

# Exploring the alignment of the Social Value Principles and the National TOMs Framework developed by The Social Value Portal

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# The Social Value Principles

1. Involve Stakeholders
2. Understand what changes
3. Value the things that matter
4. Only include what is material
5. Do no overclaim
6. Be transparent
7. Verify the result

The Social Value Principles ('the principles') are the building blocks for measuring, managing and maximising social value. The principles have been established since 2007 and adopted internationally by Social Value International (SVI) and all affiliated national networks<sup>1</sup>. SVI promotes a principles-based approach to accounting for (non-financial) value and the aim is to increase the adoption of the principles to develop consistency in approach, tools and methodologies.

The social value principles are designed to help you create an account of value that includes all material outcomes for all material stakeholders. This will include intended and unintended outcomes, positive and negative, as such it is often called a 'complete' account of social value.

The principle; 'involve stakeholders' underpins all of the other principles. The term 'stakeholders' explicitly refers to all those who affect or are affected by the activity being analysed therefore implicitly referring to 'beneficiaries', 'customers' or 'end users'. One of the key aspects of the principles, and all guidance from SVI, is that 'beneficiaries' are involved in the decisions about what is included in the account by considering their views and values in relation to changes (outcomes) they experience.

The principle; 'value the things that matter' encourages an understanding of the relative importance of multiple outcomes. This understanding of relative importance can be done through monetisation of social outcomes. Monetisation allows you to calculate a social return on investment (SROI) by comparing the value of the inputs with the attributable social, economic and environmental outcomes. However, monetisation is not the only way to apply the principle, ranking and weighting approaches are also appropriate.

The principles allow you to maximise the social value you can create with the resources you have available. For a more detailed discussion on this see [The Seven Principle of Social Value, and why they are important for accountability and maximising social value](#).

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<sup>1</sup> [www.socialvalueint.org/our-work/principles-of-social-value/](http://www.socialvalueint.org/our-work/principles-of-social-value/)

# The National TOMs Framework

The Social Value Portal is a social enterprise providing bespoke social value measurement solutions for procurement, management and evaluation. The Social Value Portal has developed a methodology for social value delivery and measurement – the Themes Outcomes and Measures, or TOMs methodology - that was originally conceived with local authorities, and has been expanded to allow for measurement and monetisation in other sectors. The TOMs methodology works in synergy with complementary stakeholder involvement instruments, such as the Community Charter for Social Value, that allows social value measurement to be informed by a specific community or set of stakeholders.

The [National Themes Outcomes and Measures \(TOMs\) Framework](#) for social value measurement is based on the TOMs methodology and a basic version was launched as a free resource by the Social Value Portal and the National Social Value Taskforce at the 2017 National Social Value Conference in Birmingham. The Framework is the result of 18 months of work and consultation with over 40 public and private sector organisations and represents a first step towards establishing a minimum reporting standard for social value. It has been developed in direct response to one of the key challenges arising from Lord Young’s 2015 review of the Social Value Act that specifically called for a measurement standard to support better and wider implementation of the Social Value Act.

The National TOMs Framework has been designed as a minimum reporting list that organisations that are embarking on their social value journey can use as starting point, and it comprises 35 measures to capture social value. This minimum list may include non-material outcomes, that do not reflect the changes experienced by a project’s stakeholders. The methodology also allows for the inclusion of additional ‘measures’ which may be material to the user. Each measure has been selected with the National Social Value Taskforce to reflect a particular need in society and has been allocated a financial proxy value whenever relevant. This allows organisations to assess the additional contribution that a project will make to society in terms of fiscal savings, broader economic benefits and value to local communities.

The TOMs Framework is more than just a way of measuring social value: it has been specifically designed to embed local priorities and sign-post businesses to areas of the greatest need in communities, where their actions will add the most value. Priorities will vary from place to place but often include, for instance, the need to help provide jobs for young adults leaving care, opportunities for the long-term unemployed, support for community groups and protecting the environment.

The Framework will be developed further and updated over time to reflect the changing priorities of Communities across the UK, to include sector plug-ins as, well as further measurement capabilities.

The following table maps how the 2018 National TOMs align with each of the Social Value

Principles, and identifies areas of potential further alignment to feed into the design of the 2019 National TOMs' update.

