

Social Value

Information Pack

Shropshire Council Commissioning Support

November 2015

Produced for:



Information Pack

Why produce a Social Value information pack?

The Public Services (Social Value) Act is a relatively recent piece of legislation (2012). As a result the way public sector commissioners communicate and measure social value is not yet well established and many local service providers, busy making a difference to local people and meeting needs, may not have the time and resources to commit to social value research. To support the development of a local social value approach, Shropshire Council's Commissioning Support Unit has worked to produce this information pack for background information. The pack provides an introduction to social value but it also contains a large number of links to key documents and national organisations from which more details information can be obtained.

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Social Value

Social Value

Social value involves consideration of how resources are allocated and used beyond the value of a contract. Social value involves thinking about how each contract can generate wider benefit to the community. Chris White MP introduced the Public Services (Social Value Act) to parliament. He explained:

“We mean “value” not in its narrow sense but in its true sense - recognising the importance of social, environmental and economic well-being across our communities and in our lives”

The cuts in public sector budgets have drawn attention to the need to ensure each pound spent results in maximum benefit. Spending decisions are now more open to scrutiny; there is more focus on the quality of the commissioning process; and a greater understanding of the need for commissioners, providers and other stakeholders to work together pre-procurement.

The Public Services (Social Value) Act

The Public Services (Social Value) Act 2012 was passed at the end of February 2012 and came into force on 31 January 2013. The Act introduces a statutory requirement for public authorities to give regard to economic, social and environmental well-being in connection with public services contracts within the meaning of the Public Contracts Regulations.

The Public Services (Social Value) Act 2012 applies to:

- Public service contracts (including service contracts with a works or goods element) and frameworks for these contracts.
- The pre-procurement stage of the commissioning process. This relates to the work public services need to carry out to enable them to realise social value prior to commencing a procurement exercise.
- The Act applies to contracts to which the Public Contracts regulations will apply (contracts above the Official Journal of the European Community (OJEC) procurement thresholds). This includes framework agreements above the thresholds.

The Act states:

The authority must consider how—

- (a) what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and
- (b) in conducting the process of procurement, it might act with a view to securing that improvement.

For more information on the Public Services (Social Value) Act 2012 see:

<https://www.gov.uk/government/publications/social-value-act-information-and-resources/social-value-act-information-and-resources>

Which organisations does the Act Apply to?

The Act applies to local authorities, government departments, NHS agencies (including clinical commissioning groups), Fire and Rescue Services, Housing Associations and police services.

Social Value in Shropshire

Shropshire Social Value Group

Shropshire's Social Value Group brings public sector organisations together with representatives from Shropshire's Voluntary and Community Sector to share learning about social value, and to work together to implement a joint approach. Key aims of the group include:

- Working together to research and communicate best practice for measuring, articulating and making social value real.
- Agreeing a consistent message, communicating what social value means in Shropshire and how to get involved.
- Agreement of priorities for social value activity.
- Design and delivery of the group's Social Value action plan.

To find out more about the group contact Neil Evans, within Shropshire Council's Commissioning Directorate. Email: neil.evans@shropshire.gov.uk or telephone 01743 255927.

Health and Social Value Programme

Shropshire has been successful in being chosen to participate in the third year of the Health and Social Value Programme. The Programme is led by Social Enterprise UK (SEUK) and delivered in partnership with the Institute of Voluntary Action Research (IVAR). It is funded by the Department of Health. The Health and Social Value programme is specifically designed to support local areas to deliver and commission for social value in health and care. The objectives of the programme are:

- To support clinical commissioning groups (CCG) and health and wellbeing boards (HWB) to commission for social value
- To improve VCSE organisations' understanding of their own impact in terms of social value and how they articulate it; as well as increasing their knowledge of the commissioning process.

A tailored programme of facilitated learning and support is provided and senior leaders from across the CCG, local authority and VCSE are involved in the process. Shropshire's Social Value Group is leading the programme in Shropshire on behalf of the key partners. The first workshop was held on the 10 September 2015 to identify areas of focus and initial actions. The Social Value Group will coordinate activity on behalf of the wider stakeholders, keeping others up to date with progress using a range of engagement and communication activity throughout the programme.

Why Social Value is important to Shropshire

As public sector budgets reduce and pressure on resources grows, it is becoming increasingly important to ensure that public money is spent as effectively as possible. Commissioning and funding budgets need to 'buy' the services and activities that will make the most difference to our communities and the people living within them. Social value ensures that emphasis is placed upon needs and the achievement of improved outcomes. Social value is particularly important for voluntary and community sector groups and organisations and smaller local businesses where services are not provided for financial gain but designed with and for the people and communities they aim to support. A social value approach ensures commissioning decisions are not simply based on cost but take into account the broader results or gains an activity or service can achieve. The Public Sector organisations working as part of the

Shropshire Social Value Group have all recognised the importance of social value and its role in good practice commissioning.

Social value is important to commissioners because:

- Recognition of social value supports the work of value driven organisations such as VCSE organisations and local businesses.
- Social Value emphasises the achievement of outcomes – meeting needs.
- Recognising value in a broader sense can allow commissioners to achieve maximum benefit from public budgets.

Social value is important to local services and groups because:

- A social value approach helps demonstrate the value of activities and services and the difference value based organisations make within the community.
- Social value prompts recognition of achievements and where there are opportunities to add value.
- Social value reinforces the importance of user involvement and co-production.
- Adopting a social value approach can support organisations in their work to communicate with commissioners and funding bodies.

Moving to Outcomes-Based Commissioning

The public sector has traditionally purchased specific activities or ‘outputs’ from providers. Tender specifications have often been quite specific, setting out exactly what services the public sector wants to see delivered. However, it has been recognised that this approach does not necessarily achieve the best results. It can mean that providers are not as responsive to the needs of the people using their services; it can limit a providers’ ability to react to social and economic change, changing needs and can limit innovation. In seeking to maximise the value achieved through the allocation of public resources, Government has been working to support public sector bodies improve commissioning practice. The Office of the Third Sector (now the Office for Civil Society) published eight principles of good commissioning. The principles were designed to result in efficiency gains and community benefits, through smarter, more effective and innovative commissioning. They were also designed to result in optimal involvement of voluntary, community and social enterprise (VCSE) organisations (and other local providers) in public service design, improvement, delivery and holding the public sector to account. The eight principles of good commissioning are:

1. Understanding the needs of users and other communities by ensuring that, alongside other consultees, you engage with the third sector organisations, as advocates, to access their specialist knowledge.
2. Consulting potential provider organisations, including those from the third sector and local experts, well in advance of commissioning new services, working with them to set priority outcomes for that service.
3. Putting outcomes for users at the heart of the strategic planning process.
4. Mapping the fullest practical range of providers with a view to understanding the contribution they could make to delivering those outcomes.
5. Considering investing in the capacity of the provider base, particularly those working with hard-to-reach groups.
6. Ensuring contracting processes are transparent and fair, facilitating the involvement of the broadest range of suppliers, including considering sub-contracting and consortia building, where appropriate.

