of the price as a way to determine value, has been used by governments around the world in order to determine different courses of action for particular policies or interventions. This approach lies behind forms of economic analysis used by government such as Cost-Benefit Analysis. Economic criteria also lie behind other ways of choosing between different options such as cost-effectiveness.<sup>26</sup>

As in all outcome measurement, difficulties arise when you have outcomes which are hard to measure or put a monetary value on, for example, determining the value of a life saved, or the benefits of a piece of woodland. Various measures and approaches have been used to

*“The challenges for measuring and determining social value will be to find ways to show and evidence the different kinds of value created”*



approximate these. One of the most common approaches is that of 'willingness to pay'. In other words, what would you be willing to pay for, say, preserving a piece of woodland.<sup>27</sup> 'Revealed preferences' is yet another approach which refers to behaviour in action, for example, how much more or less people actually pay for a house, in a particular locality because of such criteria as access to schools, or open space.<sup>28</sup>

Because of the narrowness and limitations of the need to put and compare everything in financial terms, there is much controversy over this approach. However, it is widely used and has benefits as a way to compare different interventions. If you are interested, you can find more details in the Treasury's Green Book.<sup>29</sup>

The implications, opportunities and limitations of economic analysis, and the limits and potential of economic ideas of value (as well as other ways of looking at value) for voluntary organisations, charities and social enterprises are set out in my two Third Sector Research Centre papers on *Economic Analysis and the Third Sector* and *Value and the Third Sector*.<sup>30</sup> The papers argue that values in the third sector can also relate to beliefs, or to the existence of something. Value can be created between individuals, and be part of the processes, interactions and structures of organisations which could be valued in and of themselves.

The economic way of thinking has, however, influenced methods of talking about and measuring social value, partly as a way to gain credence but also as a way to widen thinking within finance, business and the public sector about how to use forms of investment and funding for maximum benefit.

### **Social Return on Investment**

Social Return on Investment is the technique that is perhaps the best known. It is currently being promoted as a good way to show 'social value'. A simple way to understand it is as an extension of Cost-Benefit Analysis which incorporates wider social and economic outcomes.

The SROI Network has suggested a definition of value as: 'The relative importance of changes that occur to stakeholders as a result of an activity'.

This briefing cannot go into all the details of the approach but these are available from the SROI Network which produces the most up-to-date developments, resources and toolkits.<sup>31</sup>

They argue that SROI is achieved by using the principles of 'accounting for value' which are:

- Involve stakeholders (in both prioritising what is to be valued, finding out what outcomes have arisen, and in developing indicators)

**“what would you be willing to pay for preserving a piece of woodland?”**



- Understand what changes
- Value the things that matter
- Only include what is material
- Do not overclaim
- Be transparent
- Verify the result

The overall steps in the process are to:

- Establish scope and identify stakeholders
- Map outcomes and use theory of change
- Evidence outcomes and give values
- Establish impact with deadweight, displacement and attribution
- Calculate SROI using monetary proxies where possible
- Report, use and embed

SROI can be used both for evaluating what has been done, or for estimating or forecasting potential value created. The best way to understand the details of this approach is by using the understandable 2009 Guide to Social Return on Investment. The website of the SROI Network provides this guide as well as supplementary information, worksheets and examples.<sup>32</sup>

The 2009 Guide says that SROI

*“tells the story of how change is being created by measuring social, environmental and economic outcomes and uses monetary values to represent them.”*

Comparing this approach to the previous discussion on outcome measurement, we can see that ideally it involves stakeholders in understanding how change happens and what is to be ‘valued’; it also incorporates outcome measurement and strongly supports external verification of results. What is different to other outcomes approaches, and the area that most people seem to concentrate on, is that of the ‘SROI ratio’. What this means is that monetary values are assigned to as many outcomes as possible (using techniques set out above as well as public money saved where appropriate). These monetary values are then summed and divided by the amount of the resources used or initial investment. For example, in the working example of Wheels-to-meals



used in the 2009 Guide, the Social Return is calculated to be 1.93, in other words, for every £1 of input, £1.93 of social value is created.<sup>33</sup>

The proponents of this approach argue, however, that not too much weight should be put solely on this ratio. They stress that it can be unwise to compare different kinds of organisation. They rather argue that it is a framework for structuring thinking and understanding. Outcomes could therefore be presented in a whole range of ways, for example, by using pie charts of different benefits.<sup>34</sup>

However, it is also clear from the use of this approach that many organisations concentrate on the ratio as a way to market and to illustrate their potential impact. Whilst non-monetary values or outcomes can and should be shown in this approach, it is also difficult to see in practice the extent to which these are taken on board by say commissioners bothered about use of public money or investors. Fergus Lyon also argues in a recent report<sup>35</sup> for the Third Sector Research Centre that there can be much game-playing with the results in order to inflate positive results and to downplay or ignore negative ones (although the same can be said for other forms of outcome measurement or value assessments).

