SOCIAL RETURN ON INVESTMENT

A guide to implementing impact and social value in your organisation

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About this guide

How do you measure the value a service brings to society? It is sometimes hard to demonstrate value for the indirect and community focused successes. Convincing potential funders and stakeholders that your enterprise is a worthwhile investment becomes even harder when your primary indicators of success are less measurable, such as enhanced wellbeing. Additionally, without concrete metrics, how can you refine and enhance your enterprise's offerings effectively?

Social return on investment (SROI) is the methodology for evaluating social impact and quantifying that value in a monetary term. Essentially, it's about understanding (the sometimes hidden) benefits to society that your enterprise can bring through its activities.

In partnership with Cornwall Rural Community Charity (CRCC), Evolve Futures are providing practical help to support organisations to measure their SROI through a FREE two-day in person workshop. The workshop provides enterprises, especially social enterprises, with the skills and knowledge to evaluate their impact and calculate their social value. The first day looks at the theory of impact and SROI, while the second day focuses on the practical application of these theories to the enterprise using a digital online SROI tool. Enterprises work together, supporting each other, sharing ideas and experiences. At the end of the workshop, enterprises come away better equipped to demonstrate impact and social value to help win new funding applications/contracts and to expand activities to be sustainable and generate income.

On the following pages is a guide to accompany the workshop with editable templates and links to useful resources.

What is impact?

Impact is the broader and long-term effects of a project or organisation's work (also referred to as the difference it makes). This can include effects on people who are direct users of a project or organisation's work, effects on those who are not direct users, or effects on a wider field such as government policy. These can be positive or negative, planned or unforeseen.

What is impact practice/management?

Impact practice means the actions an organisation takes to create positive change and measure its results. This can include planning desired impact, planning how to measure it, collecting information about it, making sense of that information, communicating it and learning from it. Impact management is about using the information and data that we collect to improve our programmes and services. It helps us to know what is or isn't working and what to do about it.

Activity templates: Editable templates to help you get started with your Impact Action Plan:

Planning Section 1 –
Who is your service/programme for and why?

Planning Section 2 –
What is the change you want to make?

Planning Section 3 –
How will the changes happen?

Cycle of impact practice

The cycle of impact practice enables you to approach your impact activities in a systematic way. It helps you gain clarity on your goals, so you can decide what data to collect and determine whether your activities are creating the desired impact.

Implementing impact practice supports you to be clear about what you are trying to achieve, for whom, and why. Only then will you be able to assess whether your planned sequence of activities can be expected to create the desired results. This kind of clarity is also the first step towards deciding what data to collect, so you can use the results to judge to what extent you've caused change on the ground.

Plan: Plan how to create impact
Do: Measure your performance against key goals
Assess: Makes sense of the data you collect
Review: Communicate the results and learn how to improve your work

Useful resources:
- **New Philanthropy Capital (NPC):** NPC offers a wide range of resources on impact practice, including the Code of Good Impact Practice and a detailed guide on everything organisations need to consider during impact planning and beyond.
- **National Council for Voluntary Organisations (NCVO):** NCVO provides valuable resources, including practical guidance on developing an evaluation strategy to measure and improve impact.
- **Institute of Social Value - Maximise Your Impact Guide:** This guide is designed for social entrepreneurs, offering actionable advice to enhance impact planning and implementation effectively.

Plan — Do — Assess — Review

Who is your service/ programme for and why?

The issue

Key questions	Your response	Guidance
Who is affected?		Think about how many people are affected by the issues and who they are. Are some groups more affected than others?
What is the scale and scope of the issue?		What type of issues do people face and how big are their problems?
What is the cause of the issue?		What are the root causes of the issues that people face?
What are the consequences of the issue?		What are the knock-on effects?

Target audience

Key questions	Your response	Guidance
Who are the target group you will work with? Are you planning on working with those directly affected or other people that can influence the situation?		Are you working directly with people affected by an issue (e.g. with young people), at a system level (e.g. with government), or are you working with intermediaries (e.g. with teachers)?
What are the characteristics, needs and strengths of your target group?		Try and define your target groups as clearly and specifically as you can. Think about their relevant characteristics (e.g. where or in what context do they live?), their needs (e.g. how they are disadvantaged?) and their strengths (e.g. what assets or resources do they have?).
What are the inclusion and exclusion criteria for those you are going to work with?		It is not possible for a single organisation to serve populations with very varying needs equally well. Think about the criteria you use to define your target group.

What is the change you want to make?

Long Term Change

Key questions	Your response	Guidance
What is the long-term change (or impact) you are aiming for?		This may not be something you can achieve within the life of the project. It should be quite long term and reflect a sustained change. It should link back to the need and audience you have already considered.

Shorter Term Change

Key questions	Your response	Guidance
What shorter term changes (or outcomes) are you aiming for that contribute to your long-term change?		It is often helpful to think about short term changes in knowledge, skills, attitudes and/or behaviours that will contribute to the long term change you want to achieve. Think of these as the assets you want your audience to have or the ways through which you are trying to equip them to change.

Existing Research

Key questions	Your response	Guidance
What does the existing research say about how to achieve the change you want to see?		Think about the existing research and best practice that is already out there. Is there anything you can draw on?