7. Ensuring long-term contracts and risk sharing, wherever appropriate, as ways of achieving efficiency and effectiveness.
8. Seeking feedback from service users, communities and providers in order to review the effectiveness of the commissioning process in meeting local needs.

The eight principles highlight a shift away from output based commissioning to commissioning against outcomes. Commissioning outcomes means that tender specifications need to change and outline the intended result of activity (no longer specifying what type of activity or intervention is required). Outcomes based commissioning focuses attention on the results or impact of an intervention/ activity. The approach achieves greater value by developing a better understanding of the difference interventions/services make to individuals and the communities in which they live. The Government's Successful Commissioning Toolkit includes a range of commissioning advice and resources (and the 8 principles of good commissioning). It is hosted by the National Audit Office can be accessed here:

<https://www.nao.org.uk/successful-commissioning/>

'Commissioning for outcomes and co-production: A practical guide for Local Authorities' developed in 2014 by the New Economics Foundation (nef) suggests that three key areas could help improve commissioning at a time of economic pressure:

- focusing on commissioning for 'outcomes', meaning the long-term changes that services and other activities achieve.
- promoting co-production to make services more effective and bring in new resources, by working in partnership with the people using their services (nef believes that co-production is the most effective method of achieving outcomes with people).
- promoting social value by placing social, environmental and economic outcomes at the heart of commissioning.

Cross sector working in Shropshire through Shropshire's Voluntary and Community Sector Assembly (VCSA) has included the three elements highlighted above. The VCSA and Public Sector organisations seek ongoing communication and engagement in order to ensure outcomes are developed and delivered in a collaborative way. There is a recognition that joint working and on-going two way communication is needed to best meet the needs of local people.

Local Good Practice

Many of Shropshire Voluntary and Community groups and organisations have started to do more over the last few years to measure and communicate their impact. There is a recognition of the benefits of measuring outcomes including:

- understanding progress against organisational values and mission
- learning how to improve
- securing funding
- inspiring staff and improving their work
- raising profile
- contributing to knowledge of 'what works'.

This information pack could be helpful for those groups and organisations keen to do more work and keep up to date with more recent developments in social value.

Outcomes

Focusing on Outcomes

The Charities Evaluation Service describe outcomes as “the changes, benefits, learning or other effects that happen as a result of services and activities provided by an organisation or project”. Example outcomes could be ‘improved health’, ‘new skills’, ‘greater confidence’ or ‘getting a job’.

Advice from Big Lottery is that “outcomes are best described using words of change, such as: more, better, less, improved”. In some cases outcomes may involve keeping a situation stable, or stopping things from getting worse.

Outcomes may be wanted or unwanted, expected or unexpected. Some outcomes may be short term and others may take much longer to achieve. It is helpful to think of outcomes at different scales.

- Individuals/ family level: for example fathers improve their parenting skills resulting in stronger family relationships.
- Community level: for example fewer young people are involved in criminal or anti-social behaviour as a result of participating in a range of positive activities.
- Service level, for example charities have greater skills and capacity to meet local needs
- Environmental/ system level: for example improvements in local habitats will lead to higher levels of species biodiversity or a decrease in congestion city-wide from an increase in cycle routes.

One project may achieve outcomes at a number of different levels. An example is shown below:

- Individual level outcome – Tom received the support he needed to find a job.
- Service level outcome – The service moved 32 people into employment.
- Strategic level outcome – More people in work.

Outcomes are measured using Outcome indicators. The Charities Evaluation Service describe outcome indicators as “well defined pieces of information that can be assessed or measured to show whether outcomes have been achieved”.

There are a wide range of sources of information available to help define outcomes. The links below illustrate useful research on this subject:

- Assessing change: Developing and using outcomes monitoring tools by the Charities Evaluation Services: <http://www.ces-vol.org.uk/tools-and-resources/outcomes-and-outcome-indicators/assessing-change.html>
- Outcome and Outcome Indicator Banks: Availability and Use by the Charities Evaluation Services: <http://www.cesvol.org.uk/Resources/CharitiesEvaluationServices/Documents/outcomeandoutcomeindicatorbanks-786-794.pdf>

Tools to Measure Impact and Outcomes

There are many tools that can be used to collect feedback from people using services and their families and other stakeholders. Using these tools can help organisations to better understand the outcomes they are achieving (intended and unintended, positive and negative).

There are some really helpful online resources including:

- Proving and Improving a website developed as part of the National Performance Programme, funded by Capacitybuilders' and led by the Charities Evaluation Services (CES) in partnership with acevo, the New Economics Foundation (nef), New Philanthropy Capital and Voice4Change England. <http://www.proveandimprove.org/>
- 'Tools for you: approaches to proving and improving for charities, voluntary organisations and social enterprise' published by nef. See: http://b.3cdn.net/nefoundation/ee604b9c7787bf1b80_aym6ivqnu.pdf
- Inspiring Impact's Impact Hub – developed by a partnership of 7 organisations see: <http://inspiringimpact.org/>
- Community How To, supported by the Tinder Foundation and Nominet Trust: <http://www.communityhowto.com/tools/measure-outcomes-impact/measure-outcomes>
- 'Explaining the difference your project makes: A BIG guide to using an outcomes approach' by Sara Burns and Joy MacKeith from Triangle Consulting and published by Big Lottery in October 2006. To download a copy of the document use the link below: www.biglotteryfund.org.uk/er_eval_explaining_the_difference.pdf
- Big Society Capital's outcome matrix tool available from: <http://www.bigsocietycapital.com/impact-matrix>

The links above lead to a range of information designed to support organisations in their work to develop and measure outcomes. A wide range of impact measurement tools are available to purchase and there are also some free tools. Well known tools include:

- The Outcomes Star. This is a widely used tool which has been adapted for different client groups and services. Outcomes Stars were developed through extensive consultation with key workers and managers to capture a client's journey of change, with an individual's Star being revisited at points of time to mark changes. The Outcomes Star is available to download and use for free in paper format. There is also an online version and it is possible to incorporate the Outcomes Star into a client management system under license. See: www.triangleconsulting.co.uk/outcomes-tools-andpublication/
- The SOUL Record was originally developed by City College Norwich and provides a range of tools to assess progress for one-to-one work and for large groups or projects. 'Distance travelled' is about the changes that occur as people progress along a pathway, for example towards employment or secure housing. Relevant outcomes may concern changes in personal or interpersonal skills, changes in confidence, self-esteem or motivation. The strap line is 'measuring the immeasurable'. See: <https://soulrecord.org/>

