

Measuring social value impacts

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Maria Vitale

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Contents

This session will give an overview of the approaches that can be used to measure the impacts of interventions on social value for the Economic Case. This is drawn from the latest Green Book guidance.

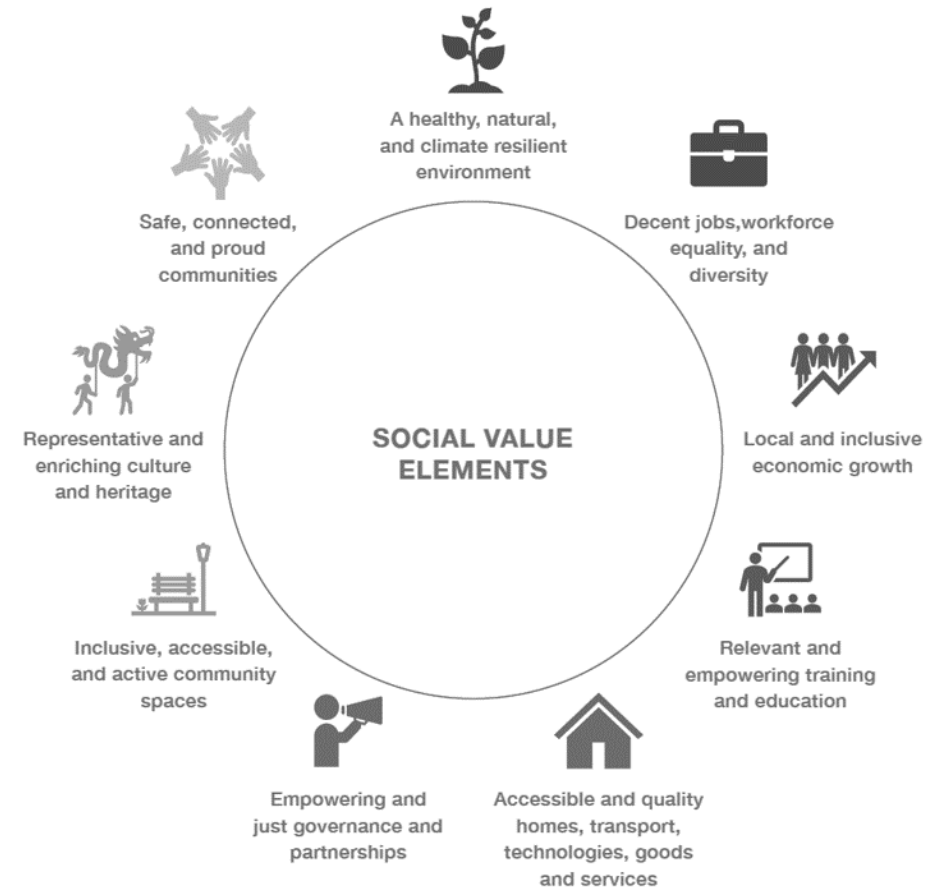
The session will cover:

- What is social value and how it relates to other benefits and impacts
- When to account for social value benefits and impacts in the business case
- How to identify and measure social value benefits and impacts for the Economic Case
- Methodologies and resources for monetising social value benefits and impacts
- Ensuring delivery and how to maximise social value benefits and impacts

What are we talking about?

Social value is the enduring and systemic change created within communities that leads to improved well-being and quality of life for individuals

- **More inclusive, equitable and just society**
- **Core thread** running throughout **projects**
- Place-based, addressing **local need**
- Considered at **every stage of the project lifecycle**
- From **outputs to outcomes**