How will the changes happen?

Your activities

Key questions	Your response	Guidance
What's the type of support you are providing? How much? How often? Where? Delivered by whom?		Activities are the things you do as an organisation. Words like 'run', 'support', 'help', 'provide', 'offer' are common when describing activities.

Ingredients for success

Key questions	Your response	Guidance
How would you like the users to experience and engage in the programme in order for it to be successful?		Think about whether your users need to turn up on a regular basis, to listen and understand? Or do they need to form strong relationships with others and have good quality interactions with them? Do they need to trust you or whoever is delivering the project? Do they need to interact with others or contribute in a particular way?
What do you need to have in place to make the programme successful?		Think about the ingredients for success. For example, do your materials and resources need to be engaging, sensitive, varied, adaptable or interactive?

Ingredients for success

Key questions	Your response	Guidance
What is unique, distinctive or special about your project or organisation?		Try to define what makes your project or organisation special. Is a culture of honesty and openness key? Is the programme user-led? Is there something about your approach that is particularly important?
What quality standards will you work towards and measure?		On the basis of your answers to the earlier questions you should be able to say what quality standards you will work towards. A useful tip is to think about what you want your users to be 'thinking, feeling, saying & doing' as they use your service
What existing research and good practice is there about how to engage and work with your target group?		Think about the existing research and best practice that is already out there. What does it say about how to engage and work with your target group?

Measurement

There are many systems for measuring and reporting impact and it is important for you to gather information that helps to fulfil your monitoring and evaluation objectives.

As a starting point you need to know what you already have. The easiest way to do this is to carry out a data audit. To approach this, it is useful to know what the different types of data are and then list what you already collect and where you may have gaps.

Five types of data

1. User Data   **2. Engagement Data**   **3. Feedback Data**   **4. Outcomes Data**   **5. Impact**

1. User Data

Asks: Is your service effective at reaching the intended target group?

Establishes: The characteristics of your service users. Where they live, what age they are, gender, ethnicity, etc. You may have a target group you are trying to reach – this is the data that establishes if you have.

How often to collect it? Routinely. User data is best collected from all people using your service during the sign-up stage or shortly afterwards.

2. Engagement Data

Asks: How effective is your service at continuing to engage your target audience?

Establishes: How much people engage with your service and how they use it. This type of data starts to answer whether your planned activities are meeting people's needs. Specific questions could include:

• How often do people come? For how long?
• How engaged are they?
• What kinds of activities and processes do they engage in?

How often to collect it? Routinely. This information is best collected on an ongoing basis—as and when people use the service—ideally using an electronic case management system with a direct link to user data, so you can look at who engages and who doesn't.

3. Feedback Data

Asks: What do people think about the service?

Establishes: By getting feedback you will really start to test your Logic Model (see next section); to establish whether your service gets the reaction you want; and whether it is beginning to work in the way intended.

How often to collect it? Routinely. You can use both formal methods—such as surveys or simple satisfaction rating systems—and informal methods—like social media, one to one conversations or suggestion boxes. You should aim to collect feedback data from beneficiaries, staff, volunteers—basically anyone involved in the project.

4. Outcomes Data

Asks: How have people been influenced or helped by your service in the short-term to medium term (usually a period of 3-6 months)?

Establishes: The immediate resources, benefits or assets that people have gained from your service. Key questions might include:

- What is different now? Do people make positive changes in their knowledge, attitudes and behaviours? You will need to have established a baseline.

- How, if it all, do they think your service has helped?

- Which aspects of the service have helped which types of service users in which circumstances? And which have not?

How often to collect it? Occasionally. Outcome data is best collected by staff or volunteers because they develop the strongest relationships with people. But they should not spend all their time collecting this data, and you may not need to collect it from everyone—you could just collect it from samples of service users or case studies.

5. Impact

Asks: Have the outcomes achieved (above) helped people to change their lives for the better?

Establishes: The long-term difference (this could be many years) achieved for individuals, families, communities. Your impact is the difference you make. Depending on your Logic Model, this might be increased youth aspiration, improved mental health, reduced crime, stronger communities, improved climate resilience and so on.

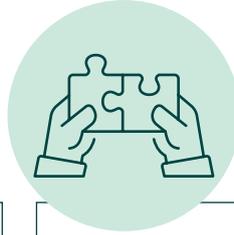**How often to collect?** Exceptional circumstances. This is the hardest data to collect so should be done through higher-quality evaluations, when enough time has passed and ideally using a comparison group. Many organisations will not need to collect this data.

Activity template: An editable template to help you understand what 5 types of data you are already collecting and where you may have gaps.

Five types of data

User Data
Who is using your service(s)?

Engagement Data
How often do people use your service(s)?

Feedback Data
What do they think about your service(s)?

Outcomes Data
Short to medium term changes people experience as a result of your service(s)

Impact Data
In exceptional circumstances the long-term impact your service(s) have had

Suggested Digital Tools

The main digital tools that an organisation might consider are:

1. Google Sheets/Microsoft Excel:

- **Free/Cost:** Most charities already have access to these.
- **Features:** Great for basic data entry, calculations, and creating simple charts. You can also use add-ons for more advanced analysis.
- **Pros:** Widely accessible, easy to learn, good for collaboration.
- **Cons:** Can become unwieldy for large datasets or complex analysis.

