

The Australian Social Value Bank and the Social Value Principles

Linkage Paper



SOCIAL VALUE

INTERNATIONAL

Table of Contents

What are Social Value Principles?	2
What is the Australian Social Value Bank?	3
What is the ASVB Value Calculator?	3
Linkages between the Social Value Principles & the Australian Social Value Bank	4
Principle One: Involve Stakeholders	4
Principle Two: Understand what changes	5
Principle Three: Value the things that matter	5
Principle Four: Only include what is material	6
Principle Five: Do not over claim	6
Principles Six and Seven: Be transparent & Verify the result	6
Summary	7
How can the ASVB be used alongside the Social Value Principles and SROI?	7
Conclusions	8

What are Social Value Principles?

Social Value International (SVI) is a network of networks operating across the world and across sectors aiming to change the way we account for value. At the heart of this movement is a principles-based approach for accounting for social value. The Social Value Principles are the building blocks for capturing, analysing and reporting a complete account of the material social changes caused by an organisation's activities.

Social value is defined by SVI as "the quantification of the relative importance that people place on the changes they experience in their lives. Some, but not all of this value is captured in market prices"¹. The Principles draw from social accounting and audit methodology, sustainability reporting, cost benefit analysis, financial accounting, and evaluation practice.

The Principles are:

1. Involve stakeholders - Inform what gets measured and how this is measured and valued in an account of social value by involving stakeholders.
2. Understand what changes - Articulate how change is created and evaluate this through evidence gathered, recognising positive and negative changes as well as those that are intended and unintended.
3. Value the things that matter - Making decisions about allocating resources between different options needs to recognise the values of stakeholders. Value refers to the relative importance of different outcomes. It is informed by stakeholders' preferences.
4. Only include what is material - Determine what information and evidence must be included in the accounts to give a true and fair picture, such that stakeholders can draw reasonable conclusions about impact.
5. Do not over-claim - Only claim the value that activities are responsible for creating
6. Be transparent - Demonstrate the basis on which the analysis may be considered accurate and honest and show that it will be reported to and discussed with stakeholders.
7. Verify the result - Ensure appropriate independent assurance.

The Social Return on Investment (SROI) methodology is a framework based on the application of all the principles. Crucially, SROI requires the monetisation of outcomes in the application of principle three value what matters.

It is important to note that the principles and overarching process of SROI analysis can be applied with varying levels of rigour in order to suit the audience and purpose.

Find out more about Social Value principles at: <http://www.socialvalueint.org>

¹ <https://socialvalueint.org/social-value/what-is-social-value/>

What is the Australian Social Value Bank?

Alliance Social Enterprises (ASE) is a not-for-profit social enterprise that launched the Australian Social Value Bank (ASVB) in 2017 - the largest set of methodologically consistent social value metrics ever produced using Australian data.

The ASVB social values cover a broad range of community interventions, focusing (at present) on the following domains: crime, drugs and alcohol, education, employment, social and community, health, home and sport. The ASVB currently contains 62 primary outcomes (benefits to individuals), differentiated by age and geography (732 values), and 196 secondary values (benefits to society) to produce 928 values.

The ASVB has been developed in partnership with Simetrica. Simetrica is a research consultancy led by Daniel Fujiwara, an economist specialising in policy evaluation and social impact measurement. Daniel is also a leading researcher on the Wellbeing Valuation method and has over 10 years of experience of working at a high level within government.

What is the ASVB Value Calculator?

The ASVB can act simply as a valuation model to feed into SROI or CBA, or it provides a simple whole-solution social impact methodology in itself (founded on Cost Benefit Analysis).

The Australian Social Value Bank has a lightweight but powerful tool to support organisations to apply the ASVB values to their community investment projects to assess and measure their social impact in a resource appropriate and proportionate way. This tool is called the ASVB Value Calculator and is accessed via an annual subscription. More information can be found at <https://asvb.com.au/asvb-can-help/how-do-you-use-the-value-calculator/>

The ASVB Value Calculator has been designed to promote low-level application of social value principles overcoming barriers that may have arisen because of the cost and complexity of some existing approaches. The intention is to foster a culture where organisations feel confident to begin to embed social value at a strategic and day-to-day level in their organisation.