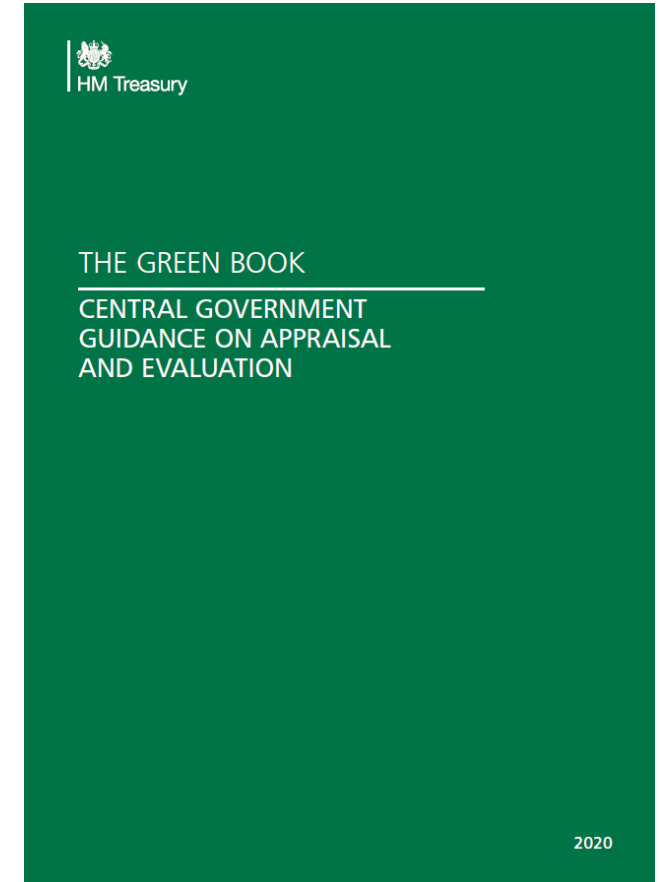


Social Value and Green Book

The **Green Book** gives guidance on how to appraise an investment, including conducting a **Social Cost Benefits Analysis (SCBA) to UK society** and calculating a **Social Net Present Value (SNPV)** as part of the Economic Case. This is essentially calculating the social value of the project.

*‘...The appraisal of social value, also known as public value, is based on the principles and ideas of welfare economics and concerns overall social welfare efficiency, not simply economic market efficiency. Social or public value therefore **includes all significant costs and benefits that affect the welfare and wellbeing of the population**.... For example, environmental, cultural, health, social care, justice and security effects are included’*

(Paragraph 2.3, The Green Book 2020, HM Treasury)



Overlaps with other impacts

Other “Measuring impacts” webinars have covered many types of social value already.

- **Measuring Environmental Impacts**
- **Measuring Health Impacts**
- **Measuring Cultural and Heritage Impacts**
- **Measuring Transport Impacts**
- **Measuring Land Value Uplift Impacts**