2. Google Forms/SurveyMonkey:

- **Free/Cost:** Free versions available with paid options for more features.
- **Features:** Create online surveys and forms to collect data from beneficiaries, stakeholders, or staff.
- **Pros:** Easy to use, allows for automated data collection, can be integrated with other tools.
- **Cons:** Limited analytical capabilities in the free versions.
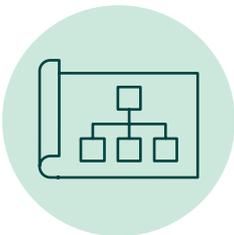
3. Project Management Tools (Trello, Asana, Monday.com):

- **Free/Cost:** Free versions available with paid options for more features.
- **Features:** Track project progress, assign tasks, and collaborate with team members. Can be adapted for managing measurement and evaluation activities.
- **Pros:** Visualise workflows, improve team communication, enhance accountability.
- **Cons:** May require some customisation to fit monitoring and evaluation needs specifically

4. Data Visualisation Tools (Canva.com, Google Data Studio, Tableau Public):

- **Free/Cost:** Free versions available with paid options for more features.
- **Features:** Create interactive dashboards and reports to visualise data and communicate findings.
- **Pros:** Make data more engaging and understandable, facilitate data exploration and analysis.
- **Cons:** Free versions may have limitations in data sources or customisation options. Outcomes Measurement.

Logic Model

A Logic Model* outlines the resources and activities essential for implementing a service, alongside the outputs and outcomes. Through illustrating cause-and-effect relationships, it is a visual tool to show how your service works, improves understanding of the services impact and how they generate social value.

A Logic Model is the foundational tool for evaluation.

The key steps to developing Logic Model are:

1. Identify resources (inputs)
- What resources do you need to implement your service(s) (e.g., staff, funding, materials)?

2. List activities
- What do you need to set up and run your service(s)? The activities are what your do with the resources to reach the outcomes.

3. Determine outputs
- What number of activities have your service(s) delivered? For example, number of people trained, number of downloads, or number of vegetable boxes delivered.

4. Clarify outcomes
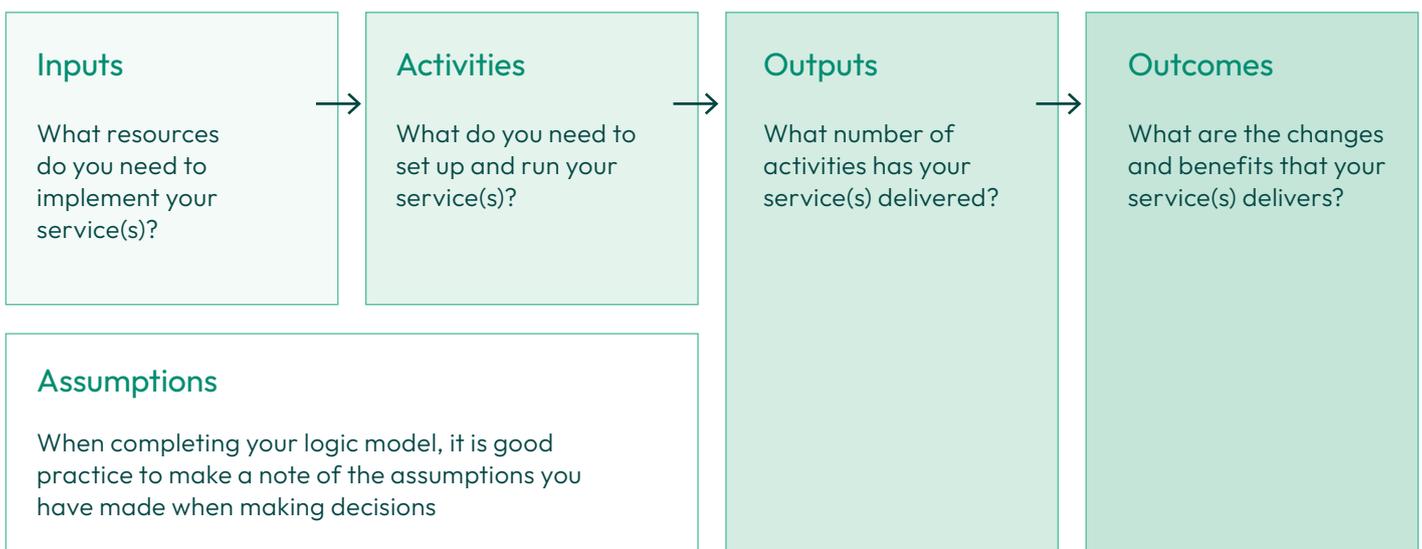- What are the short-term and long-term changes or benefits your service delivers?

5. Check for logical flow
- Ensure everything connects logically from resources to outcomes. You can use arrows between boxes to link the components.

6. Assumptions
- It is good practice to make a note of the decisions you have made. These are important to ensure transparency about your evaluation and learning about what works or doesn't.

