

HOW PUBLIC AUTHORITIES FACE SOCIAL IMPACT MEASUREMENT?

Example - Public Tender on “Activate Green Community Hub services, engage local community”

These guidelines are a simulation of how a local Public Authority, through a public tender, could manage a social impact measurement to understand the social value of different proposals.

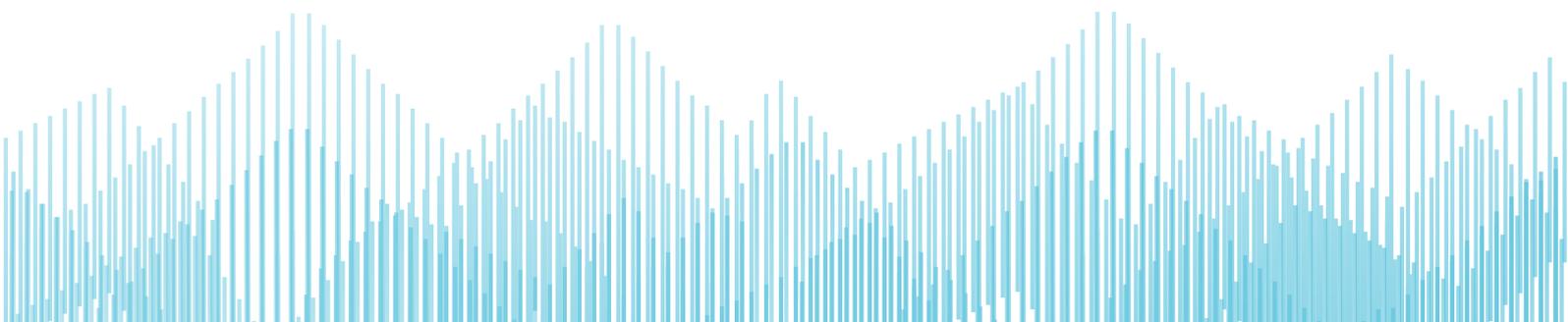


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Why Public Authorities should be interested in social impact measurement?

For several years one of the key needs for the Public Administration in order to evaluate Projects or Programmes has been to adopt a policy approach based on evidence, therefore, the issue of social impact measurement is central to understand the benefit of the Project or Programme and evaluate the outcomes of the complete process. Public administration needs to understand whether the investment delivers both acceptable social and financial returns, as well as whether it meets policy and fund focus objectives¹. The public body needs to understand all reliable information relevant for decision-making.

Scenario

Tender Theme: “Activate Green Community Hub services, engage local community”

The Local Authority is seeking expressions of interest for a call of Public Tender on activating Green Community Hubs services involving the local community. Each proposal will be assessed on its technical content and analysed through social impact measurement.

The Municipality aims to finance the activation of a Community Hub in an existing public property recently restructured. The Community Hub project is designed for a city suburb and a small/medium rural or mountain centre. The Community Hub must offer proximity services to have an impact on: improving the quality of life, relations through aid and solidarity activities, developing the local economy through the provision of services or the use of existing ones, mitigating the effects of climate change through reduced resource consumption, and sustainable mobility and economy.

Participants (SME, social enterprises, associations) are asked to develop a proposal of Community Hub activities and services.

Public Authorities or an independent external evaluator will make for each proposal an ex-ante evaluation of the social benefits for the activities that would be carried out through within the structure.

¹Policy Brief on Social Impact Measurement for Social Enterprises - European Union/OECD 2015

The Municipality assigns the call to the proposal ensuring the most significant impact of the Project

The winning proposal aims to activate 3 services in the Community Hub that provide:

- 1)** co-working space/service with at least 15 workstations;
- 2)** a food collection and distribution service for 20 disadvantaged immigrant families;
- 3)** a small home repair service for 25 elderly people living alone in the area.

The activities will also have the objective of actively involving the volunteers of the associations in the neighbourhood and it is also planned the hiring part-time of two young people in the area.

Why choose “activate Green Community Hub services, engage local community” as example?

The theme of this example comes from [ASIS deliverable D.T2.3.1](#) where are reported the Alpine Space common challenges on which the Social Innovation process can be activated.