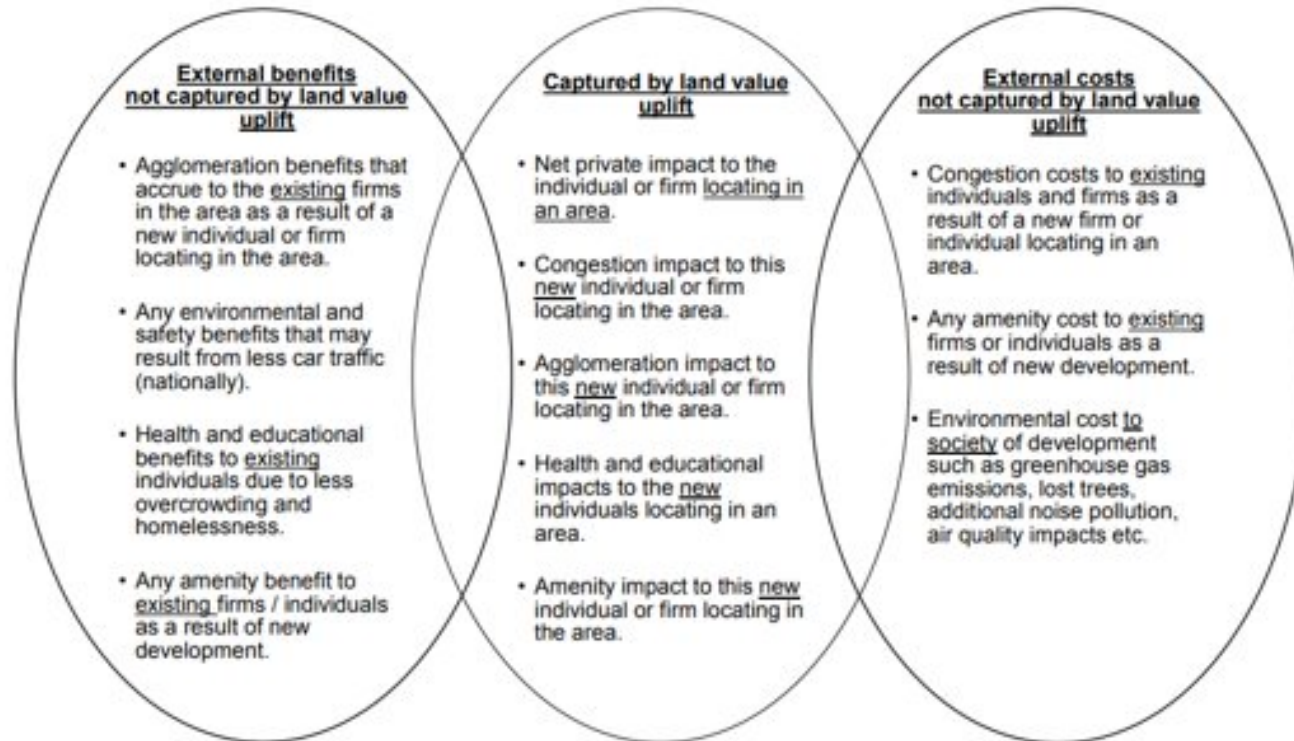
This presentation won't cover how to measure these impacts or the specific guidance available for these areas. Please refer to the other webinars for guidance.



Overlaps with other impacts

Be very careful not to double count.

What's counted and not counted in land value uplift:



Transport example:

Project: New bus route to the local college

Social Value identified: increased access to education and training

Where its already captured: the change to the demand for bus journeys

Source: DLUHC (formerly known as DCLG), 2016, DCLG appraisal guide (pg. 83)

When to account for social value in business case

It can be incorporated into every case.

- Strategic Case: In project vision, objectives and theory of change
- Economic Case: In Value for Money Appraisal*
- Commercial Case: Including how social value will be delivered through your Procurement Strategy
- Financial Case: Ensuring you have taken into consideration all costs associated with delivering the social value identified
- Management Case: In the project team, benefits realisation and register, monitoring and evaluation, stakeholder engagement and communications sections

Social Value can be measured in other contexts which may not use methodologies which are Green Book compliant:

- **Procurement**
- **Monitoring & Evaluation**
- **Stakeholder engagement and communication**

*This is the focus of this guidance

Identifying social value impacts

First, identify the social value outcomes that you want to achieve for a project, using the [UKGBC Defining Social Value Framework](#) steps:

1. Identify the relevant stakeholders based on the likely impact of the project on their quality of life, using stakeholder analysis and engagement from the TIP
2. Understand what is in the best interests of the relevant stakeholders, linking with the evidence of need from the TIP
3. Articulate social value outcomes for the project based on the best interests of relevant stakeholders. These can be added to project outcomes identified at the TIP stage.



Good stakeholder engagement, understanding of local needs and detailed theory of change for the project can help identify all of the impacts

Social Value is embedded in project objectives and outcomes

Identify who is impacted

Users

Non-users

Public sector
organisations

Businesses
and VCSEs

Measuring impacts in the Economic Case



Measuring impacts

Deciding which impacts to quantify

- Is the required data available?
- How robust are your data and assumptions?
- Which methodologies are available?
- Is the methodology compatible with the Green Book Guidance?
- Is the method proportionate to the intervention (in terms of resource and cost)?
- Is the impact important to the decision being considered?
- What is already being measured (to avoid double counting)?



Quantified benefits



Non-quantified benefits

Measuring impacts

Avoiding overclaiming by applying Additionality Guidance for both Social CBA and Place-based analysis and considering Dis-benefits.