If an off the shelf tools is not right for your organisation consider how you can develop your own measurement using:

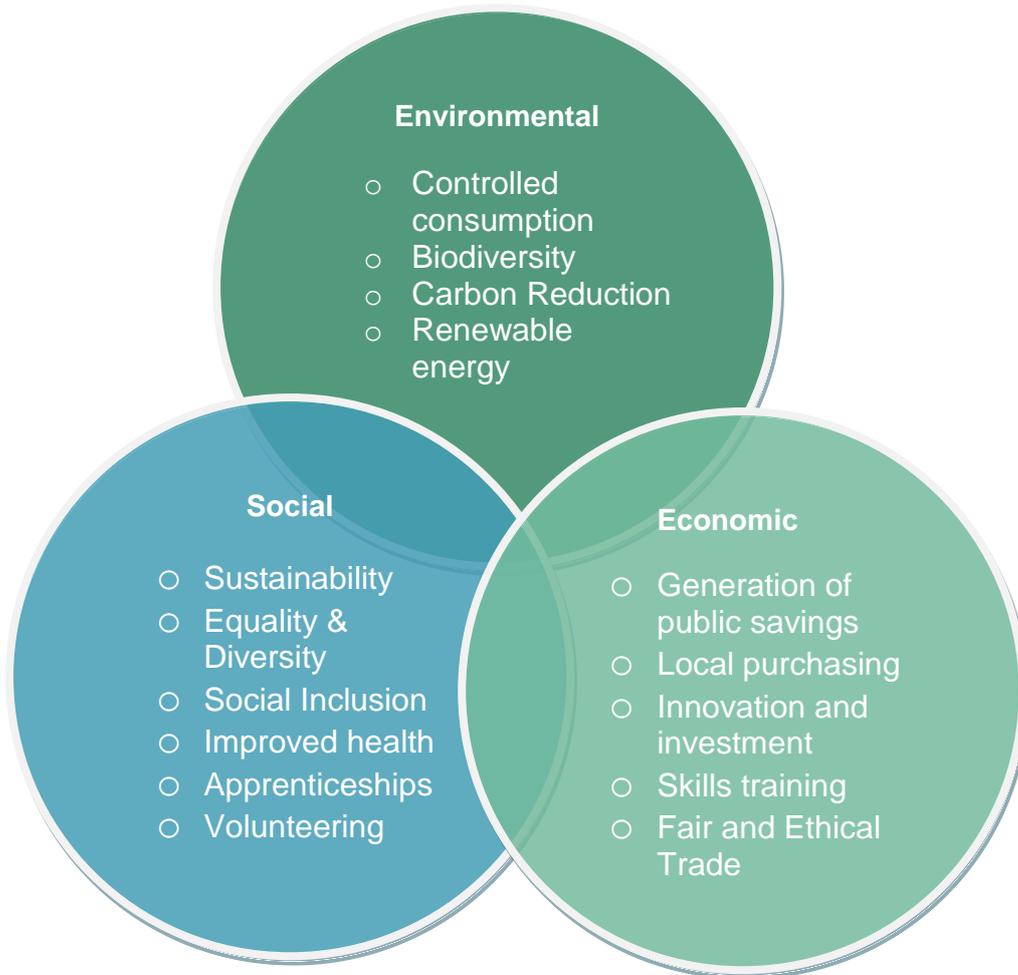
- Surveys and other self-completion tools
- Interviews
- Group activities
- Observations
- Social media

It is important to find outcome measurement tools that are right for the people using them; staff, volunteers and people accessing support. It can be a good idea to try something for a while to see if it works and is right for the outcome you are working to measure. All tools need to be appropriate to your work and not so time consuming or difficult that they take the focus away from the delivery of services and support.

Elements of Social Value

What is covered within Social Value?

Social Value covers social, economic and environmental outcomes. The diagram below has been used to highlight some key considerations.



Social Enterprise UK provides some great examples of how additional social value can be achieved (see 'The Social Value Guide, Implementing the Social Value Act' (2012):

- A community childcare organisation that invests in programmes to help local long-term unemployed people into childcare training, qualifications and employment.
- A transport company that tenders for a contract to run London bus routes, and offers to provide added value through the additional delivery of a community dial-a-ride service.
- A housing management organisation that wins a contract to undertake property maintenance and repair work, and offers to provide social value by promoting careers in construction and trades to local schools, and committing to employing young people.
- A health contract which, based on consultation with service users, includes criteria such as investing in employees, the ability to evidence training, improved motivation and outcomes, and also the ability to meet the desires of the community.

What can be valued?

Many things are valuable and important, the best way to determine what to value is by asking the people who benefit from the services and support that your organisation delivers. There are some ideas below, but there are so many more things that could be considered.....

Environmental

Sustainable transport policy and usage – cycling, walking, public transport

Reductions in travel - location of services v service users

Carbon calculator/ calculation of organisational carbon footprint

Proportion of all waste recycled

Amount saved on energy bills

Types of energy efficiency measures used – e.g. low energy light bulbs, insulation, draught-proofing, heating controls.

Use of green suppliers

Electronic rather than paper systems (electronic news, invoicing etc.)

Use of water saving equipment (taps and toilets etc.).

Economic

Economic value of volunteering.

Proportion of an organisation's purchasing that takes place in Shropshire (reinvesting in the local economy).

Proportion of all employees living in the county/ any new employment generated.

Proportion of funding/ investment generated attracted from out of area.

Police incidents avoided and costs saved.

Hospital admissions avoided and costs saved.

Health appointments avoided and costs saved.

People supported to manage personal finances and reduce debt (and cost of that debt saved).

People supported to access benefits and value of those benefits.

People supported to increase their earnings as a result of support (and amount of increase).

People supported get to appointments and what the costs would have been to organisations (e.g. doctors, hospital, DWP etc.) had appointments been missed.

People prevented from becoming homeless and the costs avoided as a result.

Social

Volunteers, volunteer hours and their value

New volunteers/ people new to volunteering.

Apprenticeships offered/ completed.

Training and skills development for staff/volunteers and people using services.

Volunteers and people using services who go on to find employment.

Rates of engagement and participation/ involvement.

Establishment of partnerships and networks for individuals or at an organisational level.

Directing people onto access services from other organisations.

Social contact (overcoming isolation)

New relationships established including befriending

Improved take up of leisure/recreational activity

Number of people receiving support at home as a result of service.

Increases in confidence.

Reporting of greater aspirations/ greater sense of control.

People able to help themselves or others (e.g. family members) as a result of support.

Skills developed.

Reductions in inequality.

Improved family relationships.

Increased safety.

And many, many more.....