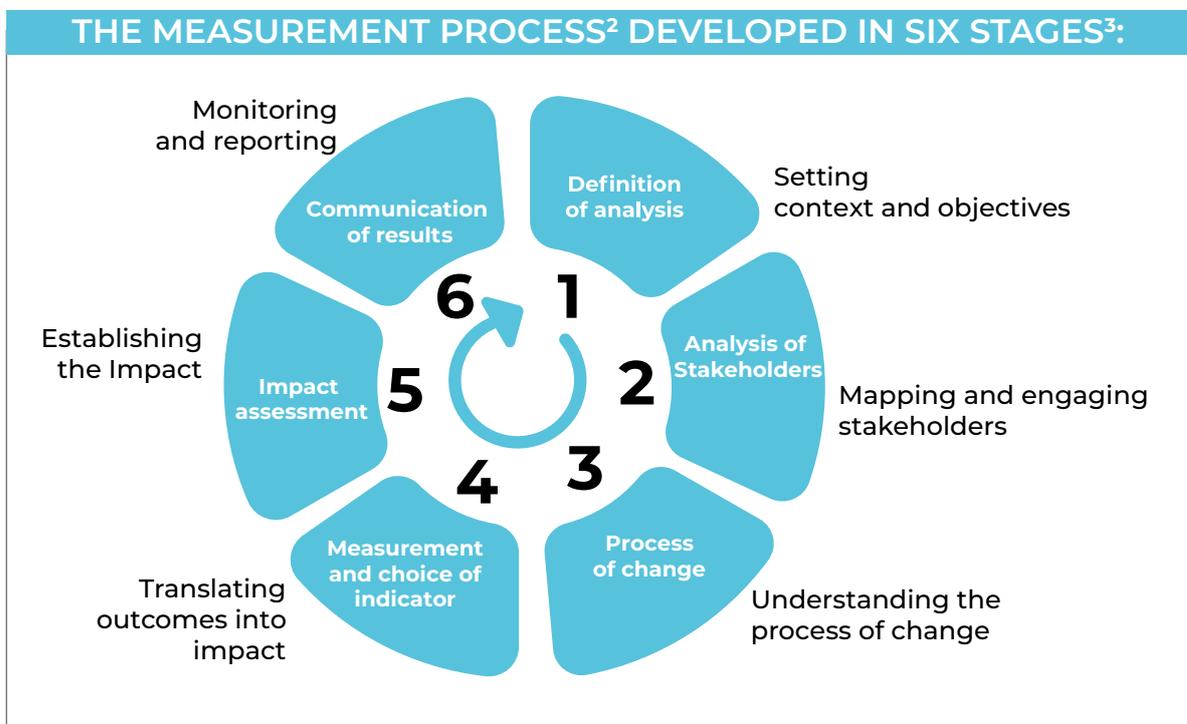
Partners are largely agreed upon three main challenges:

- 1)** tackle urban degradation and depopulation in rural and mountain areas,
- 2)** tackle unemployment,
- 3)** face the lack of health and social care services.

The urgency to grow resilient, aware and capable communities has emerged as a central feature. This example is mainly referring to Axis1 “Strengthen local communities in Alps regions: promote development and livability in rural and mountain areas and promote regeneration processes in urban areas”, but the operational goal is also connected to the other two Axes.

SOCIAL IMPACT MEASUREMENT FOR THE SELECTED PROPOSAL

1. Which process does public administration use on measuring social impact?



²A practical guide to measuring and managing impact – EVPA, 2013

³The standard process of measurement (Evpa 2012) involves five stages, in this example a further stage “Process of change” has been inserted to better explain the Theory of change



The first step in the process of measuring social impact in setting context and objectives

• PERIMETER OF ANALYSIS

Scope of analysis

The objective of this analysis is to verify that the services proposed for the **Community Hub will generate benefits for the stakeholders and a positive impact on the local community, improving people's quality of life and resilience, develop local economies, contribute to the mitigation of climate change.**

ex-ante in-itinere ex-post

The social impact measurement of the **project is a predictive analysis or ex-ante**. The evaluation processes can be carried out in different intervals: before (ex-ante), during (in itinere), or after (ex post) the project duration⁴.