Additionality effects	What is it?	Example: Reduced crime around a restored building	Example: Increased skills as a result of a new construction training programme*
Deadweight	The reference case/do-minimum/baseline. What would have happened anyway.	How much of the crime would have been reduced by other planned measures such as increased foot patrols	How many people would have picked up skills on the job
Leakage	Impacts going to beneficiaries outside of the target group. This is more important for place-based analysis as Social CBA will consider the entire UK as the target group.	Likely N/A because of the localised nature of the crime	How much of the benefit goes to people outside of the target area who commute in to attend classes (Does not apply to Social CBA)
Substitution	When an output or outcome replaces another to take advantage of public sector assistance	Not likely to be relevant, but could consider how much of the vandalism was replaced by other types of anti-social behaviour in the area	The college stops offering a catering course to replace it with a construction course
Displacement	When an output or outcome is moved from one place to another	How much of the crime moved to a different location in town	How many people attending the next nearest construction training programme switch to the new programme to reduce their commute. Or how many learners switch their studies to the new course.
Economic Multiplier effects	Usually used for economic impacts such as jobs and productivity. Warning: The Green Book Guidance uses updated guidance which differs from the Additionality Guide for this.	Not likely to be relevant. Would apply to the jobs created by the operation of the building.	Not likely to be relevant. Could be considered for the new teaching jobs created.

Also consider ramp-up, ramp-down or plateauing of impacts.

*Assuming this is not already assessed as part of a new skills hub's land value uplift

Measuring impacts

Calculating additionality: Example from Additionality Guidance

Additionality of the number of community users of Citizens Advice Bureau (CAB) outreach services at a new community centre, compared with a reference case.

Table 5.12: Additionality of CAB usage				
		Intervention Option	Reference Case	Additionality
A	Gross direct	66	11	
B=estimated leakage	Leakage (specific estimate)	13	0	
C=A-B	Gross local direct effects	53	11	
D=C*0	Displacement - none	0	0	
E=C-D	Net local direct effects	53	11	
F=Not applicable	Multiplier	N/A	N/A	
G=E+F	Total net local effects	53	11	
H=G (Intervention option) -G (Reference case)	Total net additional local effects			44

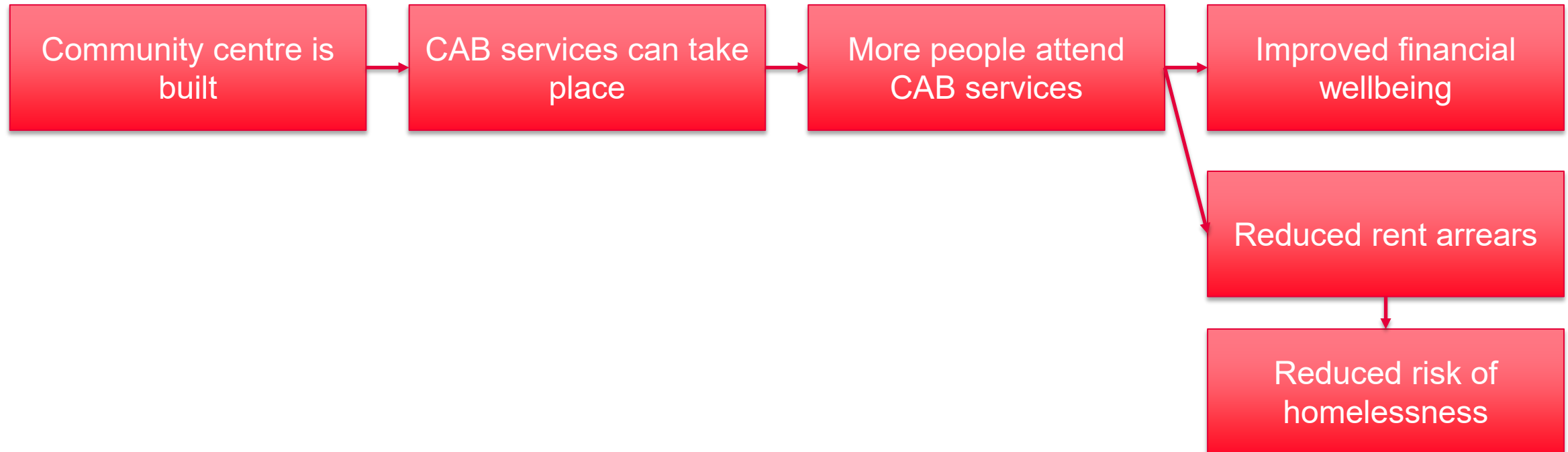
Context: Rural area. “CAB currently do not take place in the local area.” “It is estimated that 66 individuals would use the CAB Services at the new centre, compared with 11 under the **reference case**” (these are presumably travelling to CAB services elsewhere). “The **target area**, which the centre is intended to serve, is quite large geographically, containing five small villages within a five mile radius of the centre with a combined population of 1,500 people. It is expected that the majority of users will come from the target area although it is possible that for a small number of the events and activities a number of the users will come from outside of the target area (**Leakage**). For example, the CAB sessions might attract users from outside of the target area, as might a number of training sessions. In the absence of the centre the small parish hall would continue to be used as it is at present for a limited range of local activities such as the toddler group and lectures of local interest. It is likely that the parish hall will continue to be used at the same level regardless of whether or not the centre is built (**Displacement and reference case**).