Here is a diagram of a Logic Model and its components:

Inputs	Activities	Outputs	Outcomes
What resources do you need to implement your service(s)?	What do you need to set up and run your service(s)?	What number of activities has your service(s) delivered?	What are the changes and benefits that your service(s) delivers?

Assumptions

When completing your logic model, it is good practice to make a note of the assumptions you have made when making decisions

Activity template: We have created a [Logic Model template](#).

*The term Logic Model is used interchangeably with the term the Theory of Change. A Theory of Change also includes information about the wider context and root causes of problems

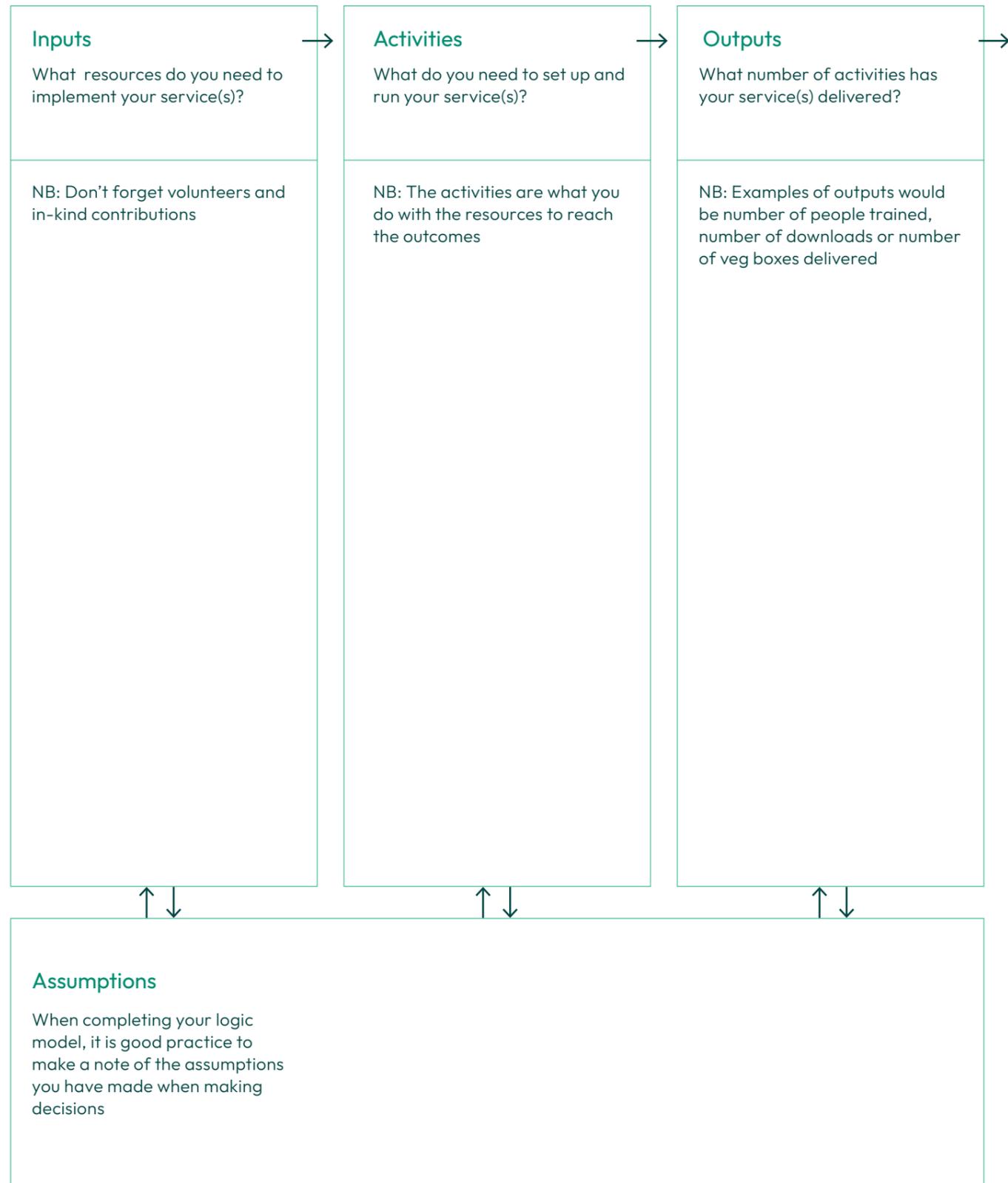Here is an example of how a Logic Model works in the case of a headache:

Inputs	→	Activities	→	Outputs	→	Outcomes
Water		Drink water		You are hydrated		Your headache goes away
Hot water bottle		Apply a water bottle		You feel relaxed		You're able to go back to work
Aspirin		Take an aspirin				You are able to spend time with loved ones
Quiet space		Sit in a quiet room				You are happier
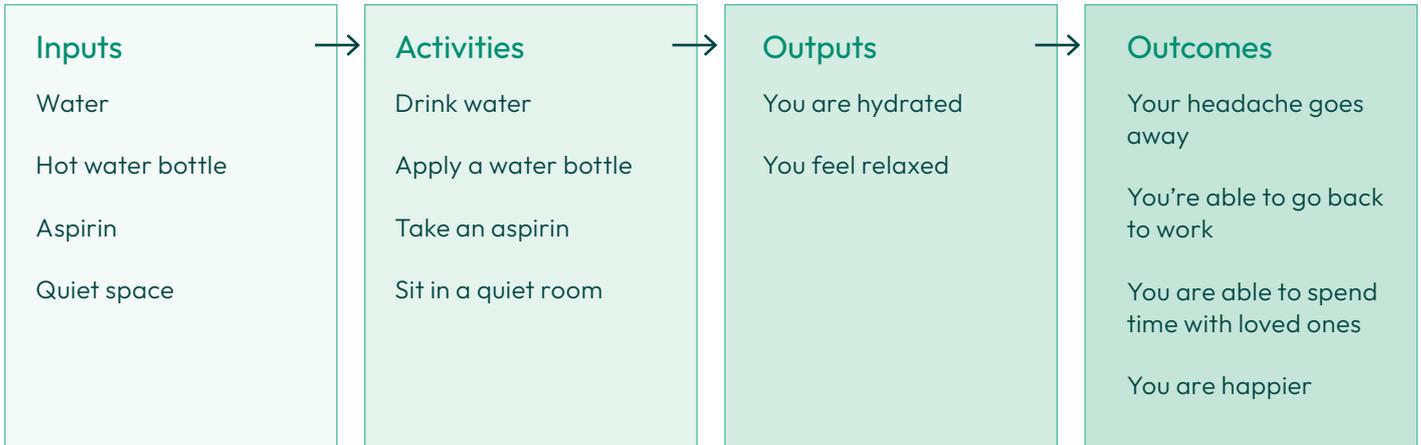
Activity template: We have created a Logic Model template.

Useful resources:

- **UK Government - Guide to Logic Models:** This introductory guide explains how Logic Models work and includes helpful links to further resources.

- **Social Investment Business - Logic Model Videos:** This resource features an explainer video on Logic Models and a playlist focused on understanding and creating social impact.

- **National Council for Voluntary Organisations (NCVO) - Theory of Change Guidance:** NCVO offers detailed guidance on developing a Theory of Change to help organisations plan and evaluate their impact.

- **New Philanthropy Capital (NPC) - 10-step guide to Theory of Change:** NPC provides a clear, step-by-step guide for creating a Theory of Change, making the process accessible and actionable.

Logic Model

Outcomes

What are the changes and benefits that your service(s) delivers?

Inputs

What resources do you need to implement your service(s)?

NB: Don't forget volunteers and in-kind contributions

Activities

What do you need to set up and run your service(s)?

NB: The activities are what you do with the resources to reach the outcomes

Outputs

What number of activities has your service(s) delivered?

NB: Examples of outputs would be number of people trained, number of downloads or number of veg boxes delivered

Short term

Intermediate

Long term

Assumptions

When completing your logic model, it is good practice to make a note of the assumptions you have made when making decisions

What is Social Value?

In our planning – we have to decide what data we need to collect to measure our impact. Social Value is one of the impact measurement tools that we have available to us.

Social Value is a broader understanding of value. It moves beyond using money as the main indicator of value, instead putting the emphasis on engaging people to understand the impact of decisions on their lives. The people's perspective is critical.

Organisations will always create good and bad experiences, but on balance should aim to create a net positive impact in the present and for a sustainable future. They should measure their impacts and use this understanding to make better decisions for people.

Examples of social value might be the value we experience from increasing our confidence, or from living next to a community park. These things are important to us but are not commonly expressed or measured in the same way that financial value is.

Social Return on Investment

In our interconnected world, every action we take, every product we create, and every service we provide has ripple effects. Our activities create and destroy value; they change the world around us. While traditional financial accounting captures the monetary transactions of an organisation, it often fails to reflect the wider impact on society and the environment.

This is where Social Return on Investment (SROI) comes in. SROI is a framework for measuring and accounting for this much broader concept of value; it is the methodology for evaluating social impact and quantifying that value in monetary terms. Think of it as a way to tell a more complete story of your organisation's impact, one that goes beyond the bottom line.

Essentially, it's about understanding (the sometimes hidden) benefits to society that your enterprise can bring through its activities. It recognises that value is generated not just through financial returns, but also through positive changes experienced by individuals, communities, and the environment. For example, a social enterprise that provides job training to marginalised communities might not only generate revenue but also reduce unemployment rates, increase tax revenue, improve mental health outcomes, and even reduce crime rates. SROI seeks to capture and measure these diverse benefits.

SROI is about value, rather than money. While it assigns monetary values to social and environmental outcomes, its ultimate goal is to understand and enhance the overall value created by an organisation. It's a shift in perspective, moving beyond a purely financial lens to a more holistic view of impact. SROI = economic, environmental, and social. This equation encapsulates the core principle: value encompasses all three dimensions.

A strong SROI analysis considers the economic impact (e.g., job creation, increased income), the environmental impact (e.g., reduced carbon emissions, improved air quality), and the social impact (e.g., improved health, increased social inclusion).

