

**Description of the Social Economic Impact
Principles, Data Elements, and
CSACO analysis methodology**

**THE CIVIL LEGAL AID SOCIAL VALUE PRINCIPLES
(based on the Social Value International standards)**

The Principles of Social Value (“principles”) provide the basis for the approach and methodology used in the Social Return on Investment (SROI) report. They are drawn from the same principles that underlie social accounting and audit, sustainability reporting, cost benefit analysis, financial accounting, and evaluation practice. The principles allow for a wider definition of value to be taken into account, including societal benefits that will achieve greater equality, improve wellbeing, and increase environmental sustainability.

The Social Value Principles:

Principle 1: Involve Stakeholders

Inform what gets measured, and how it is measured by involving stakeholders and understanding what is valued.

Principle 2: Understand What Changes

Articulate how change is created by investment and evaluate this through evidence gathered, recognizing positive and negative changes both intended and unintended.

Principle 3: Value the Things That Matter

Recognize that the values of stakeholders drive decision making about how to allocate resources among different options. Value refers to the relative importance of different outcomes, and it is informed by stakeholder preference.

Principle 4: Only Include What Is Material

Establish the parameters about what information and evidence must be included in an account of value to give a true and fair picture, and ensure the account is based on evidence from stakeholders so that decisions focus on changes that matter.

Principle 5: Do Not Overclaim

Only claim the value that correlates to activities directly responsible for creating that value.

Principal 6: Be Transparent

Demonstrate the basis on which the analysis relies to support its accuracy and honesty. Ensure that it is reported to and discussed with stakeholders.

Principal 7: Verify the Result

Ensure appropriate verification of results aligned with the decisions that support an identified value. Require independent assurance of results when reported to external audiences and/or supporting significant decisions.

Principal 8: Be Responsive

Pursue optimum Social Value based on decision making that is timely and supported by appropriate accounting and reporting.

Note: The full description of each of these Principles and a full Principles Documents is available for download on the Social Value International website (www.socialvalueint.org).

THE SOCIAL ECONOMIC IMPACT DATA ELEMENTS

Stakeholders

Stakeholders are defined as the people or organizations that experience change (whether positive or negative) as a result of the activities being analyzed. In SROI analysis the primary stakeholders are those who provide the inputs that enable the services being analyzed.

Intended Changes

The intended changes are those anticipated changes that result from the completion of the activities being delivered through the inputs from stakeholders. These anticipated changes typically are the reasons that the stakeholders have contributed the input resources.

Unintended Changes

Unintended changes are those short- and long-term results that are not expected and were not part of the basis for the stakeholders providing the input resources. (An example of unintended changes is the increase in transportation time and fuel costs resulting from state and local regulations requiring disability services providers to pick up and drop off disabled persons at their doors).

These unintended changes are not forecast, but all changes – both intended and unintended – have financial impacts and are relevant to a SROI analysis.

INPUTS

Input Elements

Inputs are activities resulting in changes with a goal of achieving the planned outputs and the projected outcomes. The SROI analysis process focuses on those input resources that can be measured in financial value terms and that are used up in the course of the activity (i.e., money and time).

Unit of Measure (UOM)

The Unit of Measure is the basis for identifying the quantity of the individual input element. This may be in units such as Dollars, Hours, Portions of Hours, or other measurements as appropriate to each input.

Value per Unit of Measure

Value per Unit of Measure is the calculated financial impact of each input element per the appropriate Unit of Measure used for that input. These values can also include non-monetized inputs such as contributions of goods and services.

OUTPUTS

Output Deliverables

Outputs are the quantitative summary of the deliverable results from an activity. These results are the planned short-term goals of the activities and are typically well measured on a timely basis as completed.

Value per Unit of Measure

Value per Unit of Measure is the calculated financial impact of each output per the appropriate Unit of Measure used for that output.

Basis for Valuation

The Basis for Valuation is a description of the methodology and reasoning for the selection of the most appropriate Value per Unit of Measure for each output.

Output SROI Gross Fiscal Impact

The Gross Fiscal Impact is the Fair Market Value replacement cost for each output service delivered. This is the short-term SROI value that primarily measures the immediate SROI value and the comparative efficiency of the services delivered to the community by the provider.

OUTCOMES

Outcome Results (Description of Change)

Outcomes are the results of the output services delivered. These outcomes may either be the projected and anticipated changes that were the basis of the stakeholder's provision of the resources required, or may be unintended and unanticipated changes resulting from these same outputs.

The description of the outcomes needs to be as precise as possible to avoid uncertainty on the measurement indicator basis used and the basis for valuation. Care must also be taken not to confuse outcomes resulting from resource inputs from one shareholder with inputs from other shareholders that can result in double counting of the outcome valuations.

Measurement Indicators

Indicators are measurement points that demonstrate that changes are taking place – that the outcomes are being achieved. These indicators are actions that are capable of being measured on a quantitative basis and that are capable of having financial impacts associated with their changes.