Measuring impacts

Additionality guidance should be applied to both outcomes and outputs.

The CAB example measured benefit which is an increase in individuals using CAB services. But what is the social value created by this (the outcomes or impacts)?

Theory of Change



Methodologies for monetising social value

HMT Green Book Valuation Methods

Box 20. Valuation Methods for Non-Market Prices

Market prices

Prices from the relevant market (excluding taxes and subsidies). In some cases a closely comparable market can be used where a direct market price is unavailable.

Generic prices

Use of a Green Book approved transferable price applicable to the proposal.

Revealed preference

Techniques which involve inferring the implicit price placed on a good by consumers by examining their behaviour in a similar or related market. Hedonic pricing is an example of this where econometric techniques are used to estimate values from existing data.

Stated preference willingness to pay

Research study by professionally designed questionnaire eliciting willingness to pay to receive or avoid an outcome.

Stated preference willingness to accept

Research study by professionally designed questionnaire eliciting compensation to accept a loss.

Wellbeing

Use of direct wellbeing based responses (in existing data or from research by questionnaire) to estimate relative prices of non-market goods.

Estimation of a central reference value and a range

Based on available data.

Tools for monetising social value

GMA Tool and Unit Cost Database

- What is it: a cost-benefit analysis excel tool and cost database designed for appraising interventions for public services
- HMT Green Book supplementary guidance
- Provides a cost database and optimism bias guidance of fiscal costs to public sector agencies, and economic (net increase in earnings or growth in the local economy) and social values (wider gains to society such as improvements to health, educational attainment, access to transport or public services; safety) across:

- crime
- education and skills
- employment and economy
- fire
- housing
- health
- social services
- energy

Note: some fiscal values may be transfer payments and should be excluded from the economic case