By applying the SROI framework, organisations can:

- **Demonstrate the true value they create:** Gain a comprehensive understanding of their impact beyond financial metrics.

- **Improve decision-making:** Identify the most effective ways to maximise their positive social and environmental impact.

- **Attract investment and support:** Showcase their value proposition to stakeholders, including investors, funders, and the community.

- **Increase transparency and accountability:** Communicate their impact in a clear, quantifiable, and comparable way.

- **Drive continuous improvement:** Use SROI findings to refine strategies, enhance programs, and maximise overall value creation.

Six steps for conducting an SROI

Social value is measured using a six step process and seven principles which were established by Social Value International. If you are intending to conduct an evaluation, we suggest you review the principles and methods guide available on the Social Value International website.

There are six steps to conducting a social value evaluation.

1   **Establishing scope and identifying key stakeholders.**   It is important to have clear boundaries about what your evaluation will cover, who will be involved in the process and how.

2   **Develop a Logic Model.**   Through engaging with your stakeholders you will develop a Logic Model which shows the relationship between inputs, outputs and outcomes.

3   **Evidencing outcomes and giving them a value.**   This stage involves finding data to show whether outcomes have happened and then valuing them. Valuing refers to attaching a financial proxy to an outcome (proxies represent the importance of the outcome in monetary terms).

4   **Establishing impact.**   Having collected evidence on outcomes and monetised this, eliminate any changes that aren't a result of the intervention (they would have happened anyway or result from other factors).

5   **Calculating the social value and Social Return on Investment (SROI).**   This stage involves adding up all the benefits, subtracting any negatives and comparing the result to the investment. This is also where the sensitivity of the results can be tested.

6   **Reporting, using and embedding.**   Easily forgotten, this vital last step involves sharing findings with stakeholders and responding to them. This helps good outcomes become embedded.

Measuring social value is underpinned by seven principles.
Like rules or guidelines they ensure consistency and credibility.

The seven principles are:

1   **Involve stakeholders.**

2   **Understand the nature of the changes, because a change can be intentional or unintentional, and positive or negative.**

3   **Value the outcomes that matter to your organisation and stakeholders.**

4   **Only include what is material and relevant to your organisation.**

5   **Do not overclaim beyond what you are responsible for.**

6   **Be transparent about the impact, even if it's negative.**

7   **Verify to ensure robustness and subjectivity in all social value reporting. Be responsive to insights and make sure that the decision making is timely and supported by appropriate reporting.**

Useful resources:

- **Guide to SROI (Social Value International):** This resource provides a comprehensive introduction to Social Return on Investment (SROI), helping organisations measure and manage the social, environmental, and economic value they create.

- **The SROI Guide (2012):** This guide offers detailed, step-by-step instructions on how to apply the SROI framework to evaluate and maximise the impact of your projects or initiatives.

- **Principles of Social Value:** This document outlines the key principles for creating, measuring, and managing social value, ensuring organisations focus on meaningful outcomes.

- **Sensor Systems for Healthier Housing – Social Value Guides:** This resource explores how sensor technologies in homes can improve health and wellbeing while generating social value, with practical guidance for housing professionals.

- **Social Investment Business (SIB):** This website provides tools, case studies, and funding opportunities to support organisations in delivering social impact and sustainable change.

Establishing impact – proxies and deflators

Impact is the broader and long-term effects of a project or organisation's work (also referred to as the difference it makes). This can include effects on people who are direct users of a project or organisation's work, effects on those who are not direct users, or effects on a wider field such as government policy. These can be positive or negative, planned or unforeseen.

Giving outcomes a value

Once you have collected the data, the next step is to give them a monetary value. To do this you can assign financial proxies to each outcome. A financial proxy represents the relative importance, in monetary terms, of that outcome to those impacted.

There are a variety of social value calculators available to help you assign proxies to outcomes, designed for different user types. For example, The Social Value TOMSYSTEM (Themes, Outcomes and Measures) framework tailored for local governments, or the Social Value Engine (SVE) tailored for Voluntary and Community Sector Organisations (VCSO).

Establishing impact

You establish the impact by calculating the social value generated. This involves adding up the social value being generated and then deflating according to other factors that have affected the impact.

There are two main types of deflators you need to consider, deadweight and attribution. Deadweight is about assessing whether the outcomes would have happened anyway. Attribution is about assessing how much of the outcome was caused by the contribution of other organisations or people.

This is an important part of the process in order to determine the true impact of activities. This process minimises the risk of overclaiming and enhances the credibility of the intervention. This ensures effective allocation of resources by identifying which initiatives work and which may need improvement, while also uncovering potentially overlooked stakeholders.

Explaining deflators

Here we provide more explanation on deadweight and attribution deflators, as well as the other key deflators – Leakage, Drop off, Displacement – what they are and how you calculate them.

Deadweight

Deadweight is a measure of the amount of outcome that would have happened even if the activity had not taken place, calculated as a percentage. Adjusting for deadweight ensures that values reflect the actual effect of an intervention.

Example:
A community organisation implements a project to reduce youth crime by providing after-school activities and mentorship. Some of the participants might have naturally aged out of criminal behaviour or found alternative positive influences, even without the project.