Procurement and Social Value

In applying the Public Services (Social Value) Act commissioners will seek advice from their procurement and legal departments to ensure they are acting within the law. There is more flexibility within contracts of values below the Official Journal of the European (OJEU) thresholds. When the Public Services (Social Value) Act was introduced there were lots of questions from public sector bodies relating to how the Act could be applied in practice. The diagram below helps to highlight the points at which social value can be considered but it is important to think of social value from the very earliest stages of work and throughout the commissioning cycle.

It should be possible to secure social value through most commissioning and procurement activity (harder to achieve within simple supply contracts). The greatest opportunity is in identifying social value issues linked to the subject matter of the contract (part of award criteria). If that is not possible social value can be included in performance measures.

Pre-procurement

Voluntary and community sector organisations and community members (and local businesses where appropriate) should be involved before procurement. Activity should take place to enable stakeholders to inform the outcomes that will be included within the tender specification. Engagement should be carefully designed to ensure opportunities are open, transparent and fair to all. Social Considerations can be included in tender specifications where they are directly relevant to the subject matter of the contract.

Selection

Procurement Regulations contain an exhaustive list of references for evidence potential suppliers can be required to provide, in order to demonstrate their technical capability in relation to the nature, quantity and purpose of the contract. If a contract requires specific know-how in the “social” field, specific experience may be used as a criterion to prove the suitability of potential suppliers in regard to technical and/or professional ability.

Award

A contract should be awarded to the tenderer offering the best value for money – that is, the optimum combination of whole-life costs and quality to meet the authority’s requirements. Award criteria include price, delivery or performance dates, running costs, cost-effectiveness, quality, aesthetic and functional characteristics, after-sales service and technical assistance. Criteria involving social considerations may be used to determine the most economically advantageous tender where they provide an economic advantage for the contracting authority which is linked to the product or service which is the subject matter of the contract.

Contract Conditions

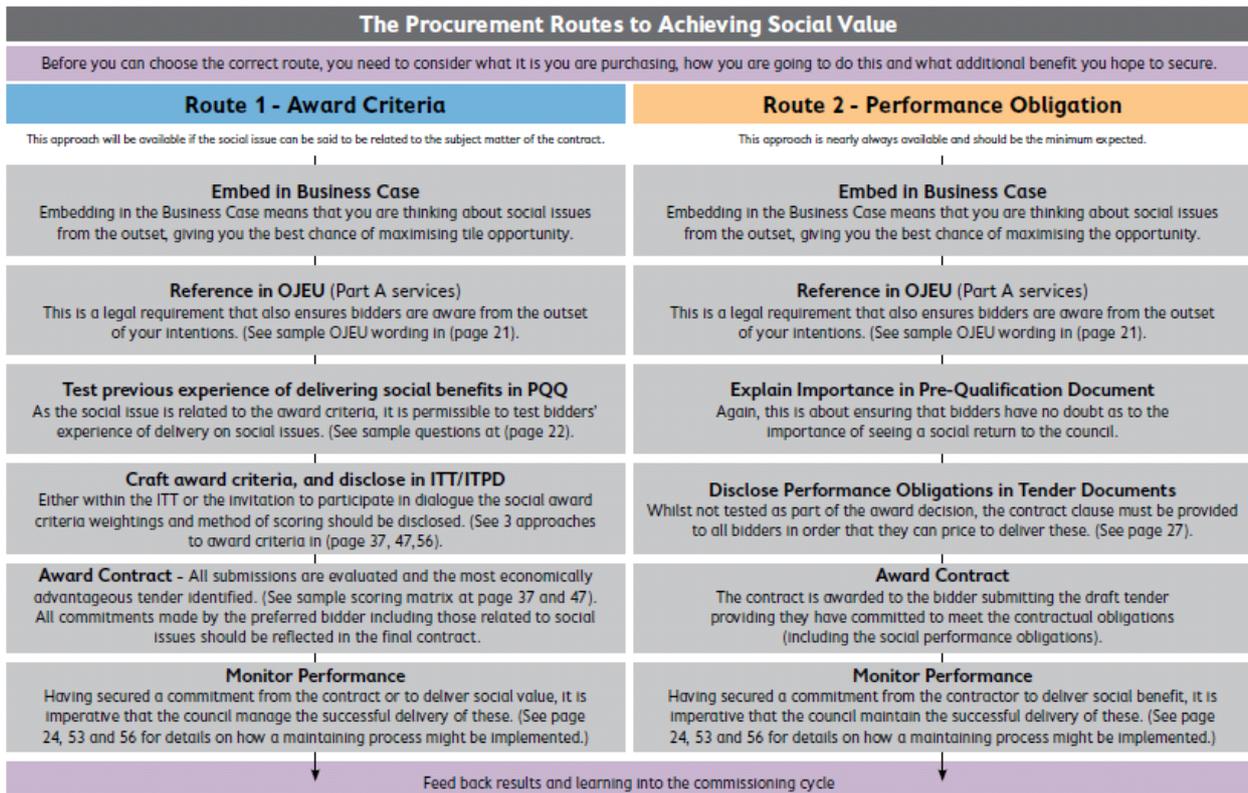
Social clauses are special conditions relating to the performance of a contract, which address social issues. Contracting authorities may lay down special conditions relating to the performance of a contract, provided that these are compatible with European Community law and are indicated in the contract notice or specifications. Contract conditions must relate to the performance of the contract in question. They should be relevant and able to be met by whoever wins the tender from the time at which the contract starts. Contracting authorities have a wide range of possibilities for determining the contractual clauses on social issues (for example the fight against unemployment).

Contract Management

There may be opportunities post-award for contracting authorities to work outside the formal procurement process, on a voluntary basis, to promote the importance of social issues such as equality and adult skills to their suppliers and supply chain. This can be an effective means of influencing suppliers' culture, and helping to ensure that it fits with the contracting authority's own set of values and needs'.

This diagram refers to information included the Office for Government Commerce (OGC) guidance, 'Buy and Make a Difference' (2008) and the Demos report, Measuring Social Value: the gap between policy and practice (2010).

Croydon Council has produced some very helpful guidance for Commissioners: 'Inspiring and Creating Social Value in Croydon A Social Value Toolkit for Commissioners': available here: <https://www.croydon.gov.uk/sites/default/files/articles/downloads/socialvalue.pdf>
The diagram below, included on page 20 of the guidance document is particularly helpful and informative.



Calculating Social Value

Tools Used to Calculate Value

Calculating value (often in monetary terms) can be a difficult and time consuming process but over recent years a wider range of guidance and resources have been made available over the internet, and more organisations are offering support and expertise. The tools most commonly used are summarised below.