Frequently these outcomes have intermediate results that can occur over a period of years, but there may be observable and measurable changes along the way. It is important to understand what these intermediate changes may be and the financial impacts of these intermediate results, as the time period involved requires indicator tracking to gauge the progress of the activity and because the activities being analyzed may not bring about the anticipated final results but only some intermediate changes in the chain.

Duration of Change

Many types of outcomes have a finite life expectancy of the resulting benefits. The duration of change element defines this expected useful life of the outcome (when appropriate).

The Duration of Change element is also related to the 'Drop-Off' factor, which defines the reduction of benefits attributed to the outcome over longer periods of time.

BASIS FOR VALUATIONS

The Basis for Valuation is a description of the methodology and reasoning behind the selection of the most appropriate value per Unit of Measure for each outcome. When needed for complete understanding, alternative values are identified and discussed.

There can be types of outcomes that are difficult to value in monetary terms that are routinely left out of traditional economic appraisals. There are several techniques available in SROI analysis to approximate financial values via “proxy” methods that measure financial values via indirect comparative approaches:

- Contingent Valuation assesses via survey people’s willingness to pay, or to accept compensation, for a hypothetical product or service.
- Revealed Preference infers valuations from the price of related market-supplied goods or services;

Source of Valuation

The Source of Valuation is a description or listing of the research sources used in determining the Basis for Valuation.

VALUATION NEGATIVE IMPACTS

Deadweight %

Deadweight is a measure of the individual outcome that would have happened even if the output activity had not taken place. It is expressed as a percentage.

Attribution %

Attribution is an assessment of how much of the outcome was not caused by the contribution of each individual output service. This is expressed as a percentage.

The assessment of individual output service contribution can be a highly variable process with multiple conflicting factors. The relative contribution weight of an individual factor can vary from individual to individual, and the calculations can become problematic over long periods of time.

Drop-Off %

In longer periods of time (greater than one year), the amount of outcome is likely to be less, or if the same, will be more likely to be influenced by other factors. Drop-off is an assessment of the ongoing reduced attribution to the outcome factors.

It is expressed as a fixed percentage of deduction from the remaining level of outcome at the end of each year.

SROI NET FISCAL IMPACT

The Outcome Net Fiscal Impact is the total value of all fiscal benefits for each direct output valuation and the net value (after reduction due to negative factors) of each consequential outcome valuation.

THE CSACO SOCIAL ECONOMIC IMPACT MEASUREMENT METHODOLOGY

This describes the generalized but consistent approach used by Community Services Analysis LLC in performing a Social Economic Impact/Return on Funding Investment analysis. Each project is unique and may require modification or expansion of each of these processes.

Step 1 – Stakeholder’s Input, Project Scheduling, and Data Requirements

The process starts with a review with stakeholders on the needs and goals of the project. This can include identification of the historical and/or planned direct and consequential social impacts, the planned uses of the project results, and the potential audience for the results.

This step also includes the definition of a project task schedule with task element responsibilities and task schedules. This project task schedule will be used for periodic project schedule reviews to identify and address any project time or performance issues.

This step also reviews all available data and identifies the specific data needed on the activities, quantities, and results of the tasks being performed.

Step 2 – Identification of Specific Direct and Indirect Consequential Outcomes

Identification of the actions performed or planned that can result in either immediate direct benefits or longer-term outcome impacts and the definition of what these benefit and outcome results might be.

Step 3 – Valuation of the Direct Impacts

Valuation of the immediate (short-term) economic impacts of the actions under analysis are investigated and calculated. These amounts are typically based on the Fair Market Value of the services delivered and any economic impacts achieved on a short-term basis.

Step 4 – Valuation of the Long-Term Consequential Economic Impacts

Valuation of the longer-term consequential economic impacts takes multiple steps:

- Definition of the detailed outcomes (multiple outcomes for Legal Aid services)
- Research on economic impacts of these detailed outcomes:
 - o Based on database research and previous experience
 - o Multiple impact results collected
 - o Some eliminated for bias/age/inadequate methodology/other reasons
 - o Some sources are based on governmental analysis and are very precise (i.e., SSI/SSDI)
 - o Remaining valuations examined for “congruity” of results
 - If an outlier exists, their results are examined more closely
 - Occasionally their results appear more accurate
 - o Congruent results and multiple studies are used for valuation.
 - o Most recognizable and appropriate sources are used in Valuation Schedules references.

Step 5 – The Social Impact Value Map and Valuation Schedules

Preparation of the Social Impact Value Map and accompanying Valuation Schedules for inclusion of the impact report(s).

Step 6 – Delivery of the Draft Report(s) for review

Draft copies of any reports are delivered for review by the client.

Step 7 – Joint discussion of comments and suggestions following draft review

Any comments or suggestions following the review are considered and report modification made be made if appropriate.

Step 8 – Delivery of final signed report.

This step may also involve presentation of the report results, process, valuations, and other issues to stakeholder, internal staff, or other interested parties.