



Measuring Social Impact For Social

It is important for social enterprises to measure their social and/or environmental impact as proof that they are **benefitting** the community. The increase in **commercial** companies developing **Corporate Social Responsibility (CSR)** policies and carrying out ethical practices creates **competition** for social enterprises. The Public Services or '**Social Value Act**' was introduced in 2013 and requires the commissioners of **public services** to consider widening the social, economic and environmental **benefits** attached to their commission. It aims to increase the **value for money** in public spending and solve problems more **efficiently**.

“SROI is about value, rather than money. Money is simply a common unit and as such is a useful and widely accepted way of conveying value” - SROI Network

Why is Evaluating Social Impact Important?

- Demonstrates that a social enterprise is meeting the needs of its beneficiaries and achieving its social aims.
- Allows a social enterprise to meet the expectations of its stakeholders (internal and external). There are three levels of stakeholders: primary, secondary and tertiary.

Primary

Priority key stakeholders that have an interest in your enterprise (e.g. directors and funders or investors).

Secondary

Less influential stakeholders (e.g. employees, suppliers and customers).

Tertiary

• Stakeholders that have some interest in the enterprise (e.g. media, local community)

- Helps a social enterprise investigate its performance against social, environmental and economic objectives.
- Supports marketing and tendering therefore opening up new business opportunities.

▣ Systems for Measuring Social Impact

There are two main systems for measuring social impact:

- Social Return on Investment (SROI)
- Social Audit Network (SAN)

▣ The 7 principles of social value

Social value is the value that people experience as their life changes, of which some is captured in market prices. Some of the principles will be hard to implement as they attempt to materialise invisible value, but they attempt to create accountability and maximise social value.

1) Involve stakeholders

- Learn from stakeholders about what is measured and how

2) Understand what changes

- Evidence how change is created, recognising unintended change

3) Value the things that matter

- Recognise the values of stakeholders when allocating resources

4) Only include what is material

- Determine what information should go in the report so that stakeholders can make a fair conclusion

5) Do not over-claim

- Only claim activities that the business is responsible for creating

6) Be transparent

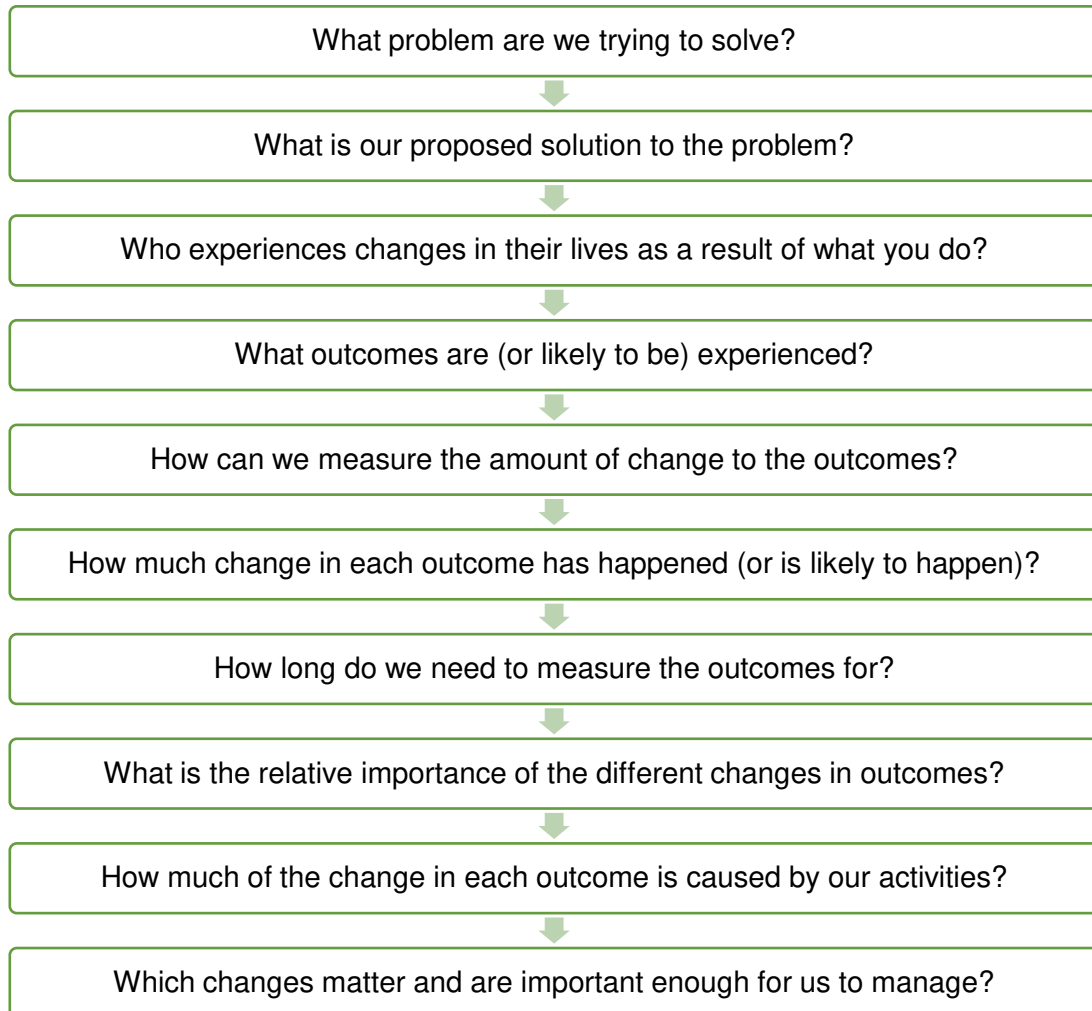
- Demonstrate that the report is accurate and that it will be reported to stakeholders