MACRO MESO MICRO

The analysis level of the Project is **MICRO because the project refers to a local intervention in a small area**, not to a Programme or Organizations.⁵

Context/ system

In the urban/rural/mountain area in recent years the number of immigrants and elderly people has increased. Small crime, social hardship the lack of livable spaces push many families and change neighborhoods; local economy is becoming impoverished with the closure of shops and the abandonment of neighborhood life. Despite the presence of these issues there is still a local network of local associations and volunteers, families, professionals, and active workers in the neighborhood that can collaborate with the creation of a Community Hub.

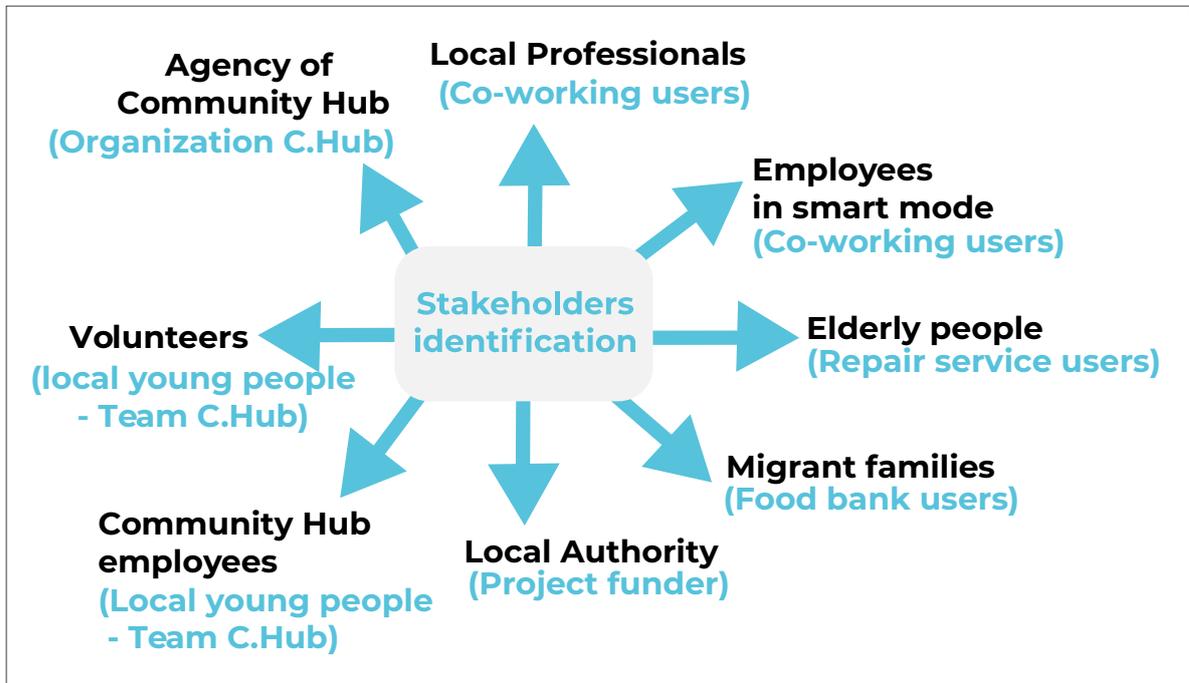
⁴ Proposed Approaches to Social Impact Measurement - European Union, 2014

⁵ The Compass: Your Guide to Social Impact Measurement - The Centre for Social Impact, 2014



The second step in the process of measuring social impact is mapping and engaging stakeholders

- **STAKEHOLDERS: WHO HAS AN “INTEREST” IN THE PROJECT?**⁶



- **ENGAGING STAKEHOLDERS**

The stakeholder engagement process defines your target group (characteristics, preferences and needs) to understand the change (potential) resulting from the project.

Questioning and listening to the stakeholders on the project services means changing the decision on what the objectives and the object of the assessment are, therefore, a review of analysis is needed.