Social Return on Investment (SROI)

Social Return on Investment (SROI) is a framework for measuring and accounting for value. It provides an outcomes-based measurement tool that helps organisations to understand and quantify the social, environmental and economic value they are creating. SROI is based on a participative approach and focuses on 7 key values:

- Involve stakeholders.
- Understand what changes.
- Value the things that matter.
- Only include what is material.
- Do not over-claim.
- Be transparent.
- Verify the result.

There are two key approaches or types of social return on investment:

- Evaluative: conducted retrospectively and based on actual outcomes that have already taken place.
- Forecast: predicts how much social value will be created if the activities meet their intended outcomes.

SROI is able to capture in monetised form the value of a wide range of outcomes, whether these already have a financial value or not. The result is a narrative of how an organisation creates value and a ratio that states how much social value (in £) is created for every £1 of investment. SROI is much more than just a number. It is a story about change, on which to base decisions, that includes case studies and qualitative, quantitative and financial information. For more information on how to undertake SROI see:

- Social Value UK (previously known as the SROI Network) have published a guide to Social Return on Investment, Jan 2012 but the website contains many more resources and a self evaluation tool. See: <http://socialvalueuk.org>
- A guide to Social Return on Investment, 2009 Cabinet Office, Office of The Third Sector https://www.bond.org.uk/data/files/Cabinet_office_A_guide_to_Social_Return_on_Investment.pdf
- The New Economics Foundation (nef) www.neweconomics.org
- Jeremy Nicholls, Susan Mackenzie, Ailbeth Somers (2007) Measuring Real Value: a DIY guide to Social Return on Investment, New Economics Foundation (nef). http://b.3cdn.net/nef/foundation/cf0968d3256d6bfffcc_cim6bsty5.pdf

Social Accounting

Social Accounting (more strictly defined as Social Accounting and Audit) establishes a framework for ongoing monitoring, evaluation and accountability to stakeholders (internal and external). In a similar way to SROI, Social Accounting considers social, environmental and economic values, and ensures that organisations are working to their own organisational values and objectives. In the private sector, social accounting is aligned with corporate social responsibility.

'Prove and Improve', an online resource developed by the New Economics Foundation (nef) summarises the key principles of the social accounting process:

- Multi-perspective: encompassing the views of people and groups that are important to the organisation.
- Comprehensive: inclusive of all activities of an organisation.
- Comparative: able to be viewed in the light of other organisations and addressing the same issues within same organisation over time.
- Regular: done on an ongoing basis at regular intervals.
- Verified: checked by people external to the organisation.
- Disclosed: readily available to others inside and outside of the organisation.

For more information on Social Accounting see:

- Summary information produced by the New Economics Foundation (nef) at: <http://www.proveandimprove.org/tools/socialaccounting.php>
- The Social Audit Network (SAN) is a network providing assistance to third sector or social economy organisations throughout the UK and internationally. SAN publishes a series of resources and maintains a list of SAN-approved Social Auditors. See www.socialauditnetwork.org.uk

Cost-Benefit Analysis

Cost-Benefit Analysis (CBA) estimates and totals up the equivalent monetary value of the benefits and costs to a community of a project/service. It seeks to establish whether projects/services are worthwhile by evaluating the extent to which (if at all) the benefits to society of a project, programme or intervention exceed its costs. The idea of this economic accounting originated with Jules Dupuit, a French engineer in 1848. The British economist, Alfred Marshall, further developed the concepts that are at the foundation of CBA and others have developed CBA further. More recently CBA has been widely used and promoted through the development of new tools and guidance produced by New Economy. New Economy is a policy, strategy and research body working on behalf of the Greater Manchester Combined Authority and the Greater Manchester Local Enterprise Partnership.

Undertaking a CBA requires the placement of value on additional costs and additional benefits which have occurred as a result of the intervention which is being analysed. CBA considers both direct costs, such as the cost of running a project, and indirect costs such as costs to the public sector due to on-going support following on from an intervention. In addition to financial costs and benefits, CBA also includes those costs and benefits which are not directly measured in monetary terms. It considers in-kind contributions such as volunteer time, and benefits such as improvements in quality of life, a reduction in crime etc.

To find out more about Cost Benefit Analysis see:

- Supporting Public Service Transformation cost benefit analysis guidance for local partnerships HM Treasury, Public Services Transformation Network and new Economy (April 2014) and other New Economy tools and resources:
http://neweconomymanchester.com/stories/1855cost_benefit_analysis_guidance_and_model
- A Guide to Cost Benefit Analysis (December 2013) produced by Big Lottery and Ecorys available from: <https://www.biglotteryfund.org.uk/research/health-and-well-being/wellbeing>

Cost-Effectiveness Analysis

Cost-Effectiveness Analysis (CEA) is based on the analysis of economic efficiency, where one alternative is preferred to another if it provides greater benefit at the same or lower cost, or lower cost for the same or greater benefit. This definition leaves the question open regarding which of two alternatives is more efficient if one provides greater benefit than the other, but at a lower cost. A cost-effectiveness ratio (CER), defined as costs divided by benefits. The CER most often used in health economics is called an incremental. The measurement principle for CEA is that costs are measured in terms of money, but that benefits are measured in units other than money.

Unlike CBA, which determines whether or an intervention is an efficient use of resources, CEA considers which of the possible ways of providing those is the most efficient. Cost Effectiveness Analysis is a tool widely used by the World Health Organisation. For more information see:

- WHO Guide to Cost Effectiveness Analysis (2003) available from:
http://www.who.int/choice/publications/p_2003_generalised_cea.pdf



Example Measures

In the last few years more work has been undertaken in the UK to apply social value tools such as Social Return on Investment in order to calculate the monetary value of different interventions and activities. Using this research can be helpful in better understanding the potential value of local services. Example calculations have been included below. All follow the same format: 'for every £1 spent X amount is saved or result in benefits to the value of £X'.

Every £1 spent on....

- **Arts** contributes £4 to the local economy. Local Government Association (2013) *Driving Growth through local government investment in the arts*, LGA www.local.gov.uk
- **Free leisure use** contributes £23 in health benefits. Local Government Association (2013) *Money well spent? Assessing the cost effectiveness and return on investment of public health interventions*, LGA and the Be Active Scheme, Birmingham City Council.
- **Green exercise** saves the NHS £7. Natural England and the South Downs Joint Committee (2015- website) *South Downs Nature and Health Audit*, Natural England www3.hants.gov.uk
- **Parenting interventions for those at most risk** contributes £9,288 per child over 25 years. Department of Health (2011) *No Health without Mental Health: economic case paper*. DoH
- **Parenting programmes focused on reducing disorder** saves £8 over 6 years. The Kings Fund and Local Government Association (2015) *Making the case for public health interventions. Public Health Spending and return on investment*. LGA www.local.gov.uk
- **Preventing teenage pregnancy** saves £11 in health care costs. The Kings Fund and Local Government Association (2015) *Making the case for public health interventions. Public Health Spending and return on investment*. LGA www.local.gov.uk
- **School-based public health interventions** (such as anti-bullying and anti-smoking) saves £15 in other costs. The Kings Fund and Local Government Association (2015) *Making the case for public health interventions. Public Health Spending and return on investment*. LGA www.local.gov.uk
- **Getting a child to walk to school** saves £768 in costs to the NHS, and the costs of accidents, congestion and air pollution. The Kings Fund and Local Government Association (2015) *Making the case for public health interventions. Public Health Spending and return on investment*. LGA www.local.gov.uk