7) Verify the result

- Include independent assurance

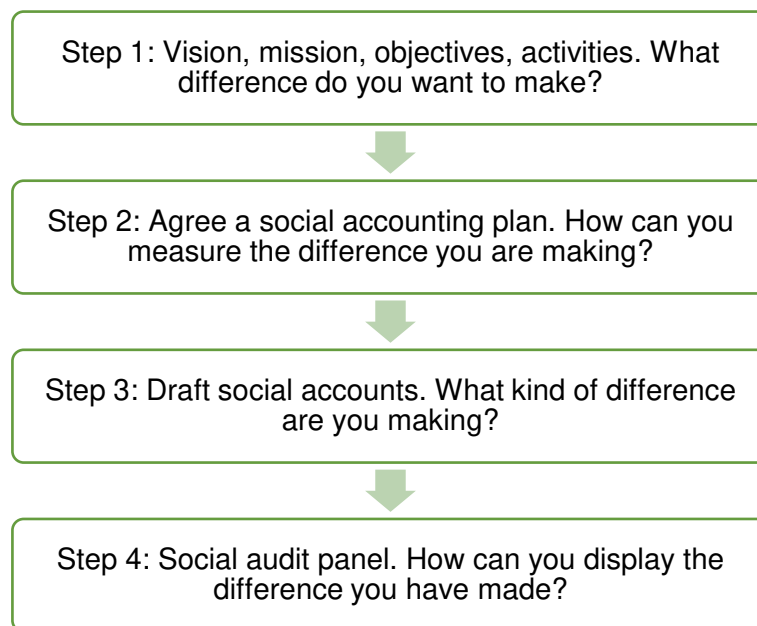
The 10 impact questions

These are questions that a social enterprise can ask itself and are fundamental to maximising impact. They are useful in deciding on different ways of creating social change.



▶ Social Audit Network (SAN) - Accounting and Audit (SAA)

“*Prove, Improve, Account!*” is the mantra of SAN.



▶ Social Return on Investment (SROI)

SROI measures service outcomes to compare the financial investment made against the benefits created for stakeholders (added value).

A longer-term assessment of the value of outcomes in terms of market values or values to government or other ‘proxies’ and putting a sterling value on them. The term proxy is a substitute source of the value of the outcomes but must be a reliable source for example the EU.