Principle	Alignment	Risks and improvements under review
Involve Stakeholders	<ul style="list-style-type: none"> <li>The guidance documents encourage stakeholder involvement at various stages including defining the outcomes and establishing the weightings of the outcomes to be added into a tender document.</li> </ul>	<ul style="list-style-type: none"> <li>Could expand the creation of stakeholder sub-groups to reflect different segments who experience different outcomes and have different values.</li> <li>Could also encourage stakeholder involvement in establishing the levels of attribution and deadweight attributed to each outcome.</li> </ul>
Understand what changes	<ul style="list-style-type: none"> <li>Framework does allow for the inclusion of outcomes defined by stakeholders.</li> <li>There are a set of 'measures' that can help capture the amount of change that occurs.</li> </ul>	<ul style="list-style-type: none"> <li>Risk that users only use the pre-determined list of outcomes and therefore do not consult with stakeholders about what outcomes they are experiencing.</li> <li>Without involvement from stakeholders in deciding what outcomes to measure there is a risk that the framework does not measure unintended outcomes (positive and negative) that may be material.</li> <li>Some of the mandatory outcomes are outputs which raises the risk that the true value of the changes are not being captured.</li> <li>The mandatory list of outcomes focuses on value created to the state which raises the risk that value created for individuals is overlooked/not included.</li> </ul>
Value what matters	<ul style="list-style-type: none"> <li>The framework allows for the prioritisation of outcomes at the procurement (tender) stage using weightings to reflect local needs and preferences.</li> <li>Provides some financial proxies to be used in conjunction with the measures.</li> <li>Encourages users to adjust the proxies to suit local context with data sources to reflect regional differences e.g. in average salaries.</li> </ul>	<ul style="list-style-type: none"> <li>Some of the financial proxies are valuing inputs or outputs as opposed to outcomes which raises the risk that the true value of the changes is not being captured.</li> <li>Consider use of additional valuation techniques especially the wellbeing valuation approach for the proxies for individuals.</li> <li>Encourage stakeholder involvement in the creation or verification of financial proxies (especially the proxies for the individuals).</li> </ul>
Only include what is material	<ul style="list-style-type: none"> <li>Allows for the view of stakeholders to "filter" a list of outcomes that are 'relevant' as stated by the TOMs owner</li> </ul>	<ul style="list-style-type: none"> <li>Consider how outcomes can be tested for significance based upon quantity, duration, causality and value.</li> </ul>

<b>Principle</b>	<b>Alignment</b>	<b>Risks and improvements under review</b>
Do not overclaim	<ul style="list-style-type: none"> <li>• Mechanism has been built in to limit double counting of outcomes.</li> <li>• Emphasis on deadweight and attribution of each outcome.</li> </ul>	
Be transparent	<ul style="list-style-type: none"> <li>• References are provided to all financial proxies.</li> <li>• Guidance is provided that explains the rationale for each measurement and financial proxy.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider more of a detailed breakdown of value creation for different stakeholders.</li> </ul>
Verify the result		<ul style="list-style-type: none"> <li>• SVP are exploring how to provide assurance of the tool.</li> </ul>

# Workplan

The 2019 edition of the National TOMs will be developed to directly address some of these gaps, including:

- Assurance and verification guidelines
- A greater proportion of the financial proxies valuing outcomes or impacts instead of inputs and outputs
- Provide more detailed practical guidance on how to develop a set of TOMs that integrates the National standard while reflecting the specific needs of the project's stakeholders (i.e. not just using the list as a pre-defined list but expanding it to involve stakeholders more)
- Provide sector-specific standard measures that would address the needs of specific stakeholders' sub-groups (the Plug-Ins). Some of these plug-ins will be delivered in 2018:
  - Banking Services
  - Real Estate (incl. Planning and Development, Construction, Facilities Management) – expected 2018
  - Rural and Coastal Communities
  - Consulting Services including legal, design and other services
  - Health
  - Education
  - Impact Investment
  - IT and Digital
  - Waste Management
- Develop the links with the Community Charter for Social Value methodology, which allows for more direct engagement of stakeholders and beneficiaries at the design and measurement stages.

## Conclusion

There is strong alignment between the SVP methodology and the Social Value Principles, particularly through the use of valuation to express relative importance of different outcomes to a range of stakeholders and thus inform decision making. However, where users of the SVP methodology only use the minimum set of measures and do not involve their stakeholders in a) considering what outcomes to include or b) establishing the relative value they place on outcomes there is a significant risk that the account of value is incomplete which could adversely affect decision making. SVP include in their workplan the development of a 'Community Charter for Social Value methodology, which allows for more direct engagement of stakeholders and beneficiaries at the design and measurement stages'. Social Value UK believe this will be an extremely important piece of work that will help reduce the risk of excluding material outcomes and stakeholder perspective on value. Social Value UK welcome the release of the TOMs framework and look forward to working with SVP to promote adoption and through practice ensure the tool develops even greater alignment with the principles.