- **Getting a child to cycle to school** saves £539 in costs to the NHS, and the costs of accidents, congestion and air pollution. The Kings Fund and Local Government Association (2015) *Making the case for public health interventions. Public Health Spending and return on investment.* LGA www.local.gov.uk
- **A mental health wellness programme** saves £4.17. Price Waterhouse Coopers (2008) *Building a Case for Wellness* PWC
- **Befriending support** saves £3.75 by improving health (physical and mental). The Kings Fund and Local Government Association (2015) *Making the case for public health interventions. Public Health Spending and return on investment.* LGA www.local.gov.uk
- **Social welfare advice** saves £10.

 - £1 spent on **housing advice** saves £2.34
 - £1 spent on **benefits advice** saves £8.80
 - £1 spent on **employment advice** saves £7.13

Prof Graham Cookson and Dr Freda Mold (2014) *Social Welfare Advice Services: A Review*, University of Surrey, www.legalvoice.org.uk
- **Reducing food poverty** saves the NHS 42p. Energy Bill Revolution (2014) *Building the future: The economic and fiscal impacts of making houses energy efficient.* www.energybillrevolution.org
- **Supported housing for vulnerable groups** saves £1.90 of costs to the public purse. SITRA (2015) *Inside Housing*, www.insidehousing.co.uk
- **Housing interventions to keep people warm, safe and free from damp** saves £70 over 10 years. The Kings Fund and Local Government Association (2015) *Making the case for public health interventions. Public Health Spending and return on investment.* LGA www.local.gov.uk
- **Motivational interviewing and support for people with drug and alcohol addictions** saves £5 in health, social care and criminal justice costs. The Kings Fund and Local Government Association (2015) *Making the case for public health interventions. Public Health Spending and return on investment.* LGA www.local.gov.uk
- **Drug treatment** saves £2.50 in costs to the NHS, social care and criminal justice system. The Kings Fund and Local Government Association (2015) *Making the case for public health interventions. Public Health Spending and return on investment.* LGA www.local.gov.uk
- **An alcohol service** saves £5 in costs to health and public services. Pharmaceutical Services Negotiating Committee (2009) *Alcohol Screening and Brief intervention* PSNC, www.psnc.org.uk
- **Couple counselling and marriage preparation services** saves £11.40. Department for Education (2014) *Relationship Support Interventions Evaluation*, National Federation for Education Research, Thomas Coram Research Unit and Qa Research.
- **Domestic Violence services** saves £5.99. Solace Women's Aid (2015) *Social Impact Report 2015: Ascent Advice and Counselling* Solace Women's Aid www.solacewomensaid.org./research

- **Getting people into work** saves £3 by reducing the costs of homelessness, crime and cost to the NHS. The Kings Fund and Local Government Association (2015) *Making the case for public health interventions. Public Health Spending and return on investment*. LGA www.local.gov.uk
- **Supporting people with disabilities into work** (through the Access to Work programme) can generate £1.48 in tax income, National Insurance and benefit savings. Department for Work and Pensions (2011) *Getting In, Staying In and Getting On: Disability employment support fit for the future*. DWP
- **Apprenticeships** saves £18 for the local economy. Chartered Insurance Institute (2012) *Apprenticeships: The Chartered Insurance Institutes Guide to Getting Started*, CII
- **Volunteering opportunities for offenders** saves £11 by reducing the costs of crime. Justice Datalab (2015 – website) www.sova.org.uk
- **Restorative justice face to face meetings** saves £8 through a reduction in re-offending. Home Office (2004) *Implementing restorative justice schemes: report of the first year*, Home Office
- **Doing business with a local small or medium business** leads to 63p being re-spent in the local economy. Federation of Small Businesses and Centre for Local Economic Strategies (2013) *Local procurement: Making the most of small businesses, one year on*. FSB and CLES
- **Generating funds for VCS organisations** raises £5.45. National Council for Voluntary Organisations (2012) *Almanac 2012*, NCVO www.data.ncvo.org.uk

An online resource has now been developed to assist organisations in their work to find values in research. The Global Value Exchange is an open source database of Values, Outcomes, Indicators and Stakeholders. It provides a free platform for information to be shared enabling greater consistency and transparency in measuring social & environmental values. To find out more visit: <http://www.globalvaluexchange.org/>

Some values have been included in the following table to highlight where valuations are available and provide links to source information to find out more.

Social Value - Research Findings

Outcome	Value	Source	More Information
Increase in confidence.	£995	nef's SROI conducted for Coventry's Local Enterprise and Growth Initiative (LEGI) (unpublished): https://www.gov.uk/government	SROI conducted in 2008 for Coventry's Local Enterprise and Growth Initiative (LEGI)
Cost of 1 day less ill per year	£113.63	Annual Survey of Hours and Earnings, 2013 Provisional Results, Table 1.5a (All employees UK, Mean hourly rate): 1 day * 7.5 hours * £15.15 average hourly rate = £113.63	2013 - This financial proxy has been used to value improved health
Improved physical health of volunteers	£5,596.50	An SROI Report for The Sage Gateshead when doing an SROI analysis for their project Silver Lining.	2012 This is the value to volunteers of experiencing improved physical health
Reduced isolation	2337	Trotter. L, Vine. J, Leach. M, Fujiwara. D (2014) Measuring the Social Impact of Community Investment: A Guide to using the Wellbeing Valuation Approach. http://www.mojo-programme.org/wpcontent/uploads/2015/03/MOJO_SROI_Report.pdf	
Improvement in physical health	24,120	http://www.hact.org.uk/social-value-bank http://www.turningpoint.co.uk/value_of_substance_final_pdf_2_.pdf	
Anti-social behaviour	£35	Figures derived from the New Economy Unit Cost Database: http://neweconomymanchester.com Unit-Cost-Database-v1-2-xls Original figures from The Economic and Social Costs of Anti-Social Behaviour: a review' (London School of Economics and Political Science, 2003), p.43	2014 - Cost to police of dealing with incident when no further action is taken
Domestic Violence (overall fiscal cost to multiple stakeholders)	£2,470 per incident	Figures derived from the New Economy Unit Cost Database: http://neweconomymanchester.com Unit-Cost-Database-v1-2-xls Original figures from Sylvia Walby - The Cost of Domestic violence, update (2009), p.8. This cost is based upon the Walby (2009) publication which gives data on the total cost of domestic violence (DV) in England and Wales to public services, along with the economic and human/emotional (social) costs. An average cost per incident has been derived using data from the British Crime Survey (BCS).	2014 - This valuation is the overall fiscal cost to Local Authorities, the Criminal Justice System, housing providers, children's services and the NHS per incident of domestic violence.
Feelings of trust and belonging	£15,666 per person per year	http://www.powdthavee.co.uk/resources/valuing_social_relationships_15.04.pdf You can read the full report here which includes rationale for this financial proxy here: http://www.turning-point.co.uk/media/684652/value_of_substance_final_pdf_2_.pdf	This financial proxy has been used to value relationships improve with service user. This valuation relates to the increase in annual income which would result in an equivalent increase in wellbeing.