The SROI system uses an impact map:

Stakeholders	Intended/ unintended changes	Inputs	Outputs	Outcomes
Who does the business affect? Who affects the business?	What is going to change for your stakeholders?	What do the stakeholders invest? How much? Value of contract	Numerical summary of the business activities Description of service contracted to deliver	What are the impacts on the stakeholders? Additional outcomes

The outcomes are itemised with proxy values of each outcome and calculation to support the statement. The proxy values must be ascertained from credible sources including UK central government and / or EU.

Example: Wheels to Meals

Objective - Provide luncheon club for 30 elderly local residents with additional health and social benefits by bringing residents to meals.

Activity - 30 places for eligible elderly and/or disabled local residents 5 days a week, 50 weeks of the year.

Funding - local authority grant.

Stakeholders	Elderly/ disabled residents		Local authority	WTM retiree volunteers	Neighbours of elderly/ disabled residents	Total
Intended/ unintended consequences	<i>Less use of health services</i>	<i>More active residents</i>	<i>Provide residents with meals</i>	<i>More active retirees</i>	<i>They look out for neighbours</i>	
Inputs	<i>Time</i>		<i>Annual Wheels to Meals contract</i>	<i>Time (at min wage) 4 volunteers x 3 hrs x 5 days x 50 wks x £6 (forecast)</i>	<i>Time</i>	
	<i>£0</i>		<i>£24,375</i>	<i>£18,000</i>	<i>£0</i>	<i>£42,375</i>
Outputs	<p><i>luncheon club:</i></p> <ul style="list-style-type: none"> <i>– group activities (board games, craft, mild/ therapeutic exercise, info and awareness sessions)</i> <i>– transport for 30 people</i> <i>– 7500 hot meals annually</i> 					

Outcomes	<i>The group exercise sessions made residents fitter, fewer falls and ended up in hospital less. GP practise nurse group sessions helped residents manage their health better. Residents made new friends and socialised. Residents had nutritious meals with 3 (out of) 5-a-day and they were healthier</i>	<i>Material outcomes for residents only (not for council). All outcomes for this stakeholder already considered above.</i>	<i>Healthier volunteers (retired)</i>	<i>Reduction in neighbourly care/shopping and breakdown of informal community networks</i>
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The net SROI ratio = net present value / value of inputs

The Social Return on Investment (SROI) is the impact value (£39,366.93) divided by the input (£42,330.03). This equates to 0.93. For every pound of the contract spent, there is a social return of 93p. This worked example is laid out in more detail [here](#).

SAN vs SROI

SAN	SROI
<p>Advantages</p> <ul style="list-style-type: none"> • Effective way of monitoring performance • Allows stakeholders to have a say • Points out areas for improvement 	<p>Advantages</p> <ul style="list-style-type: none"> • Step by step and not time-consuming to do • Useful in marketing, selling and tendering • Statistical nature means easy to comprehend
<p>Disadvantages</p> <ul style="list-style-type: none"> • Time consuming • Cost of Social Auditors • Danger of manipulating stakeholder views 	<p>Disadvantages</p> <ul style="list-style-type: none"> • Danger of using proxies to overstate values • Difficult to find some proxies for 'soft outcomes' such as 'quality of life' outcomes

Remember

To be able to evidence the 'added value' when using SROI, processes of measuring social impact should already be implemented.

Where to go for Further Help

- Social Value UK – social value measuring tool <http://www.socialvalueuk.org>
- Social Value Engine – social value measuring tool <https://socialvalueengine.com>
- Government Website (incl. Social Value Act) <https://www.gov.uk>
- SEE Ahead <https://seeahead.co.uk>
- Social Audit Network (SAN) <http://www.socialauditnetwork.org.uk>
- Social Enterprise UK <https://www.socialenterprise.org.uk>
- Social Enterprise Yorkshire & Humber <https://seyh.org.uk>
- Social Value lab <http://www.socialvaluelab.org.uk>
- Social Value Portal – a tool for measuring and reporting social value <https://socialvalueportal.com>