Outcome category	Outcome detail	Cost code	Cost / saving detail	Unit	Agency bearing the cost / making the fiscal saving		Fiscal value			Economic value			Social value		
					Level 1	Level 2	Estimated cost/saving	Year	Updated cost/saving	Estimated cost/saving	Year	Updated cost/saving	Estimated cost/saving	Year	Upd costs
					EDUCATION & SKILLS	TRUANCY	E&S1.0	Persistent truancy - total fiscal cost of persistent truancy (missing at least five weeks of school per year), per individual per effective year	Per person per year	Multiple		£ 1,509	2005/06	£ 1,965	£ 842
EDUCATION & SKILLS	EXCLUSION	E&S2.0	Permanent exclusion from school - fiscal and economic cost of permanent exclusion from school, per individual per effective year	Per person per year	Multiple		£ 9,219	2005/06	£ 12,007	£ 529	2005/06	£ 689			
EDUCATION & SKILLS	PROGRAMMES	E&S3.0	School-based emotional learning programme - cost of delivery, per child per year	Per child per year	Schools	Department for Education	£ 132	2009/10	£ 156						
EDUCATION & SKILLS	QUALIFICATIONS/ SKILLS	E&S4.0	NVQ Level 2 Qualification - annual fiscal and economic benefits	Per person per year	HM Treasury		£ 83	2010/11	£ 96	£ 443	2010/11	£ 515			
EDUCATION & SKILLS	QUALIFICATIONS/ SKILLS	E&S5.0	City & Guilds Level 2 Qualification - annual fiscal and economic benefits	Per person per year	HM Treasury		£ 641	2010/11	£ 745	£ 1,059	2010/11	£ 1,232			
EDUCATION & SKILLS	QUALIFICATIONS/ SKILLS	E&S6.0	BTEC Level 2 Qualification - annual fiscal and economic benefits	Per person per year	HM Treasury		£ 494	2010/11	£ 574	£ 878	2010/11	£ 1,021			
EDUCATION & SKILLS	QUALIFICATIONS/ SKILLS	E&S7.0	Marginal Lifetime Benefit of Achieving a Level 2 Apprenticeship compared to anything less for males	Lifetime	HM Treasury					£ 138,999	2012/13	£ 156,431			
EDUCATION & SKILLS	QUALIFICATIONS/ SKILLS	E&S8.0	Marginal Lifetime Benefit of Achieving a Level 2 Apprenticeship compared to anything less for females	Lifetime	HM Treasury					£ 67,444	2012/13	£ 75,902			

Tools for monetising social value

GMA Tool and Unit Cost Database Examples

Benefits																Public Value				Monetisation evidence financial year	GDP deflator compared to price base year	Unit cost notes /assumptions	Optimism bias correction	Fiscal benefit	Public value benefit		
Ref.	Outcomes	Included outcome ?	Benefits	Who does benefit accrue to?	Target population	Pop notes/ assumptions	Affected population / Predicted incidents	Affected pop notes/ assumptions	Level of engagement with the affected population (%)	% engagement notes / assumptions	Retention rate (%)	% retention notes / assumptions	% impact (effectiveness of changing skills / attitudes / behaviours)	% impact notes / assumptions / sources	% deadweight	% deadweight notes / assumptions	Unit fiscal benefit (£)	Unit public value (fiscal) benefit (£)	Unit public value (economic) benefit (£)							Unit public value (social) benefit (£)	Unit public value (total) benefit (£)
B4a	Improved skill levels	Yes	Increase in earnings amongst residents achieving Level 2 NVQ	Population without Level 2 qualifications	10,000	Population of the town	2000	Population without Level 2 qualifications	10%	% of affected target population which sign up to the skills programme	50%	% who gain Level 2 qualification	40%	% with increased earnings as a result	30%	Reference case - would have attended another course anyway - there is a college within 1 hour drive	£ 83	£ 443		£ 443	2010-11	85.867	BIS (2011): Returns to vocational qualifications. Research Paper 53 pg9-10; and IER (2008): Net Benefits of Training Study 2008 p62-64		£ 966.61	£ 5,159.11	
B4b		Yes	Increase in earnings amongst residents achieving Level 3 NVQ progressing from Level 2	Population qualified to Level 2 but not qualified to Level 3+	10,000	Population of the town	1000	Population qualified to Level 2 but not qualified to Level 3+	20%	% of affected target population which sign up to the skills programme	75%	% who gain Level 3+ qualification	60%	% with increased earnings as a result	40%	Reference case - would have attended another course anyway - there is a college within 1 hour drive	£ 513	£ 921		£ 921	2010-11	85.867	BIS (2011): Returns to vocational qualifications. Research Paper 53 pg9-10; and IER (2008): Net Benefits of Training Study 2008 p62-64		£ 17,922.97	£ 32,177.50	
B8a	Reduced ASB	Yes	Reduced incident requiring no further action	Police, Neighbourhood teams	100	Number of incidents within x metres of site in a year	100	Number of incidents within x metres of site in a year	100%	All incidents are near the restored building	75%	Assumes there is some drop off in benefits over time	25%	Building reduces crime by roughly half, but some activity moves elsewhere (displacement)	50%	Police were already increasing foot patrols in the area	£ 35	£ 35		£ 118	£ 153	2002-03	71.290	LSE Report into cost of ASB 2003		-£ 920.54	-£ 4,024.08
B8b		Yes	Reduced incidents requiring further action	Police, Neighbourhood teams	50	Number of incidents within x metres of site in a year	50	Number of incidents within x metres of site in a year	100%	All incidents are near the restored building	75%	Assumes there is some drop off in benefits over time	25%	Building reduces crime by roughly half, but some activity moves elsewhere (displacement)	50%	Police were already increasing foot patrols in the area	£ 500	£ 500		£ 118	£ 618	2002-03	71.290	LSE Report into cost of ASB 2003		-£ 6,575.29	-£ 8,127.06
S9	Improved community well-being	Yes	Sense of trust & belonging	Community	10,000	Population of the town	2500	Lowest quartile income	50%	Assumed comms activities about the community events programme will reach half	75%	Assumed 75% continue to attend community events programme	40%	Considering some displacement from other types of community functions	25%	Other initiatives aimed at improving sense of trust & belonging are ongoing				£ 8,500	£ 8,500	2009-10	84.299	Bespoke analysis carried out by New Economy Manchester. Based on apportioning the willingness to pay value for the QALY impact of depression (£35,400 per annum) across all the domains of wellbeing as set out in the National Accounts of Wellbeing		£ -	£ 1,417,946.86