⁶Guidance for Developing a Theory of Change for Your Programme - Nesta

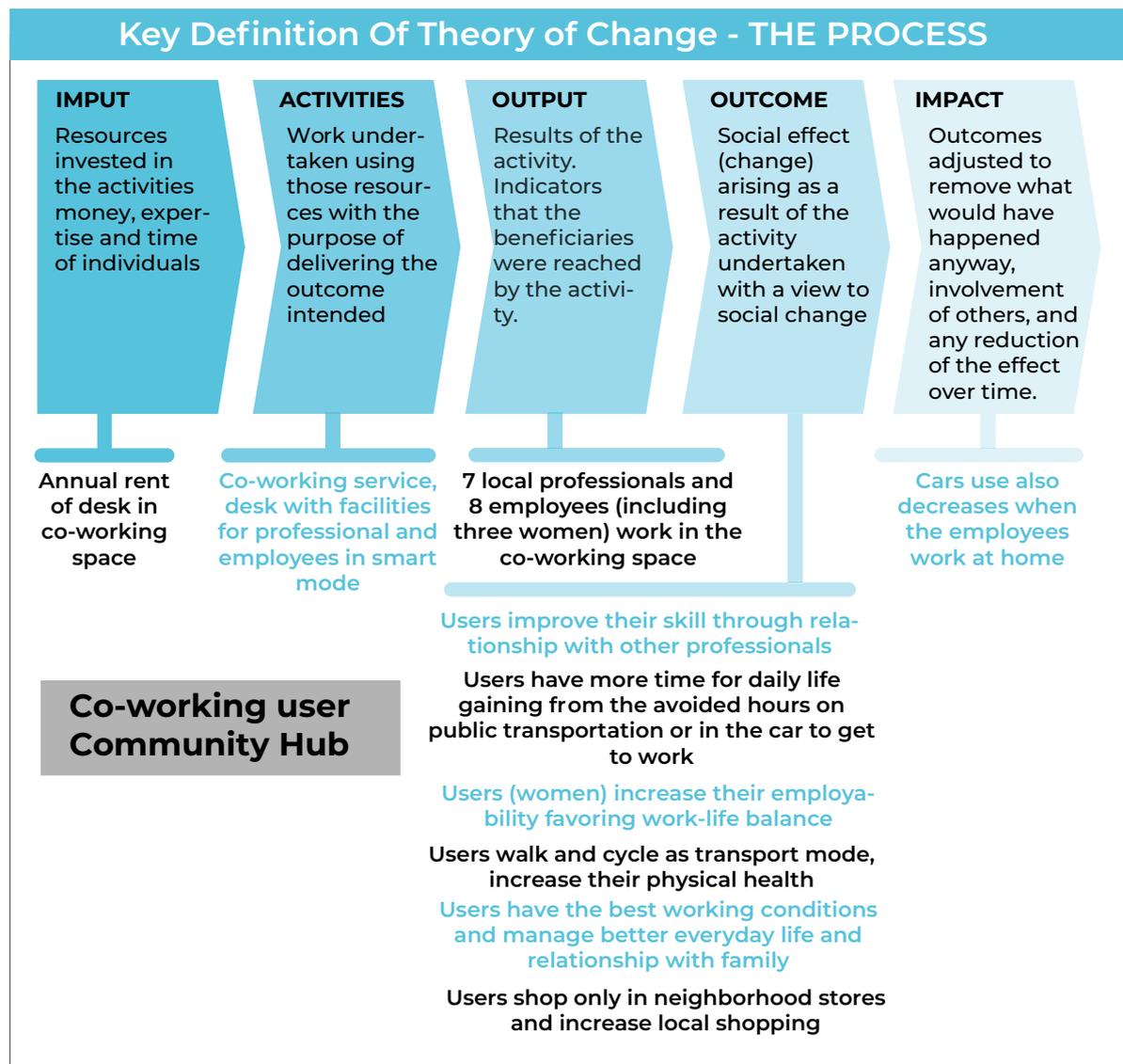


The third step in the process of measuring social impact is understanding the process of change

• THEORY OF CHANGE⁷

Once the stakeholders have been identified and the expected changes are defined, it is necessary to formulate a logical framework that allows them to understand how the change will be generated by the project⁸.

Impact value chain/theory of change, allows us to identify the different steps through which the project generates a specific change in people's lives (social impact)⁹.



