loop

The National Social Value Standard (SVS) & National TOMs

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SVS & TOMs

Both the National TOMs and the National Social Value Standard (SVS) are measurement frameworks used for the appraisal of social value. Loop uses the SVS framework within its software.

Why the metrics and values are different

- As with all frameworks in this area, both TOMs and SVS have a lot of overlap in terms of metrics.
    - But there are still notable differences in the quality, number and scope of metrics, and how they are structured.
- The proxy values used to monetise those metrics in both frameworks differ due to different valuation approaches being used.
    - SVS uses a full Social Cost-Benefit Analysis (CBA) approach and aligns more closely to the HM Treasury Green Book guidance.

Both of these areas are expanded on below.

Why Loop prefers the SVS approach

1. Scope

a. **By developing more than 800 metrics (vs. 128 base metrics in TOMs) SVS offers a broader scope in order to try and maximise the social value that can be captured and suit a diverse set of user's needs.**

- With 94% of those metrics having proxy financial valuations (vs. 72% in TOMs) there are also more opportunities to capture monetised social value.
- The Loop software then provides the support and functionality needed for users to navigate that broader set of metrics.

b. **SVS supports greater tailoring of the metrics to specific contexts.**

- For example, when reporting on the number of jobs the following sub-categories can be populated and change the valuation depending on what is selected:
    - The location (region, sub-region or local authority).
    - The duration of the intervention.
    - Whether it is a new job, a safeguarded job, or a redundancy/dismissal.
    - Whether it is direct or indirect employment.
    - Whether that individual was previously employed, unemployed, long-term unemployed, it is their first full time job, or the employment history is unknown.
    - Whether they are a care leaver, left unemployed by COVID-19, a black, Asian or minority ethnic person, a refugee/displaced person, a single parent, female, non-binary, from the LGBTQ+ community, ex-service personnel, a young person (aged under 18), a graduate, over 50 years of age, a disabled person, an ex-offender, formerly homeless, or a NEET.

c. **SVS also allows users to add as many non-monetised metrics to the**

framework as they need. And if monetised metrics are required then provides the opportunity to work with the SVS economists on developing those in a robust manner.

2. Quality

- Robustly monetising the wide range of, often very intangible, impacts and accounting for all the technical nuance required to avoid under/overclaiming, and stand up to detailed scrutiny is very challenging.

- SVS has invested significantly in developing truly HM Treasury Green Book aligned valuations, using a detailed CBA approach.

    a. TOMs has taken a simpler approach, including **relying on input values – rather than valuing outcomes as SVS does.**

    - The further along the Theory of Change/logic model that monetisation can happen, the more it leads to a more accurate representation of the full impact of the intervention – this is CBA best practice.

        - For example, an input value would be looking at the financial value invested in an intervention to improve the health of a local community and converting that input into a pound for pound social value (£1 invested = £1 in social value). TOMs uses this approach for 32% of its valuations, vs. 0.4% for SVS.

        - Monetising at the outcome stage instead would involve identifying the likely outcomes from that intervention (for example, both the wellbeing impacts on the relevant stakeholders and the public spending consequences of reduced demand on services) and valuing those instead.

        - Overly relying on input values not only risks under/over-estimating social value but can limit the quality of information – undermining investment decision-making. For example, if two interventions both used input values the return on investment ratio would show the same result and it wouldn't be possible to assess which created a greater impact and therefore pursue the investment option which maximises the social value created with the resources available.

b. SVS conducts more additionality analysis, resulting in more robust and conservative values.

- Establishing the counterfactual is essential in order to reduce overclaiming, be more representative of actual impacts, and identify what has been caused by the specific intervention rather than other factors. Compared to, for example, just using the median income for employment.

- SVS conducts the following additionality analysis and economic treatments against every outcome and value:

  - Deadweight
  - Attribution
  - Displacement
  - Optimism bias
  - Marginal utility of income
  - Duration
  - Drop-off
  - Inflation
  - Discounting

c. SVS avoids counting supply chain spending as a benefit by default and risking overclaiming its impact and overshadowing other areas.

- SVS instead uses CBA principles to measure the social value generated by additional spending and by the choice of supplier – for example, an SME or VCSE. This helps to isolate the true social value created by organisations who procure responsibly. It is about the value those suppliers create rather than just the spend on them.

- In addition, applying multipliers based on the Gross Value Added (GVA) of industry and region is not a recommended practice and the Green Book has a clear position on that. Especially when used to geographically weight and reward spending in areas with higher incomes and more industry, rather than capturing the greater impact and marginal utility in more deprived areas – addressing inequalities and the levelling up agenda.

- Another issue with the use of certain multipliers, combined with the issues in employment valuation, is that they can create such large values that the other areas of social value are overshadowed and therefore under-prioritised. For example, 98.5% of TOMs values come from their 'local economic' metrics, with just 1.5% from 'social value'.

d. SVS also includes negative values.

- This is both in allowing users to use metrics that generate a negative value, such as the 'Made redundant/Dismissed' metric, and also in entering negative inputs for certain metrics, such as CO_2e emissions.

- This is a key step towards measuring a more net, and therefore more accurate view, of social value. Rather than just seeing social value as just the 'benefits', which can lead to impact/greenwashing.

In summary, Loop believes the SVS is a broader, more robust, and more accessible framework.

Appendices

Working with other frameworks.

- **Loop aims to increasingly be a one-stop shop for users trying to navigate the often-confusing world of endless social value and sustainability frameworks.**

- **The Loop software has a number of dashboard that help users map SVS metrics** across to other frameworks when needed – such as TOMs, the United Nations Sustainable Development Goals (UN SDGs), the Four Capitals, and the Social Value Model (PPN 06/20).

- The software also has the functionality for users to upload any frameworks of their choice and use that within the platform – for example, if using an ESG framework like the Global Reporting Initiative (GRI).

Examples of ways in which SVS aligns with the HM Treasury Green Book.

- Social Cost Benefit Analysis (CBA)
- Optimism bias
- Discounting rates
- Monetised and non-monetised metrics
- Distributional weighting
- Marginal utility of income
- Forecasting, monitoring and evaluation stages
- Options analysis
- WELLBY valuations
- QALY valuations
- Net Present Social Value (NPSV) and Benefit Cost Ratio (BCR) equivalent
- Revealed preference valuations (e.g. hedonic pricing)
- Stated preference valuations (e.g. willingness to pay)
- Inflation
- Theory of change
- Deadweight
- Attribution
- Displacement
- Drop-off
- Regression analysis
- Doubling counting
- No economic transfers

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