Tools for monetising social value

HACT Social Value Bank and Calculator

- What is it: a cost-benefit analysis excel tool and value database using CBA principles and wellbeing valuation approach
- Developed and used by housing associations to measure the social impact of community investment
- Uses input data from evidence from surveys (surveys provided), attendance records, organisation records, etc
- Licencing conditions: Commercial restrictions on use unless you are a registered housing association or ALMO; or person or organisation with turnover of less than £350,000 a year and are not using it for resale or disposal of the values
- Wide range of values in the Social Value Bank – outcomes for yoga, littering, housing security, access to internet, employment
- Considers age and values for outside of London
- Guidance to avoid double counting and deadweight
- Surveys for:
 - Local Environment
 - Employment survey
 - Health survey
 - Financial Inclusion
 - Youth

Methodologies for monetising social value

What about Social Value Portal TOMs and SROI?

	Social Return on Investment (SROI)	SVP TOMs	Social Cost Benefit Analysis
Developed by	Social Value UK and HM Cabinet Office	Social Value Portal	HM Treasury
How it monetises	Collecting primary data Wider range of methods	Set of outcomes and measures for social value. Provides financial proxies for a wide variety of social value activities	Market prices, Generic prices, revealed preference, stated preference willingness to pay, stated preference willingness to accept, wellbeing
Primarily used by	VCSEs and private sector businesses to demonstrate their impact	Local Government Association, commissioners, developers, supply chain	Public sector for business cases
Best for	Demonstrating effectiveness of programmes Communicating impact	Measuring social value of procurement	Measuring social value in the Economic Case
HMT Green Book Compliance	Stakeholders must inform the outcomes – so doesn't include all impacts	Financial proxies follow Green Book Guidance and have roots in the GMA Unit Cost Database, but sometimes targets claimed are not additional.	Green Book approved methods
	Wider range of methods of monetising than allowed by Green Book	Does not always value the impacts – some proxies are for inputs and outputs (ie number of volunteering hours or number of training sessions held)	Considers all impacts

Qualitative impacts

Unquantified benefits are an important part of the Economic Case. It may not always be proportionate (effort or cost required) or possible to quantify all benefits. No specific format or method is required by MHCLG, but there are steps that can be taken to show that these benefits are robust and evidenced:

- Show a **benefits map/logic model/detailed theory of change** for the project benefits and disbenefits. See **Figure 4**
- Identify any **additional activities which need to happen in order to achieve the benefit** (i.e just because a new arts centre is built, does not necessarily mean that this will increase cultural participation). Ensure these are included in the project scope and plan if they are going to be claimed as direct benefits, otherwise they should be claimed as indirect or enabled benefits which require a further project or works to be delivered
- Identify **beneficiaries** for further robustness
- Specify the **magnitude and certainty** of the benefit
- A **benefits register** should be provided as part of the Management Case

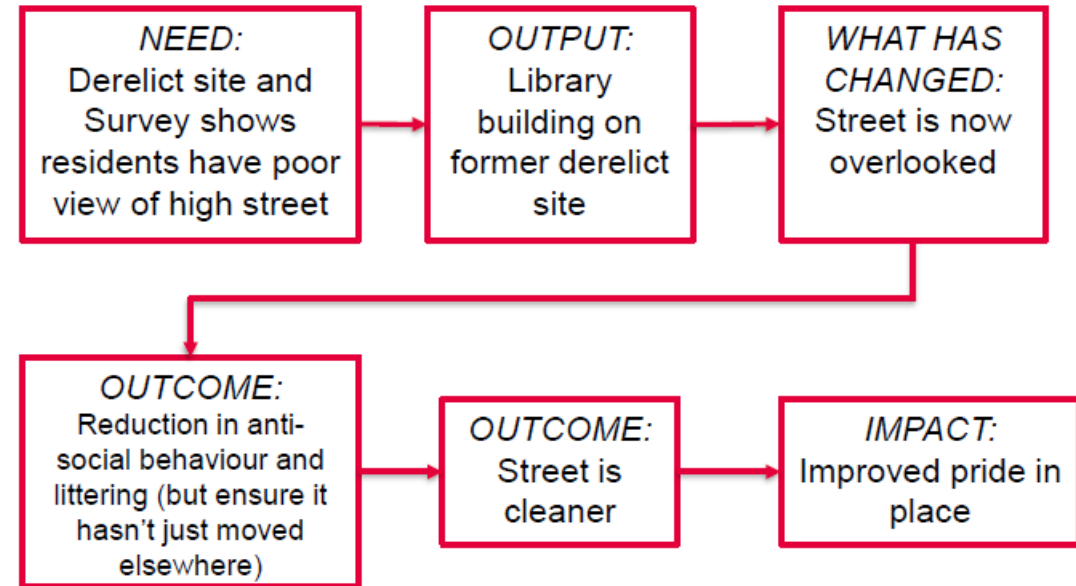


Figure 4: Detailed benefits map/theory of change for a project

Ensuring delivery and how to maximise social value benefits and impacts

Top Tips

- Make sure the benefits you are claiming can be directly delivered by the project scope (ie will training, behaviour change, and/or communication be needed in addition to capital project to achieve benefits?) - Do not assume “if we build it, they will come”
- Where benefits are indirect or are enabled, make this clear and outline what other dependencies they have
- Good design and operation is essential – its all in the detail. Consider the perspective of different users with good stakeholder engagement and co-design
- Has social value been considered for every stage of the lifecycle: Design, planning, procurement, construction, operation and maintenance?
- Manage benefits like you would project risks, budget and timescales – they are the whole reason for the project

Additional tools and guidance

These are in addition to those covered in other webinars.

- Greater Manchester CBA model and Unit Cost Data Base
- HACT - Social Value Calculator
- SVUK Global Value Exchange (seems to currently be unavailable)
- UKGBC - Delivering Social Value Measurement
- RIBA - Social Value Toolkit
- Social Value UK – Social Return on Investment Guidance
- Social Value Portal – National TOMs Framework

Other Social Value Guidance

Check out the other Social Value guidance available on the Towns Fund website

- [Social Value 101](#)
- [Maximising Value for Money through Social Value](#) - this includes guidance on how to incorporate social value into each of the 5 cases
- [Boost your TIP: Social Value blog](#)
- [Social Value in Stage 2 blog](#)
- [Towns Fund Social value in Construction – the role of procurement blog](#)

Questions?