Deadweight can be calculated by comparing outcomes with a reference group or benchmark. Ideally, you can compare with the same population who were unaffected by the intervention, to determine an estimate of what would have occurred without it. You can also use data from government sources to create a benchmark, and your stakeholders can often provide valuable insights into alternative outcomes.

Attribution

Attribution is a method of assessing the extent to which outcomes can be credited to the efforts of other organisations or individuals. It is typically expressed as a percentage, indicating the portion of the outcome attributable to your organisation's actions.

This assessment is essential for understanding the specific contribution your organisation has made to the overall social value generated. It's about acknowledging that your organisation's activities may not be the sole driver of observed changes.

Example:
A local community centre offers a range of activities for young people, including after-school tutoring, sports clubs, and arts workshops. They want to understand the impact of their programs on improving school grades.

Attribution Challenge:
It's difficult to directly attribute improvements in school grades solely to the community centre's programs. Many factors can influence a student's academic performance, such as:

- **Family support:** Parental involvement, home environment, and access to resources.

- **School quality:** Teacher quality, curriculum, and school resources.

- **Individual factors:** Student motivation, learning styles, and inherent abilities.

- **External factors:** Community environment, peer influences, and access to technology.

Achieving precise attribution is challenging. To estimate attribution, organisations can adopt several approaches:

- **Leverage experience**: Drawing on past experience and collaboration with other organisations.

- **Engage stakeholders:** Conduct surveys, focus groups, or interviews with stakeholders (including residents) to gather their perspectives on the percentage of the outcome attributable to your organisation's activities.

- **Consult with other organisations:** Collaborate with other relevant organisations to understand their contributions and allocate percentages based on their respective investments or efforts.

- **Quantitative analysis:** This can assess attribution by analysing data that identifies correlations between interventions and outcomes over time, thereby attributing specific impacts to relevant contributing factors.

Leakage - Value Escaping

In a social value context, leakage refers to the portion of the social value generated by a project that benefits individuals or communities outside the intended target group or area.

Example:

- A job training program that leads to employment, but the new employees live outside the target neighbourhood.

- A local investment that boosts the economy, but a significant portion of the profits goes to a company headquartered elsewhere.

- A Cornwall based project that has participants from Devon.

Calculating leakage in social value accounting can be tricky, as it often involves estimating the proportion of value that benefits those outside your target group or area. There's no one-size-fits-all formula, but here's a breakdown of common approaches and considerations:

1. Define Your Scope:

- **Target Group:** Clearly define who your intended beneficiaries are (e.g., residents of a specific neighbourhood, people with a particular condition).

- **Geographic Area:** Specify the geographic boundaries of your impact area (e.g., a city, a region).

2. Identify Leakage Pathways:

- Are people from outside of the target area benefiting from the project?

- Are existing services being replaced by the project, shifting benefits away from the target group?

- **External Suppliers:** Are goods or services for the project being sourced from outside the target area, diverting economic benefits?

- **Indirect Effects:** Are there unintended consequences that benefit those outside the target group?

3. Gather Data and Evidence:

- **Surveys and Interviews:** Gather data from beneficiaries and stakeholders to understand how the project's benefits are distributed.

- **Economic Data:** Analyse economic data (e.g., employment figures, business revenue) to assess the geographic distribution of economic impact.

- **Research and Case Studies:** Review relevant research and case studies to understand typical leakage patterns for similar projects.

4. Estimate Leakage:

- **Quantitative Methods:**
  o **Input-Output Analysis:** Use economic models to trace the flow of goods and services and estimate the proportion of value that leaves the target area.
  o **Surveys and Statistical Analysis:** Analyse survey data to estimate the percentage of beneficiaries who move away or don't meet the target group criteria.

- **Qualitative Methods:**
  o **Expert Judgment:** Rely on expert opinions to estimate leakage based on their experience and knowledge of similar projects.
  o **Case Studies:** Use case studies of comparable projects to understand typical leakage patterns.

Drop off

The "drop-off deflator" in social value accounting acknowledges that the positive impacts of a social intervention might diminish over time. It's a way to adjust the estimated social value to reflect this gradual decline in benefits.

Example:
A program helps people find employment. The initial social value of someone finding a job is estimated at £10,000.

Research suggests that the positive impact of this employment (e.g., increased income, improved well-being) decreases by 10% each year.

Year 1: £10,000
Year 2: £9,000 (£10,000 - (£10,000 * 10%))
Year 3: £8,100 (£9,000 - (£9,000 * 10%))
And so on…

Estimating Drop-Off:
The drop-off rate is typically estimated as a percentage reduction in social value per year or other time period. This estimation can be based on:

- **Past Data:** Analysing data from previous projects to see how outcomes changed over time.

- **Research:** Reviewing research studies on the long-term effects of similar interventions.

- **Expert Judgment:** Consulting with experts who have experience with the type of intervention being evaluated.

- **Consulting your stakeholders:** Asking a sample of stakeholders 12 months after they have engaged about whether they are still experiencing the benefits of an outcome.