Outcome	Value	Source	More Information
Annual cost to the government of an individual, aged 16-17, not being in employment, education or training (NEET).	£533 per claimant per year	Youth Unemployment: the crisis we cannot afford (ACEVO Commission on Youth Unemployment, 2012). Analysis of data from the ACEVO report (costs not updated), calculation as follows: total cost to exchequer nationally per year £77,099,839 (pg88); 27,500 claimants nationally; = £2,804 per person on benefits. 19% of 16-17 year old NEET population claim benefits, therefore average cost per NEET is 19% of cost per person on benefits = £533.	Note that this cost is based on benefits payments, and therefore care should be taken to avoid double-counting.
Annual cost to the government of an individual, aged 18-24, not being in employment, education or training (NEET).	£4,263 per claimant per year	Youth Unemployment: the crisis we cannot afford (ACEVO Commission on Youth Unemployment, 2012). Analysis of data from the ACEVO report (costs not updated), calculation as follows: total cost to exchequer nationally per year £4,744,204,046; 723,380 claimants nationally; = £6,558 per person on benefits. 65% of 18-24 year old NEETs claim benefits, therefore cost per NEET is 65% of cost per person on benefits = £4,263	
Overall fiscal benefit to the government of a workless claimant on Job Seeker's Allowance entering work.	£9,800 per claimant per year.	This is a total figure which can be split into: Savings to DWP through benefits payments: £9,234 Savings to NHS through reduced healthcare costs: £566. The Department for Work and Pensions Social Cost-Benefit Analysis framework (Working Paper 86)/ response to parliamentary questions (HC Deb 6 February 2013, vol 558, col 352W). Note that the monetisation figures are based on entry to employment for a 12 month continuous period.	This is the overall fiscal benefit for the government from a Job Seekers' Allowance claimant entering work.
Relief from anxiety and depression	£36,827	http://www.hact.org.uk/social-value-bank http://www.turning-point.co.uk/media/684652/value_of_substance_final_pdf_2_.pdf This financial proxy has been used to value improved mental health and a sense of being a function member of society	
Cost of truancy (5 weeks or school per year or more)	£1,509 per person per year	The cost to multiple stakeholders of persistent truancy, where truancy is missing at least five weeks of school per year. The cost can be broken down into cost to the Local Authority, NHS, Police and Social Services. Figures derived from the New Economy Unit Cost Database: http://neweconomymanchester.com Original figures from "Misspent Youth: The Costs of Truancy and Exclusion", a report by NPC from 2007. http://www.thinknpc.org/publications/misspent-youth/	Data expressed in 2005 figures in 2007 report. Assumes truancy of individual during an 11 year period which child spends at school.
Value of an increase in wellbeing associated with being a member of a social group.	£1,850	(Fujiwara, 2013) Social Value Calculator available at: http://www.hact.org.uk/socialimpact-value-calculator	October 2014

Outcome	Value	Source	More Information
Cost to the Criminal Justice System of an individual being in prison, per person, per year.	£37,163	Figures derived from the New Economy Unit Cost Database: http://neweconomymanchester.com These figures represent the overall average cost per prisoner and comprise 'public sector establishments' direct resource expenditure' plus 'an apportionment of costs borne centrally by HMPS and the National Offender Management Service' and the 'resource expenditure of contracted-out prisons, also increased by certain costs borne centrally.'	Original figures from National Offender Management Service, Ministry of Justice Annual Report and Accounts, 2010-11
Average cost to the Local Authority of a rough sleeper, per individual, per year.	£7,900 per year	Figures derived from the New Economy Unit Cost Database: http://neweconomymanchester.com/downloads/2701-140207-Unit-Cost-Database-v1-2.xls Original source from 'Evidence review of the costs of homelessness' (DCLG, 2012), pp.14-15: https://www.gov.uk Note that costs associated with rough sleepers should be distinguished from those associated with statutory homelessness.	This is the average annual spend per unit by local authorities on rough sleepers. It is sourced from Supporting People Local Systems data submitted by local authorities to the Department for Communities and Local Government.
Overall cost to the Criminal Justice System of a young person being in a Young Offenders Institute for a year.	£47,137 per person per year	For a male 15-21 year old in a closed Young Offenders Institute Figures derived from the New Economy Unit Cost Database: http://neweconomymanchester.com/downloads/2701-140207-Unit-Cost-Database-v1-2.xls Original figures from National Offender Management Service, Ministry of Justice Annual Report and Accounts, 2010-11 £40,995 per person per year for a young male in an open Young Offenders Institute.	Cost per prisoner place (per prisoner plus fixed costs allocated to prisoner volume) then inflated to current prices.
Ability to obtain advice from local people in neighbourhood (age 25-49)	£1,474 per person per year	(value to individual aged 25-49 who lives in UK but outside of London) http://www.hact.org.uk/measuring-social-impact-community-investment-guide-using-wellbeing-valuation-approach	From statistical analysis of the British Household Panel Survey (BHPS), Understanding Society, The Crime Survey for England and Wales, The Taking Part survey.
Ability to obtain advice from local people in neighbourhood (age 50+)	£3,931 per person per year	(value to individual aged 50 or over who lives in UK but outside of London) http://www.hact.org.uk/ Measuring social impact community investment guide using wellbeing valuation approach	From statistical analysis of the British Household Panel Survey (BHPS), Understanding Society, The Crime Survey for England and Wales, The Taking Part survey.
Access to internet (value to individual aged 25-49 who lives in UK but outside of London)	£3,000 per person per year	http://www.hact.org.uk/ Measuring social impact community investment guide using wellbeing valuation approach Please follow this link for further information: http://www.hact.org.uk/social-value-bank-licencing-information	Date 2014. You are able to use this free of charge if you are either: • A registered housing association or ALMO; or • Any other person or organisation whose verifiable turnover in its last financial year was less than £350,000.