⁷Theory of change in ten steps – NPC/Esmée Fairbairn Foundation, 2019

⁸Measuring Outcomes for Integrated Communities: Technical Note - Ministry of Housing, Communities and Local Government UK, 2019

⁹Guidance for Developing a Theory of Change for Your Programme - Nesta

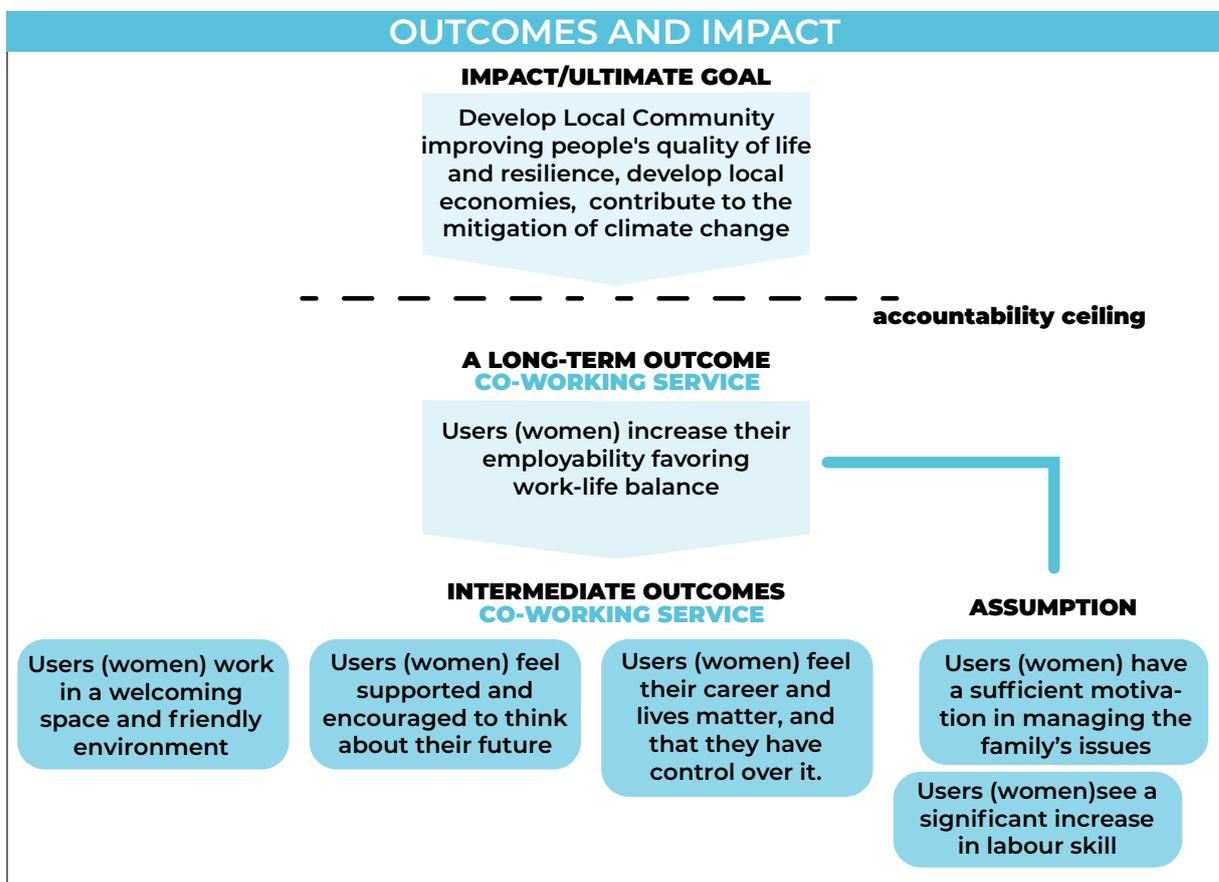
• WORKING BACKWARD

Theory of change, working backward, help to find conditions so that long-term outcomes happen¹⁰.

Defining the intermediate-term outcomes is needed to make the impact more likely. For this reason it is also necessary to rethink the 'activities' to encourage the outcomes to be more effective.

