



# Social Impact Measurement & Metrics

## *Methodologies, frameworks and tools*

Updated May 2015

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# 1. Introduction

This document has been produced by Business in the Community as part of the communication and collaboration workstream of the Social Value project.

The purpose of this document is to summarise key measurement methodologies and tools that could help our members track, measure or articulate the social and economic benefits of their activities. We include a brief description of each one and include the relevant links to their website.

This document does not contain original content; it is a compilation of material from various sources. The source of the content is noted in the references at the end of the document.

## 2. Key Models of Social Impact Measurement

### 2.1 Social Cost-Benefit Analysis

Social Cost-Benefit Analysis (Social CBA) seeks to express the full social costs and social benefits of a project, programme or intervention in monetary terms. Financial proxies are used to calculate social outcomes and most draw on one or more of a number of standard approaches. These include stated preference, revealed preference and more recently life-satisfaction approaches<sup>1</sup>.

Stated Preference uses specially constructed questionnaires to elicit estimates of people's Willingness to Pay for (or Willingness to Accept) a particular outcome. Revealed preference observes people's behaviour in related markets<sup>2</sup>. Life-satisfaction approaches draw on existing well-being data from surveys such as the ONS's Integrated Household Survey, and look at the impact of a wide range of variables, including income, on life satisfaction. By comparing the increase in income needed to keep life satisfaction constant when another variable is altered, the value of that variable can be derived.

Social CBA also usually incorporates measuring indirect, or 'knock-on' costs and benefits of an intervention. These may include tangible impacts with a market value (e.g. number of jobs indirectly created); tangible impacts with no market value (e.g. environmental impacts); and intangible impacts with no market value (e.g. well-being or social capital)<sup>1</sup>.

### Social CBA Resources

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#### VALUATION TECHNIQUES FOR SOCIAL COST-BENEFIT ANALYSIS – HM TREASURY

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This paper by Daniel Fujiwara and Ross Campbell considers three techniques for the valuation of non-market impacts in terms of their strengths and weaknesses; stated preference, revealed preference and subjective well-being approaches - [Click here](#)

## 2.2 Social Return on Investment

Social Return on Investment (SROI) goes one step further than social cost-benefit analysis and ensures that undue emphasis is not given to outcomes that are easy to quantify and value in financial terms at the expense of other outcomes that may be more important to stakeholders but do not have such a readily available financial value<sup>3</sup>.

It is an approach that is strongly grounded in direct stakeholder engagement and seeks to enable better decision making by taking into account the social, economic and environmental outcomes created by a project, activity or organisation. The result is expressed as a ratio and allows organisations to state that an investment of £1 delivers £x of social value.

As a process SROI involves identifying the outcomes of the activity being measured, giving them a financial value, excluding outcomes that would have happened anyway or are a result of other factors and then calculating the ratio of investment to benefit or value created. It is not an academic exercise that can be applied independently or 'outside' of the activity being measured and can be resource intensive due to the stakeholder engagement required<sup>1</sup>.

### SROI Resources

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#### A GUIDE TO SOCIAL RETURN ON INVESTMENT – SOCIAL VALUE UK

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A guide to social return on investment published by the cabinet office, 2012. The purpose of the guide is to standardise practice, develop the methodology and provide clarity on use of SROI - [Click here](#)

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#### INTRODUCTION TO SOCIAL RETURN ON INVESTMENT - ECORYS

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This guide provides an accessible introduction to SROI and how it can be used and sets out a thorough step-by-step process of how to undertake an SROI assessment for an organisation or project. The guide was funded by the Big Lottery and input was received from Social Value UK - [Click here](#)

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#### SOCIAL VALUE UK

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Social Value UK (previously The SROI Network) is a global network of individuals and organisations, headquartered in the UK that promotes the use and development of the SROI methodology internationally - [Click here](#)

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#### GLOBAL VALUE EXCHANGE – SOCIAL VALUE UK

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Social Value UK runs The Global Value Exchange (previously WikiVOIS) which is an open-source database of values, outcomes, indicators and stakeholders and provides a free platform for information to be shared to enable greater consistency and transparency in measuring social & environmental values - [Click here](#)

To view a table illustrating *how* each user can use the site with the reasons *why* this could be of benefit - [Click here](#)

## 2.3 Multi-Criteria Analysis

Multi-Criteria Analysis (MCA) is a non-monetary approach and an umbrella term for a range of techniques that formulate a set of success criteria and assess the options in terms of their contribution to the different criteria.

