

SOCIAL VALUE

INTERNATIONAL



**The Purpose of the
Principles of Social
Value and the SVI
Standards**

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.

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Introduction

This document sets out the purpose of the SVI Standards for applying the Social Value Principles. This document explains the link between a principles-based approach to accounting for value, and SVI's vision. The document also includes an overview of the Social Value Principles and the SVI Technical Glossary of Key Terms.

Social Value: a broader definition of value that includes the worth or importance stakeholders place on changes (impacts) to their wellbeing that are not captured through 'traditional' financial accounting.

Social Value Accounts: a report or description of the value created (or destroyed) from an activity or set of activities. The account will include qualitative and quantitative information to express the amount of value and a narrative that describes the process for compiling the information including risks in relation to the decisions the account is expected to inform.

See more SVI definitions in Appendix B.

This document was first published in March 2022 after SVI board approval in February 2022. The document builds on previous documents that present the purpose of the SVI Principles including "The Principles of Social Value, and why they are important for accountability and maximising social value" available [here](#).

The audience and purpose for this document

The document is intended for anyone looking to understand and use the Principles of Social Value and the SVI Standards. Typically, the users of SVI Standards are:

1. **[Practitioners] People who prepare accounts and reports of value:** This document will be particularly relevant for all practitioners who are trying to *measure* changes in people's lives caused by the activities of an enterprise or its projects. Practitioners may be working in the fields of 'social value', impact measurement and management, sustainability, welfare economics, cost benefit analysis, monitoring and evaluation or social, environmental or financial accounting.
2. **[Decision Makers] People who use the accounts and reports:** This document is useful for people who want to *manage* social value by reading social value accounts to inform decision making. This includes senior leaders and operational managers who want to reduce inequalities and optimise wellbeing for a range of stakeholders. This also includes investors who want to allocate capital to reduce inequalities and optimise impacts on wellbeing for a range of stakeholders.
3. **[Assurance Providers] People who provide assurance:** This document provides an introduction to the SVI framework and so it is useful to those who are providing assurance that the accounts or reports fairly represent the experiences of people who experience changes in their lives due to the actions of enterprises.
4. **[Sustainability Standard Setters] People who work on other approaches and standards:** This document should be used as a reference point for people working on other approaches to accounting for and reporting changes experienced by people and the planet. We hope that it facilitates convergence and consensus.
5. **[Policy Makers] People who set policy and regulation:** This document offers technical insight for policy makers and regulators as to the use and purpose of social value accounts and social value management.

The purpose of this document is to present the normative position that underpins the Principles of Social Value and the SVI Standards for applying them.

About the Principles of Social Value

The Principles of Social Value are a combination of accounting principles (for measurement) and management principles (for decision making).

Each of the Principles of Social Value are borrowed from existing disciplines such as financial accounting, sustainability reporting, evaluation and general social research. When combined, the principles create an **accountability** and **decision making** framework for organisations who want to **optimise impacts on wellbeing for all materially affected stakeholder groups**.

Principle 1 Involve Stakeholders is a powerful accountability principle that drives through the other principles ensuring that the people who experience the impacts are informing the measurement and management of the impacts on their wellbeing.

Principles 2–5 are primarily accounting principles that inform what information about social value should be collected, and how social value from the stakeholder's point of view should be assessed.

The Principles of Social Value

1. Involve Stakeholders
2. Understand what changes
3. Value the things that matter
4. Only include what is material
5. Do not over-claim
6. Verify the result
7. Be transparent
8. Be responsive

Principles 6–7 are about disclosing the information and how to build trust in the social value accounts and management practice.

Principle 8 Be Responsive is about how information should be used to inform decisions that optimise impacts on wellbeing for all materially affected stakeholder groups. It also ensures that the level of rigour is proportionate for the decisions that the account is designed to inform.

The Principles and SVI Standards are flexible in that they can be applied to a scope of activities (small or large) dependent upon the decisions they are designed to inform. See Appendix A for more information.

The Principles and SROI:

These principles were first created and published with the publication of [The Guide to SROI](#). Producing an SROI analysis requires the application of all the Principles of Social Value. Specifically, when applying Principle 3, the valuations of inputs, and impacts are represented in monetary terms in order to generate an SROI ratio.

The Principles were updated in 2014, when Principle 3 “Value what matters” was adjusted to allow for non-monetary valuations, and in 2021, when Principle 8 “Be responsive” was added.

What is the purpose of the Principles of Social Value and the SVI Standards?

The Principles of Social Value have been designed to support the production of 'social value accounts' and decision making that optimises impacts on wellbeing for all materially affected stakeholder groups.

The SVI Standards for applying the Principles are designed to achieve the following aims:

1. Accountability to all materially affected stakeholder groups by ensuring that social value accounts include the impacts that matter to them regardless of the social or financial objectives of the activities. This provides a high level of '*completeness*' to impact data.
2. Impact management decisions based on ambitious targets for optimising wellbeing across different stakeholder groups. This should be achieved through proportionate levels of '*accuracy*' in the social value accounts ('enough precision for the decision').

The Standards can be used by any organisation from public, private or civil society sectors. Whilst these different sectors may hold differing approaches to balancing financial returns with impacts on wellbeing, the SVI Standards ensure impacts on wellbeing are optimised using thresholds determined by a combination of societal norms and what is accepted by each stakeholder group.

The Principles of Social Value and SVI's Standards are designed to support decision making that optimises impacts on wellbeing for all materially affected stakeholders.