Displacement

The displacement deflator accounts for the potential negative social value created when a new project or intervention unintentionally reduces the benefits generated by existing initiatives, services, or resources.
It acknowledges that sometimes, introducing something new can inadvertently displace or undermine existing sources of social value.

Example:
A village decides to build a new, modern village hall with better facilities. However, there's already an existing village hall that's been a community hub for many years.

Potential Displacement:

- **Reduced Usage of the Old Hall:** The new hall might attract users away from the old hall, leading to a decline in its usage and potentially impacting its financial viability.

- **Loss of Community Activities:** Groups that previously used the old hall might switch to the new one, potentially disrupting existing community activities and social connections.

- **Impact on Volunteers and Staff:** If the old hall reduces its operations or closes, it could lead to job losses or a reduction in volunteer opportunities.

- **Emotional Impact:** The old hall might hold sentimental value for some residents, and its decline could lead to a sense of loss or disruption of community identity.

Calculating the Displacement Deflator:

1. Estimate the Impact on the Old Hall:

- Assess the likely reduction in usage, revenue, and community activities at the old hall.

- Consider the potential impact on staff and volunteers.

- Factor in the emotional and social value associated with the old hall.

2. Quantify the Social Value Loss:

- Assign monetary values to the estimated losses, using methods like willingness-to-pay surveys or replacement cost analysis.

- Consider using qualitative data (e.g., community feedback) to understand the non-monetary impacts.

3. Calculate the Deflator:

- Express the estimated social value loss as a percentage of the total social value generated by the new hall.

Key Considerations:

- **Context Matters:** The displacement deflator will vary depending on the specific circumstances, the level of community attachment to the old hall, and the extent to which the new hall meets existing needs.

- **Long-Term Perspective:** Consider the long-term impacts of displacement, not just the immediate effects.

- **Transparency:** Clearly document the methodology and assumptions used to calculate the deflator.

Conclusion and key take-aways

To summarise, we have listed the key points we hope you can take away from this guide.

1. Planning ahead to take the pain out of evaluation:

- **Early Integration:** Don't treat evaluation as an afterthought. Integrate social value considerations from the very beginning of your project planning. This means defining your desired social outcomes, identifying how you'll measure them, and building data collection into your activities.

- **Streamlined Processes:** By planning ahead, you can establish clear processes for data collection, analysis, and reporting, making evaluation more efficient and less burdensome.

- **Reduced Costs:** Early planning can help you avoid costly retrofits or scrambling for data at the last minute.

- **Improved Data Quality:** Planning ahead allows you to collect the right data in the right way, ensuring accuracy and reliability.

2. Using a common language:

- **Shared Understanding:** Using a common language for social value (e.g., standardised definitions, metrics, and reporting frameworks) ensures everyone is on the same page, from staff to stakeholders.

- **Effective Communication:** A shared language facilitates clear communication about social impact, both within the organisation and with external audiences.

- **Benchmarking and Comparison:** Using standardised metrics allows you to compare your performance to others and learn from best practices.

- **Collaboration:** A common language promotes collaboration with partners and funders who are also using social value approaches.

3. Social Value can be an integral part of your evaluation framework that will support a sustainable funding strategy:

- **Demonstrating Impact:** Social value measurement provides evidence of your impact, which is crucial for securing funding from grant makers, donors, and investors who are increasingly focused on social outcomes.

- **Competitive Advantage:** Strong social value reporting can give you a competitive edge when applying for funding, demonstrating your commitment to creating positive change.

- **Long-Term Sustainability:** By integrating social value into your evaluation framework, you build a strong case for continued support, demonstrating the value you bring to the community and making a compelling case for ongoing investment.

4. Share your successes:

- **Amplify Your Impact:** Sharing your social value successes through case studies, reports, and presentations can inspire others, attract new supporters, and encourage wider adoption of social value practices.

- **Build Trust and Transparency:** Openly sharing your results demonstrates transparency and accountability, building trust with stakeholders and strengthening your reputation.

- **Continuous Improvement:** Sharing your successes (and challenges) allows for learning and collaboration, helping you refine your approach and maximize your social impact.

By embracing these key takeaways, organisations can:

- **Strengthen their monitoring and evaluation activities:** Make evaluation more efficient, meaningful, and impactful.

- **Enhance their communication:** Clearly articulate their social value to stakeholders.

- **Secure sustainable funding:** Demonstrate their impact and attract support from funders who prioritise social outcomes.

- **Contribute to the wider social value movement:** Inspire others and promote the adoption of social value practices across sectors.

Empowering growth journeys

EVOLVE FUTURES, designed and delivered by the University of Exeter in partnership with Cornwall Chamber of Commerce and Cornwall Rural Community Charity, connected enterprises with industry experts, world-class researchers, state-of-the-art facilities, and a strong support network of peers and mentors. It provided valuable opportunities to expand knowledge, enhance skills, and gain real-world business expertise. The program empowered early-stage, high-growth, and social enterprises to build networks, explore innovation, adopt solid business practices, access new markets, and become investment-ready for long-term success.

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SOCIAL RETURN ON INVESTMENT

A guide to implementing impact and social value in your organisation

This guide provides practical help to support enterprises to understand, measure and demonstrate their social value, incorporating editable templates and links to useful resources.