In this approach the importance of different attributes/criteria can be traded-off to derive an overall success indicator for the options. This indicator can be on a numerical scale – for example, 0 to 100 - and reflects the level at which the intervention is judged to achieve the success criteria. A simple example of this would be the use of a star system in product assessment where, say, a camera that ticks all of the criteria boxes (eg, cost, picture quality, size etc) receives a five-star rating.

There are many methods in use for scoring the performance of interventions in respect to the success criteria and deriving an overall success indicator, but they are usually based on experts' and stakeholders' strength of preference towards the criteria. The process of valuation in MCA converts the performance and impact of an intervention onto a numeric scale that can be used to identify a single most preferred option or to rank options, however the numeric outcome only has meaning within the context of the MCA<sup>4</sup>.

### MCA Resources

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#### MULTI-CRITERIA ANALYSIS TECHNIQUES – SOCIAL IMPACTS TASKFORCE

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The principal central government guidance on the application of multi-criteria analysis (MCA) techniques - [Click here](#)

## 2.4 Social Earnings Ratio

Within the financial world, the Price/Earnings Ratio (P/R Ratio or PER) is the main single index evaluation technique of economic performance. Used throughout the world, and reported daily on stock exchanges, it has become the universally adopted tool. In rough terms, the P/E measures the capitalization of a company against the amount of profit it generates. As a progression from this, the Social Earnings Ratio (S/E Ratio) measures the social impact of an organisation against the monies invested to achieve it and returns a one number social impact metric.

Described as the new generation of impact metrics, the S/E Ratio doesn't use subjective measures or financial proxies. Only publically available data is used; measuring community impact through sentiment analysis, surveys, voting, digital democracy and social media.

Independently commissioned, the methodology has been developed by the Centre for Citizenship, Enterprise and Governance (cceg.org.uk)<sup>5</sup>.

### S/E Ratio Resources

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#### S/E RATIO TOOL

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The S/E Ratio is a free, open source, one-number social impact metric that uses no-financial proxies - [Click here](#)

## 2.5 Well-Being Valuation

The Well-being Valuation approach is one being pioneered by UK- based economist Daniel Fujiwara, working closely with UK social housing providers and housing sector organisation HACT. It is used as a basis for the assessment of social impact of individual activities, programmes or projects.

The approach draws on large national survey data including people's living circumstances and their responses to well-being questions. It uses this data to estimate the impact of the good or service and income on people's self-reported well-being and uses these estimates to calculate the exact amount of money that would produce the equivalent impact on well-being. It is then possible to state that the uplift in the life satisfaction caused by the good or service is worth £x per year; this is the Well-being Value for that good or service.

A challenge noted with this technique is the potential for it to result in very high valuations as large increases in income are needed to increase well-being. If a project increases well-being it is likely therefore to have a large value applied to it<sup>1</sup>.

### Well-Being Valuation Resources

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#### HACT VALUE INSIGHT

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Online tool that helps businesses understand, measure and map the social impact of community investment activities and impact on the local economy. It was developed by HACT for housing associations but can be used by any business. It uses the well-being valuation approach.

Measuring the Social Impact of Community Investment: A Guide to using the Wellbeing Valuation Approach - [Click here](#). The Value Calculator - [Click here](#)

## 2.6 Cost-Utility Analysis

Cost-utility Analysis (also known as health-related CEA) uses the process of converting health impacts into quality adjusted life years (QALYs), rather than monetary values. This is achieved through the preference satisfaction approach.