Linkages between the Social Value Principles & the Australian Social Value Bank

This section takes a detailed look at how the ASVB aligns with the Social Value Principles (see page two). It is worth stating that each of these principles can and often will be applied at different levels of rigour. The level of rigour applied to each principle should be appropriate for the scope and purpose of the task.

ASE acknowledge that the Australian Social Value Bank and Value Calculator have been specifically designed for users who want to begin to measure social value, with a particular interest in assessing portfolios of social investment activities at a strategic level. This relatively high-level strategic approach is likely to be suitable for many of the ASVB's intended users, who often manage significant numbers of varied community investment programmes, and for whom detailed SROI assessments of multiple projects is not a practical proposition.

The ASVB approach does not include all aspects of what is conventionally included within SROI, and practitioners will need to consider the following issues when choosing the appropriate approach to take in any particular instance.

Principle One: Involve Stakeholders

The ASVB Value Calculator acts as a low overhead mechanism for calculating social returns. It does not include all aspects of what is conventionally included within SROI, for example, the tool includes some short before and after surveys but otherwise no further engagement with the stakeholder is required to calculate social value. However, the ASVB approach doesn't preclude stakeholder engagement, and the ASVB recommends a mixed methodology approach to social value analysis which includes qualitative data, where budget and time permit, depending on the intended use of the analysis.

This less resource intensive approach to measuring and modelling social value is made possible as a result of the robust metrics set which sits at the heart of the ASVB. The values are derived using a methodology that complies with the strictest technical guidelines and requirements set out by the OECD, United Nations and Australian Government, and are derived from vast national datasets.

It is also possible to apply the Wellbeing Valuation approach to primary data collection assuming inclusion of the necessary questions and a large enough sample size. This would generate tailored values consistent with values in the ASVB. This is a viable option and something ASE are able to support.

Whilst the valuations have been differentiated for some different subgroups (e.g. age and location) it should be acknowledged that these may not be representative of your particular stakeholder group. However, this is an issue with any standardised metrics-based valuation approaches in general.

Principle Two: Understand what changes

The ASVB contains values for a number of pre-determined outcomes. This is very useful if these outcomes are the ones that are being experienced by your stakeholders. If you are looking to value an outcome that is not on the list, then it may be possible to work with ASE to analyse new and existing datasets to derive an appropriate outcome. Otherwise, other methods will be required.

It should also be noted that as a result of the methodology and dataset used to prepare the values, they are typically calculated as binary for example the outcome is either experienced or not. The valuations do not allow for situations where there may be varying degrees of change. Again, this is not an issue that is specific to the Australian Social Value Bank. ASE and Simerica have indicated their intention over time to generate more graduated impact measures as national datasets allow for their production.

Principle Three: Value the things that matter

The Wellbeing Valuation approach sits at the core of the ASVB, which involves econometric analysis of national datasets and represents a significant step forward in the development of social value metrics and measuring social returns.

Each value represents the average effect on wellbeing experienced by an individual through a particular outcome. The values have been robustly derived from large nationally representative samples of the Australian population, so the rigour comes through the econometric methodology and the size of the datasets available.

The values can be used in a range of social impact approaches, including Cost-Benefit Analysis and SROI. The consistent methodology ensures that the value of each individual outcome is directly comparable with all the others in the ASVB, something not possible with values developed through a range of methodologies.

Each value represents the experience of an average individual, rather than specific participants on a certain project. The size of the datasets used in the ASVB also allow for more sophisticated statistical checks than is possible with small stakeholder samples.

Analysis contributing to the development of the ASVB revealed there was often no statistical difference between the value of outcomes to different groups of people and so for some purposes average values will provide good proxies for more specific stakeholder groups in SROI. However, variation in values between groups can affect the decisions being considered and this approach may

then need to be supplemented. Average values remain a good reference point for triangulation where other methods are used.

The values are based on opinions and subjective experiences of people i.e., they are not derived in some process alien to individuals but reflect people's own experience.