The SVI Standards are unique and differ to other impact measurement or sustainability standards due to the following features:

- **Outcomes:** Focusing on measuring changes to aspects of stakeholder wellbeing (going beyond output measures)
- **Materiality:** Including what matters to all affected stakeholder groups through including and amplifying their voices in the accounting and decision-making process, and recognising value from their perspective
- **Valuation:** Use of valuation (monetary or non-monetary) to express the worth or 'relative importance' of different impacts. The value of the impact must be taken from the perspective of those experiencing the impact.
- **Impact:** Understanding the organization's contribution to change by also taking account the contributions of others.
- **Verification:** Providing accountability to the people who are materially impacted (by the activities) through third-party assurance engagements that either involves them or is conducted on their behalf. Assurance is non-mandatory but designed to build trust, credibility and accountability.
- **Responsiveness:** The Standards define a management approach where information is designed to support decision making that optimises impacts on wellbeing across all materially affected groups to meet targets.

When combined, the eight principles create a powerful framework for a different type of decision making and value creation. Through quantifying the value of impacts on wellbeing, from the perspective of the people who experience the impacts, decision makers can optimise wellbeing and therefore value for all (materially affected) stakeholder groups.

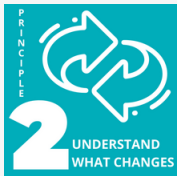


The Principles of Social Value



Principle 1: Involve stakeholders

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



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.



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.



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.



Principle 5: Do not overclaim

Only claim the value that activities are responsible for creating.



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.



Principle 7: Verify the Result

Ensure appropriate independent assurance.



Principle 8: Be Responsive

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

SVI Key Terminology

Draft Definitions 2022

These terms are subject to a review period between April-June 2022. A Preview of the Draft SVI Glossary with visuals and algebra is available [here](#).

Wellbeing = Captures states of being where subjective and objective psychological or physical human needs are met in varying degrees, with increased wellbeing corresponding with better states of physical and psychological health*

NOTE 1 Wellbeing is also referred to as a state of flourishing or a “good life”.

NOTE 2 Wellbeing exists at the individual, household, country and global level.

NOTE 3 Individuals, groups and communities may all have wellbeing.

NOTE 4 In practice, wellbeing can be achieved on greatly varying timescales. All

timescales can contribute to the level of wellbeing.

Aspects of wellbeing = The main elements of a person’s life that contribute to their overall level of wellbeing. An extensive body of research exists regarding what the main aspects or dimensions of wellbeing are. These are often assembled into lists or ‘wellbeing frameworks’ and used as a ‘set of things’ to measure to help understand how wellbeing levels go up or down.

Outcomes = aspects of wellbeing that could change for a stakeholder as a consequence of an activity.

Well-defined outcomes = the ‘specific’ aspects of wellbeing, within a sequence of outcomes, that provides the best opportunity to optimise overall wellbeing. Identifying this specific aspect and point in a sequence of ‘things that change’ requires meaningful stakeholder engagement.

Outcome Depth = the amount and direction of change in an Outcome experienced by stakeholders between two points in time.

Outcome Depth Levels = data points for an Outcome that can be measured at any given moment in time (i.e., baseline, mid-point, end point).

Indicators = metrics, instruments or tools that capture Outcome Levels to provide an Outcome Depth.

**BSI definition of wellbeing in BS8950 Guide to enhancing social value*

Outcome Scale = the number of people that experience Outcome Depth.

Outcome Duration = the length of time that a stakeholder continually experiences the Outcome Depth.

Outcome Drop off = the rate of decline in the Outcome Depth over time. The rate is expressed as a percentage in relation to the Outcome Duration.

Outcome Thresholds = pre-determined Outcome Levels that are required *by a specific point in time* for the Outcome Depth to be considered positive or negative performance.

Outcome Target = pre-determined outcome levels.

An Ambitious Outcome Target = pre-determined Outcome Level *to be achieved by a specific point in time* that would provide stakeholders with optimal wellbeing.

Outcome Results = comparing the Outcome Depth against Outcome Thresholds and Targets to determine a positive or negative performance. Note: a positive change in an outcome (between two Outcome Levels) may not meet an Outcome Threshold or an Outcome Target and therefore would not be considered a positive performance.

Impact = how much of the Outcome Depth and Outcome Duration is *caused by the activity*.

Total Impact = sum of all of the impacts caused by the activity.

Attribution = how much of the Outcome Depth and Outcome Duration is caused by identified activities or factors.

Counterfactual = how much of the Outcome Depth and Outcome Duration is caused by unidentified 'systemic' factors. This is estimated by comparing counterfactual outcomes to those observed under the intervention.

Displacement = TBD

Value = how much something is worth or how important it is to stakeholders.

Outcome Depth Value = the relative worth or importance of the Outcome Depth expressed by the stakeholders experiencing the change.

Impact Value = the relative worth or importance of the Impact.

Social Value = a broader definition of value that includes the worth or importance stakeholders place on changes/impacts to their wellbeing that are not captured through financial transactions.

'Inputs' or 'dependencies' = the financial and non-financial resources required to deliver the activities. Inputs may be owned by the organization or by those it is dependent upon.

Social Return on Investment = the monetary expression of the total Impact Value generated (from a defined activity) relative to the value of the inputs required for the activity.

Materiality = An impact is material when it is *relevant* and *significant* for decisions to optimise wellbeing of a stakeholder group. Significance is based on the combination of a) impact scale b) impact value c) total impact value. Outcomes and therefore impacts that are not significant can also be considered material if they are *relevant* to organizational objectives and/or relate to societal norms.

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Social Value International

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