In the UK health states and conditions are assessed on five dimensions using the EQ-5D survey (mobility, self-care, usual activities, pain/discomfort and anxiety/ depression) and people are asked about their preferences between living a life with that condition or a shorter one in full health (the time trade-off approach). This information enables ratings of different health states on the QALY scale, which reflects health related quality of life or wellbeing.

An acceptable cost effectiveness threshold is set in the UK and interventions that cost more than this threshold in GBP for a 1 unit QALY increase may be rejected. CUA is implementable only where there are health related benefits involved and in this sense it is narrower than CBA which acknowledges all impacts on society<sup>4</sup>.

## 2.7 Cost-Effectiveness Analysis

Cost-effectiveness analysis (CEA) provides a non-monetary valuation that compares costs to outcomes as a ratio and is most useful when benefits cannot be monetised. CEA is commonly used in healthcare, for example, where it is difficult to put a value on outcomes but where outcomes themselves can be counted and compared, e.g. 'the number of lives saved'.

CEA measures costs in a common monetary value (£) and the effectiveness of an option in terms of physical units. Because the two are incommensurable, they cannot be added or subtracted to obtain a single criterion measure. The ratio of costs to effectiveness can be expressed as, CE ratio =  $C1/E1$ , where  $C1$  = the cost of option 1 (in £); and  $E1$  = the effectiveness of option 1 (in physical units). For example, £s spent per life saved. Projects can be rank ordered by CE ratio from lowest to highest. The most cost-effective project has the lowest CE ratio<sup>6</sup>.

In most circumstances, CEA is the cheapest and quickest social impact method to perform however it does not explicitly value the outcome and is narrow in focus in that it can only be used to assess one outcome from the intervention<sup>4</sup>.

## 3. Guidance and Tools

### 3.1 Tool Comparison

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#### WBCSD MEASURING SOCIO-ECONOMIC IMPACT – A GUIDE FOR BUSINESS

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WBCSD developed a guide to help companies navigate the landscape of socio-economic impact measurement.

They analysed ten different tools, all based on different assumptions, offering different functionality, focused on different types of impact, and suited for different purposes - [Click here](#)

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#### PROVE AND IMPROVE TOOLS – NEF

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Decider and Comparison charts, developed by nef, offer an overview of the approaches to measuring impact and quality. The charts feature more than 20 tools compared for quick reference - [Click here](#)

### 3.2 Information Hubs

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#### SOCIAL VALUE COMMISSIONING WEBSITE

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A website containing information on how you can increase the social value you create through all aspects of your commissioning from initiating through delivery and review. It is a source of information and businesses can upload their own case studies - [Click here](#)

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#### SOCIAL VALUE HUB

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The Social Value HUB is a free resource created by a range of partners who serve the social economy. It's for anyone who wants to understand more about social value, and especially about the Public Services (Social Value) Act 2012. The hub contains a range of shared resources including frameworks, case studies and toolkits - [Click here](#)

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#### SOCIAL VALUE PORTAL

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The Social Value Portal is an on-line meeting place for Business, the Public Sector, Charities, Social Enterprises and Communities. The Social Value Portal has been designed to bridge the gaps in collective knowledge, to become 'the place' where Business comes to learn about social value. The portal contains numerous resources including financial proxies, case studies and a KPI library - [Click here](#)

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#### SOCIAL VALUE UK

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Social Value UK (previously The SROI Network) is a global network of individuals and organisations, headquartered in the UK that promotes the use and development of the SROI methodology internationally - [Click here](#)

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## GLOBAL VALUE EXCHANGE – SOCIAL VALUE UK

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Social Value UK runs The Global Value Exchange (previously WikiVOIS) which is an open-source database of values, outcomes, indicators and stakeholders and provides a free platform for information to be shared to enable greater consistency and transparency in measuring social & environmental values. [Click here](#)