Outcome	Value	Source	More Information
Access to internet (value to individual aged 50 or over who lives in UK but outside of London)	£1,125 per person per year	http://www.hact.org.uk Measuring social impact community investment guide using wellbeing valuation approach Please follow this link for further information: http://www.hact.org.uk/social-value-bank-licencing-information	Date 2014. You are able to use this free of charge if you are either: • A registered housing association or ALMO; or • Any other person or organisation whose verifiable turnover in its last financial year was less than £350,000.
Average cost of paying for private counselling (one hour sessions)	£2,080 per annum	www.statistics.gov.uk	Date 2012.
Average cost of residential and nursing care for older people	£526 per week	(average gross weekly expenditure per person) http://neweconomymanchester.com 2701-140207-Unit-Cost-Database-v1-2-xls To view original source, please see the following link: http://www.hscic.gov.uk/social-care	Original source from 'Personal Social Services Expenditure and Unit Costs, 2010-11 Final Release: final council level detailed unit costs 2010-11'.
Average Cost to the State (UK) of an individual being made homeless.	£24,500	http://www.crisis.org.uk/data/files/publications HowManyHowMuch_full.pdf	2012 This included the cost of a failed tenancy, temporary accommodation, outreach and advice services, health and criminal justice services, and resettlement.
Value of avoiding separation	£3,400 per person	The Social Impact of Housing Providers, Daniel Fujiwara Report Source: http://www.hact.org.uk/social-impact-housing-providers-report Reference: HACT Data source: Table 9, Non-housing values, p.36 , http://www.hact.org.uk Social Impact of Housing	2013 - British Household Panel Survey (BHPS) data collected by the Institute of Social and Economic Research (ISER) and supplied under licence by the Economic and Social Data Service (ESDS).
Being debt-free (value to individual aged 25-49)	£1,721 per person per year	http://www.hact.org.uk/ Measuring social impact community investment guide using wellbeing valuation approach The data has been obtained from statistical analysis of four large national UK datasets (British Household Panel Survey (BHPS), Understanding Society, The Crime Survey for England and Wales, The Taking Part survey).	2014 Value to individual aged 25-48 who lives in UK but outside of London
Being debt-free (value to individual aged 50 or over)	£2,548 per person per year	http://www.hact.org.uk/ Measuring social impact community investment guide using wellbeing valuation approach The data has been obtained from statistical analysis of four large national UK datasets (British Household Panel Survey (BHPS), Understanding Society, The Crime Survey for England and Wales, The Taking Part survey).	2014 value to individual aged 50 or over who lives in UK but outside of London

Top Tips

“measure and value the things that matter”

- Use the sources of information available to learn more about social value and learn from the work others have already done.
- Take advantage of free, online tools and guidance.
- Involve others – staff, volunteers and the people who benefit from the activities and services you provide.
- Work to agree and develop your outcomes and how you can measure them with your stakeholders.
- Review your outcomes and measurement processes.
- Seek and plan steps for improvement.
- Work with commissioners and funders to secure social value.
- Think local – when making changes consider how they will impact on the wider community and whether there is potential to make decisions that will benefit others.
- Ensure measurement is proportional – don't let your work on social value take you away from service delivery.
- Develop your partnerships and networks.
- Start small and develop your approach over time.
- Celebrate your achievements and the social value you are creating.
- Communicate your social value.

“the move to better measures of social return on investment is a journey. The important thing is to embark on that journey, get the benefit from the first steps, and not worry too much that nirvana is a long way off.”

Quote from Demos (2010) ‘Measuring Social Value: the gap between policy and practice’

Information Sources

The links below include some free online resources and some consultancies offering support:

<http://socialvaluehub.org.uk/> a free resource created by a number of partner organisations and hosted by Social Enterprise UK. It is a resource for anyone who wants to understand more about social value, and especially about the Public Services (Social Value) Act 2012.

<http://socialvaluecommissioning.org> This is a site is dedicated to developing a shared understanding of how social value can be part of the commissioning process in the UK. It is hosted by Social Value UK (see below).

<http://socialvalueuk.org/> Social Value UK (previously the SROI Network) supports social generally accepted accounting principles (SGAAP) that can be used to account for and manage the social, economic and environmental outcomes created by an activity or organisation.

www.socialvaluelab.org.uk Social Value Lab is a UK centre of expertise in social impact measurement helping organisations to measure the un-measurable, by providing training, mentoring, and consultancy in a range of techniques adapted to client needs.

www.demos.co.uk/project/measuring-social-value Ensuring value for money in public service delivery is now a more pressing policy concern than ever before. Measures of social value, are increasingly replacing narrow financial returns as funders and commissioners want more 'bang for their buck', particularly for the third sector, where social returns can be far greater than in the commercial world. Measuring Social Value reveals a gap between the aspirations of policy makers and the ability of third sector organisations to measure and capture basic social outcomes.

<http://www.proveandimprove.org/> Proving and Improving a website developed as part of the National Performance Programme, funded by Capacitybuilders' and led by the Charities Evaluation Services (CES) in partnership with ACEVO, the New Economics Foundation (nef), New Philanthropy Capital and Voice4Change England.

www.social-value.org.uk/index.html Providing a flexible package of workshops and consultancy services designed for social enterprises, voluntary organisations and charities looking to improve their market position by better understanding and communicating their impact.

www.socialenterprise.org.uk/advice-services/topic/social-impact Social impact is the effect of an activity on the social fabric of the community and well-being of individuals and families. If you're a social enterprise or charity, this website will help you on your way to understanding, and measuring, your social impact. One of the main difficulties with assessing social impact is the variety of different methods used to measure it due to the diverse nature of the social enterprise sector, so some are better suited to certain organisations than others.

www.hact.org.uk/news/new-hact-social-value-metrics-guidance-toolkit A comprehensive set of social impact metrics covering the most common housing provider neighbourhood-focused activities.

<http://www.thinknpc.org/> New Philanthropy Capital (NPC) is a charity think tank and consultancy. It published a wide range of useful documents covering themes such as demonstrating impact, social investment, charitable giving etc.

http://www.compactvoice.org.uk/sites/default/files/social_value_briefing.pdf
Compact Voice support the Compact at local and national levels and has produced a useful guidance document on social value.

<https://www.ncvo.org.uk/> NCVO champions the voluntary sector and volunteering and works hard to provide a range of resources to assist VCSE groups and organisations. Practical support is provided via: <http://knowhownonprofit.org/>

<http://www.collaborativecommunities.org.uk/english/home> Collaborative Communities works with VCSE organisations to address the multi-faceted issues of sustainability; organisational robustness, reduction in grant dependence and income generation and develop the unrealised potential of social enterprises as a particular type of service provider which fill market gaps in service delivery provision. The site includes information on demonstrating social impact.

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