

# SOCIAL VALUE FRAMEWORKS



## Choosing the right one

When choosing how to measure your social impact it's important to find a framework which reflects your organisation, its goals and its values. There is no perfect solution and whichever approach is adopted each has its own mix of usefulness and limitations but when resources are scarce they make decision making that little bit easier. Impact measurement is based on what difference you want to achieve and the outcomes and outputs needed to achieve your goals. Only then can you plan what mechanisms are necessary to collect data at the right time. As yet there are no agreed methodologies for social reporting. This is not really a surprise, it took hundred of years for financial reporting standards to be established. Social reporting is still in its infancy but becoming an even more important part of presenting the total impact organisations have on the people and communities in which they operate.

This article is not a step by step guide as to why you should adopt a particular framework or reporting methodology, it is more about how you can reap rewards by having a systematic and structured way of thinking about social impact. In essence, social reporting is about presenting evidence about how you've made a difference and brought about change. Unlike financial reporting there is no simple bottom line. Social impact is complex, multidimensional and often only seen in the long-term. This is positive and should be embraced.

Whatever framework or frameworks you decide to adopt there are a few things to bear in mind.

- **Is it meaningful:** does it capture what you wish to achieve?
- **Is it defensible:** can you present a credible case that your reporting is based on firm foundations?
- **Is it manageable:** Is there a reliable process that generates the right kind of data to support your social impact claims?



## Metrics and Frameworks


The table below presents a selection of widely accepted approaches to measuring social impact. They range from sets of detailed guidance that can be used in many arenas, such as the **Social Return on Investment (SROI)** approach, to calculators that have evolved to meet the needs of specific sectors, such as the **HACT Value Calculator** for social housing providers. Each has its advantages and disadvantages. For example the SROI when done properly is very time and resource intensive. Therefore, it's most suitable for evaluating single projects and not the total impact of an organisation. It's a very powerful approach when dealing with important projects and provides a very clear outcome to internal and external stakeholders on the monetary returns per pound invested. This is the same with other economically based approaches such as **Local Multiplier 3 (LM3)**, project-related but very intensive.

On the other hand, the use of metrics is more flexible. They can be used to calculate the social impact of specific activities or collections of activities. There are banks of usable values from a variety of sources, for example the well-being values in the **HACT Social Value Bank** or the range of social, environmental and financial metrics in produced by IRIS. Often these banks of metrics are aligned to specific sector needs, in construction or housing for example. However, because they are not tied to specific projects there is a temptation to adopt an ad hoc approach and select metrics from a variety of sources. This is best avoided, the metrics are the product of specific methodologies which are not necessarily compatible, aggregating the resultant values could skew your results.

Reporting based on single metrics or groups of metrics from the same sources is probably the best course of action. Some metrics reflect real, tangible economic impacts in cashable measures, others such as the **HACT wellbeing calculations** are based on imputed value to an individual due to a hypothesised change in status which are not truly cashable measures. Both are expressed in monetary terms but it is probably best to avoid mixing them to derive a total value for social impact. In addition, many sets of metrics come with their own calculation frameworks and have strict procedures about what can be included in the impact measure.

Key factors to consider

So here are some basic question to ask yourself before you adopt a framework or a set of metrics:

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- **Is it for a specific project evaluation or wider organisational impact?**
  - **Are there sector-specific metrics available?**
  - **Are you using metrics based on different methodologies?**
  - **Do you really need to monetise your social impact?**

**The last question is important.** Many of the metrics are based on monetised impact. Do you need to do this or are there intermediate outcomes that capture your success story? Interventions that seek to increase employment or reduce crime, for example, have readily available metrics to calculate economic or wellbeing impacts.

But it might be that reporting a verified increase in employment is the best and most accessible option. In this instance, there is no need to go through the process of persuading internal and external audiences of the merits of reporting within a monetised framework. So the advice would be to choose which are the most appropriate impacts to monetise and which are better reported as other types of outcome. As mentioned above, there is no perfect solution. It's more about what is right for your organisation and building the credibility of your individual approach to social impact reporting.

Organisation	Resource	Depth	Themes	Targeted at
Supply Chain Sustainability School	Monitoring and measuring social value	Guidance	Social, Environmental, Economic	Construction
NEF	Good Foundations	Guidance	Wellbeing, Environmental sustainability	Built environment industry
Social Value UK	Social Return On Investment	Guidance	n/a	Public sector
Social Audit Network	Social Audit Network	Guidance	Facilitates the exchange of information and experience between practitioners of social accounting and audit	Social economy and voluntary sectors
New Economy Manchester	Unit Cost Database	Metrics	Crime, Education and skills, Employment, Health, Housing	Public services
Scottish Futures Trust	Community Benefits Toolkit for Construction	Metrics	Employment, Skills and training, Environmental, SME & 3rd sector involvement	Construction
Considerate Constructors Scheme	Building Social Value checklist	Metrics	Local procurement, Employment, Education, Reusing and recycling, Sustainable materials, Environment	Construction
IRIS	IRIS Metrics	Metrics	Designed to measure the social, environmental and financial performance of an investment	Investment
Social Value Portal	The National TOMs Framework	Calculator	Skills and employment, Business growth, Community and environment	Built environment industry
National Housing Federation	Local Economic Impact calculator	Calculator	Calculator shows housing associations' contribution to the productivity of local areas.	Housing
HACT	HACT Value Calculator	Calculator	Employment, Local environment, Health, Financial inclusion, Youth, Homelessness	Social housing providers
HACT	Mental health social value calculator	Calculator	The mental health social value calculator can help organisations to monitor the impact of their activities on mental health	General
NEF	Local Multiplier (LM3)	Calculator	Determines how money coming into your community is then spent and re-spent	General
Scape Group	The National Construction Framework	Calculator	Jobs, Growth, Social, Environment, Innovation	Construction
Social Profit Calculator	Social Profit Calculator	Calculator	n/a	General
Berkeley Group	Creating Successful Places	Outcomes	Amenities and infrastructure, Social and cultural life, Voice and influence	Developers