To view a table illustrating *how* each user can use the site with the reasons *why* this could be of benefit - [Click here](#)

### 3.3 Impact Measurement Frameworks

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#### BIG SOCIETY CAPITAL OUTCOMES MATRIX

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The outcomes matrix is a tool to help social investment financial intermediaries (SIFI's) and social sector organisations to plan, measure and learn about their social impact. It aims to develop common ground and language for social investment and impact assessment in the social sector - [Click here](#)

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#### USCREATES TOOLKIT

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Uscreates Social Value Measurement Toolkit helps you to put in place what is necessary to plan and deliver an effective Social Value measurement approach. The toolkit features:

- How to define and map social value.
- How to define the right objectives, set relevant success factors, choose the right methodologies, engage stakeholders and embed your approach in your organisation.
- Practical examples and what others have learnt along the way.
- Video interviews with practitioners from different companies.

For downloadable tools and resources - [Click here](#)

### 3.4 Impact Mapping

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#### ARUP ASPIRE

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ASPIRE is software that allows organisations to evaluate the impact of their work and maximise their contribution to poverty reduction and sustainable development. It is tool for those funding, commissioning and implementing infrastructure projects in developing countries.

It uses over 90 detailed indicators to ensure that the company asks the right questions and considers the critical issues - [Click here](#)

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#### BITC COMMUNITY FOOTPRINT

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Community Footprint is a mapping tool which enables businesses to understand and manage their local socio-economic impact - [Click here](#)

Existing specialised systems, (such as Anglo American's Socio-Economic Assessment Toolbox) were adapted into a methodology for general business (members) use.

There are five key steps that have been identified as part of identifying a business' Community Footprint. Each step follows logically from the next but they do not all have to be completed or followed in the order outlined.

**Step 1:** Understanding and defining the relevant "local" area for the business.

**Step 2:** Understanding and self-assessing the local issues for the communities and the impact of the business on them.

**Step 3:** Visualisation of the business Community Footprint.

**Step 4:** Setting up the action plan, based on specifically recommended actions to take, in order to improve the Community Footprint.

**Step 5:** Check-list to be sure that the action plan fits with the business situation and strategy.

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## THE COMMUNITY STAR OUTCOMES EVALUATION TOOLKIT

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The Community Star Outcomes Evaluation Toolkit enables organisations to measure and report on the success of community involvement projects. It consists of three outcome measurement tools and a report template. [Click here](#) for an introduction and guidance.

There are over 20 versions of the tool adapted for different beneficiary group - [Click here](#)

## 3.5 Stakeholder Opinion

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### THE VALUE GAME

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A survey tool that asks your stakeholders how they value the outcomes that result from your goods or services - [Click here](#)

## 3.6 Indicators

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### IRIS METRIC CATALOGUE

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IRIS is the catalogue of generally-accepted performance metrics that leading impact investors use to measure the social, environmental, and financial performance of their investments. These metric sets represent a range of industries and are offered in partnership with leaders in each respective field - [Click here](#)

## 3.7 Valuation Tools

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### HACT VALUE INSIGHT

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Online tool that helps businesses understand, measure and map the social impact of community investment activities and impact on the local economy. It was developed by HACT for housing associations but can be used by any business. This tool uses the well-being valuation approach - [Click here](#)

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### LM3 ONLINE TOOL

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LM3 Online enables an organisation to calculate its local economic impact on the community by analysing expenditure on a geographic area using current data. For more information click - [Click here](#)

Lm3 Online has two documents to help you implement LM3 as a measure of economic impact/social value. The first is a step-by-step detailed explanation of what to think about and how to prepare for each stage, together with tips about how to get the best results. The second is an example of a final report produced by the system that you can use within your organisation showing impact, supplier breakdown and local and non-local distribution and effects. Both can be downloaded free of charge - [Click here](#)

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### S/E RATIO TOOL

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The S/E Ratio is a free, open source, one-number social impact metric that uses no-financial proxies - [Click here](#)

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### WELSH COMMUNITY BENEFITS TOOL – WELSH GOVERNMENT

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The Welsh Community Benefits Tool is designed to be used by contract/project managers and primary contractors to measure the benefits of Welsh public sector contracts.