The Third Sector Research Centre has also done a variety of other reports into the use and development of SROI.<sup>36</sup> Their results suggest the following issues which are the subject of ongoing discussion and development:

- there are different ways of measuring similar outcomes, and various criteria on which you make these choices, which means that comparability of projects and organisations is difficult,
- the extent and applicability of the focus on monetizing outcomes to calculate social return,
- lack of data or monitoring systems by many organisations,
- reliance on outside experts for support in calculating measures of value created by some organisations,
- a tendency for limited analysis of what actually causes the change,
- the potential to manipulate results by, for example, maximising the positives and reducing the negatives,
- the cost in terms of time, skills and knowledge required. For example, one study cited in the TSRC's work estimates that it can cost at least £4000 and as much as several hundreds of thousands of pounds,

*“it can be unwise to compare different kinds of organisation”*



- decisions over the periods of time over which benefits are to be measured,
- issues about the appropriate discount rate, in other words, how much (or if it all) future outcomes are discounted or have less value the further they are in the future,
- evidence that organisations put more focus on the ratio rather than their detailed narratives,
- potential for mission drift towards what is easier to be measured or what has been agreed to be valued,
- how to create monetary values or proxies for certain kinds of outcomes,
- the potential for conflicts and disagreements between stakeholders which makes it difficult to negotiate what is to be valued,
- evidence of little stakeholder consultation, for example, when looking at the reality of determining outcomes or how much a particular intervention has been responsible for a particular outcome.

SROI is being seriously considered and developed as a useful way to articulate 'social value'. A report by Localis stated that 53% of councils are planning on using SROI models to deliver strategic commissioning plans.<sup>37</sup> Also the SROI Network have been working with Local Government Improvement and Development and have published a guide to commissioning for maximum value.<sup>38</sup>

### **Other ways of looking at social value that combine monetary and non-monetary values**

Another way of looking at Social Value, which does not focus so much on the need to monetise everything, was developed as part of the national Social Value Commissioning Project. The results are now available through the North West Social Value Foundation.<sup>39</sup> They have created a set of tools and techniques that providers and commissioners can use across health and social care. The Social Value Toolkit has been designed to help you work out if you are already delivering social value, how to encourage and capture through commissioning and how to evaluate and measure.<sup>40</sup>

Another approach is that of the Centre for Innovation in Health Management at the University of Leeds. They have developed a Fair Chance Approach to Social Value which they argue is unique because it requires that you determine social value impact, measure this value,



assess your ability as an organisation to use resources effectively, and make sense of evidence, all at the same time “in recognition that social problems are not linear”.<sup>41</sup>

### **Non-monetary approaches**

Others are looking at approaches which only use non-monetary criteria.

*Your Value!* has been developed by Community Matters.<sup>42</sup> They believe that “social worth cannot be calculated exclusively in the form of monetary value” so have developed this tool so that voluntary and community groups can demonstrate their social value.

*Your Value!* focuses on the extent of an organisation’s impact in the following areas: local relationships with people and organisations; building social capital and social cohesion, contribution to the local economy, and environmental impact. It is an online tool which asks you to reply to statements with evidence and activities and to rate your level of impact. A ‘critical friend’ can be used to review your work to provide an outside measure of credibility and realism.

Community Matters say that *Your Value!* enables you to understand social value terms, link value to public policy priorities, and prepare a useful and comparable final report. They provide a worked example on their website.

### **Conclusion**

From what has been set out above, it is currently impossible and undesirable to point to ‘off the shelf’ social value tools or even determine the most likely approaches to measuring social value (or even particular social outcomes or impacts).

This situation therefore poses problems for local voluntary and community sector organisations who are trying to develop the best ways to articulate and prove their social value or wider community benefits which might be relevant to securing contracts, or being appropriately included within commissioning strategies. There is also the related issue of relative cost of using different approaches and the skills required.

Another difficulty here is that there has been fragmentation in what is being proposed and developed. An important point to remember is that all methods are partial, capturing only part of what is created.

The best thing to do therefore for the moment is to keep aware of developments within your own local area, through intermediaries such as a local support and development organisation or personally, and engage where possible in discussions with local public bodies around

**“it is currently impossible and undesirable to point to ‘off the shelf’ social value tools”**



how to best think about and articulate social value or community benefits.

It will also be important to push for the creation of clear guidance or at least broad knowledge on the best way to articulate your social value and community benefits for the particular bodies with whom you are most engaged. Also, it could be useful to try to be involved (or know those who are) in the strategic commissioning stage so as to influence how best social value or community benefit will be realised in your local area. It is unlikely that there will be national guidelines since the Government seems to prefer to set out broad parameters for action rather than specific approaches.

It is also important to bear in mind that at a time of cuts, value in the sense of that which saves money down the line for different agencies, or that which is prioritised by the public service, will be key drivers. But the development of social value measurement will need to be brought about through dialogue and negotiation.

These approaches though can also be challenging to your ways of doing things, since they begin to question and evidence your 'theory of change' – in other words, how the resources and approaches that you use translate into positive results. They can also unearth the wider impacts, which can be positive or negative, of what you do.

But it is useful to recognise that a stronger focus on outcomes or impacts is of course important for your own use. By doing this, you can determine whether or not you are actually making a difference and understand more fully how this happens, how it is valued or prioritised by different people, and potentially how to increase your impact or develop new approaches and services. It could also enable you to work with others where appropriate to better meet shared objectives.



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