Principle Four: Only include what is material

The process of valuation contributes to decisions about which outcomes are material, and thus whether the outcome should be included in the assessment or not. This is common to most valuation methodologies, including both the ASVB and more conventional SROI.

Principle Five: Do not over claim

The ASVB Value Calculator applies a standardised measure of deadweight based on the type of project being assessed. These standard figures are based on best practice guidelines and draws on extensive research studies carried out principally around neighbourhood-focused regeneration and renewal projects. The assessment of attribution and deadweight can be one of the most challenging elements of any valuation exercise, and in all but the most heavily resourced academic studies will always amount to a pragmatic estimate based on available evidence. As a result, social impact will sometimes be over-estimated and sometimes under-estimated. In the context of ASVB's intended application, (making quick and informed decisions about social investment, rather than basing decisions on what simply 'feels right'¹), ASVB's approach represents a good compromise to reduce resource demands.

Principles Six and Seven: Be transparent & Verify the result

These principles relate more to the way value/impact is reported rather than measured so there is no need to go into great detail on each. However, it should be noted that ASE encourage a high level of transparency throughout the application of the ASVB process. ASE are also developing a verification process that will help organisations to get feedback on their assessments.

Summary

The ASVB provides 'on-the-ground access' to the Wellbeing Valuation approach. This approach is increasingly used by governments around the world including New Zealand, UK, Canada, and the recommendations of the OECD and the Legatum Wellbeing Report.

The ASVB approach is cost-effective and user-friendly and represents average values of predetermined outcomes. The values robustly represent the experience of an outcome developed through a sophisticated approach with a consistent level of rigour in line with Government standards on statistical analysis.

If ASVB outcomes and stakeholder groups are consistent with those of your project, then the number of assumptions and judgements necessary can be reduced. The ASVB approach achieves this through standardisation and the use of averages and sidesteps the need to find suitable financial proxies reducing subjectivity and increasing consistency.

How can the ASVB be used alongside the Social Value Principles and SROI?

The principles can be used to inform different decisions requiring different levels of rigour. For decisions where an understanding of stakeholders' relative values is important, the ASVB is a good starting point. However, it is important to note that other methods of valuation may be required, especially when the values of a particular stakeholder group are needed and that particular stakeholder group is not well represented by an 'average'.

All of these approaches are certainly not mutually exclusive and can complement each other well. The ASVB provides a rich resource of monetary values for non-market goods and services. Correct use of the ASVB can provide a quick strategic overview of social value across an organisation's activities and visibility of the areas potentially generating the most social value. A well targeted SROI and or supplementary stakeholder involvement would add greater understanding of the experience of a specific stakeholder group or provide insight around the delivery of a specific project.

Values in the ASVB can be used within an SROI analysis (check the licensing terms). Although if the SROI analysis is to fully adhere to the SVI report assurance standard the report would need to ensure that more stakeholder involvement was undertaken to ensure that these are the outcomes that need to be valued (and there may be others) and to check whether the ASVB values represent the relative value of your stakeholder group.

The ASVB Value Calculator is a user-friendly tool that allow users to apply the ASVB wellbeing valuations to their work. The ASVB is a good product for anyone beginning to measure social value. The ASVB supports compliance with The Principles of Social Value, and can help organisations to make strategic decisions based on the valuation of outcomes. Social Value International welcome any such tool and are keen to work alongside organisations as they continue to integrate and embed social value in their decision making.

Conclusions

Like all social impact measurement approaches, the ASVB approach makes compromises but clearly meets the need of the for-purpose sector by making social impact measurement approachable and achievable and producing robust evidence on which to base investment decisions.

The ASVB is enabling and growing the uptake of social value considerations in businesses and encouraging a broader idea of value in general within these organisations.

ASE are keen to learn from those who are using the Australian Social Value Bank and seek to develop the tool, update the guidance and grow the approach responding to the needs of their user community. Social Value International are also keen to learn from organisations who are using the ASVB and work together to understand how it is being incorporated into Social Value decisions and SROI analysis.

ASVB and Social Value International are keen to work together to encourage the use of the ASVB and other resources in order to promote the wider embedding of social value thinking.