The tool is intended for completion at the end of the contracts or on an annual basis for contracts longer than one year enabling the contractor to identify future improvement. For more information [Click here](#).

## 3.8 Financial Proxies

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### SOCIAL IMPACT CALCULATOR - LIIF

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The Social Impact Calculator, a tool launched by LIIF (Capital for Healthy Families & Communities) in September 2014, allows you to put a dollar value on the benefits of things like an affordable home, a great school or access to transit - [Click here](#)

## 3.9 Data Management Software

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### **SINZER**

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Sinzer (previously Social Evaluator) is a web-based platform for measuring impact. It provides templates, databases and data-entry options, the ability to involve stakeholders via online surveys and integrated data analysis and reporting - [Click here](#)

## 4. Tool Summary

A GUIDE TO SOCIAL RETURN ON INVESTMENT	<a href="#">Click here</a>
ARUP ASPIRE	<a href="#">Click here</a>
BIG SOCIETY CAPITAL OUTCOMES MATRIX	<a href="#">Click here</a>
BITC COMMUNITY FOOTPRINT	<a href="#">Click here</a>
GLOBAL VALUE EXCHANGE	<a href="#">Click here</a>
HACT SOCIAL IMPACT VALUE CALCULATOR	<a href="#">Click here</a>
INTRODUCTION TO SOCIAL RETURN ON INVESTMENT	<a href="#">Click here</a>
IRIS METRIC CATALOGUE	<a href="#">Click here</a>
LM3 ONLINE TOOL	<a href="#">Click here</a>
MULTI-CRITERIA ANALYSIS TECHNIQUES	<a href="#">Click here</a>
PROVE AND IMPROVE TOOLS	<a href="#">Click here</a>
SINZER	<a href="#">Click here</a>
SOCIAL EARNINGS RATIO TOOL	<a href="#">Click here</a>
SOCIAL IMPACT CALCULATOR	<a href="#">Click here</a>
SOCIAL VALUE COMMISSIONING WEBSITE	<a href="#">Click here</a>
SOCIAL VALUE HUB	<a href="#">Click here</a>
SOCIAL VALUE PORTAL	<a href="#">Click here</a>
SOCIAL VALUE UK	<a href="#">Click here</a>
THE COMMUNITY STAR OUTCOMES EVALUTION TOOLKIT	<a href="#">Click here</a>
THE VALUE GAME	<a href="#">Click here</a>
USCREATES TOOLKIT	<a href="#">Click here</a>
VALUATION TECHNIQUES FOR SOCIAL COST-BENEFIT ANALYSIS	<a href="#">Click here</a>
WELSH COMMUNITY BENEFITS TOOL	<a href="#">Click here</a>
WBCSD MEASURING SOCIO-ECONOMIC IMPACT	<a href="#">Click here</a>

## 5. References

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3. 'An Introduction to Social Return on Investment' Ecorys - [https://www.biglotteryfund.org.uk/-/media/Files/Research%20Documents/Wellbeing%20in%20England/wellbeing\\_social\\_return\\_investment.pdf](https://www.biglotteryfund.org.uk/-/media/Files/Research%20Documents/Wellbeing%20in%20England/wellbeing_social_return_investment.pdf)
4. 'A short guide to Social Impact Measurement' Simetrica - <http://www.simetrica.co.uk/#!download/c102t>
5. Brandanomics website - <http://www.brandanomics.com/methodology>
6. 'Cost-Effectiveness Analysis' Betterevaluation.org - <http://betterevaluation.org/evaluation-options/CostEffectivenessAnalysis>