Outcomes include long-term outcome and intermediate/short-term outcomes. The term «impact» is often reserved for the ultimate goal of an initiative.

In the project the ultimate goal is to develop local community improving people's quality of life resilience, develop local economies and contribute to the mitigation of climate change. «Developing Local Community» drives the initiative, but only long-term outcome is a clearly stated, focused, measurable and plausible goal for the initiative.



• ASSUMPTION

'Assumptions' are often talked about as an important part of the theory of change process. Assumptions aim to identify where your theory of change is weak, untested, or uncertain¹¹. The purpose of assumptions is to proactively identify reasons why some causal links may not hold in practice.

¹⁰Theory of Change TECHNICAL PAPERS – ActKnowledge, 2013

¹¹Theory of change in ten steps – NPC/Esmée Fairbairn Foundation, 2019



The fourth step in the process of measuring social impact is translating outcomes into impact

• CHOOSING INDICATORS TO MEASURE

The mapping of the change process and its representation through the impact value chain aims to highlight the key elements of the process. The next step towards measuring the impact is to track these elements - outcome - through the choice of indicators¹².

The indicator is a measuring instrument capable of quantifying a variation or change.

The ultimate goal of the impact analysis lies in measuring the realization degree (potential) of the expected changes for each stakeholder (outcome).

INDICATORS FOR CO-WORKING SERVICE OUTCOMES	
OUTCOME	OUTCOME INDICATOR
CO-WORKING SERVICE	
Users improve their skill through relationship with other professionals.	• Number of service users describing improvements in their competences
Users have more time for daily life gaining from the avoided hours on public transportation or in the car to get to work	• Number of work hours gained a day
Users walk and cycle as transport mode, increase their physical health	• Number of service users with improved physical health
Users shop only in neighborhood stores and increase local shopping	• Percentage increase of shopping in local shops

The selection of indicators is not a simple activity, in fact there is no universal rule that establishes which indicators should be used. However, there are several criteria for the selection and development of indicators. There are existing standard metrics, effective and reliable that can help to compare updated values: Iris (Impact Reporting and Investment Standards) regulated collection by the Global Impact Investing Network (GIIN) and the regulated collection contained in the standard G4 Sustainability reporting guidelines issued by the Global Reporting Initiative (GRI). For more elements see ASIS Guidelines [Social Impact Evaluation and Indicators Guidelines](#)

¹²Measuring Outcomes for Integrated Communities: Technical Note - Ministry of Housing, Communities and Local Government UK, 2019



PLACING OF MONETARY VALUES ON OUTCOMES

An optional step, following the selection of the outcome indicators, is that of the monetization of the outcome, which consists in assigning to each outcome (or benefit) a monetary value. The monetization process of outcomes is very useful to compare different social benefits, such as increasing the rate of schooling and reducing mobility, which may refer to the same project or alternative projects. Also, monetization allows you to calculate in monetary values (euro), and then refer to a number, the sum of the benefits generated by a project, which can, therefore, be included in a cost-benefit analysis. Monetizing outcomes is not easy because social benefits are typically non-market goods and therefore do not have a market price, although they do have a value for the people who benefit from them. To get to assign them a monetary value it is, therefore, necessary to use proxies, or approximations. Financial proxies are estimates of the financial value of a good or service of which it is not possible to know the exact market value, such as social benefits. These indicators are found in SROI (Social Return On Investment) Methodology.

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The fifth step in the process of measuring social impact is establishing the impact

• ESTABLISHING IMPACT

Once the outcomes are measured through specific indicators, the impact is defined, that is the part of outcome (change) that is ascribable exclusively to the project. The impact is therefore intended as outcomes net of changes that would have occurred equally without the project and those instead attributable to other interventions.¹³

The impact will be determined by deducting some components to each outcome:

- deadweight – how much of the outcome would have happened anyway;
- attribution – what part of the outcome can be attributed to others activities or organizations;
- displacement – what activities or services are replaced by your service;
- drop off – the decline of the outcome over time.

OTHER VALUES TO CONSIDER - CO-WORKING SERVICE OUTCOME

displacement:
5% reduction of the working hours for the professionals who take care of children and the elderly at home

drop-off:
the evaluation of the Project is only for the first year

OUTCOME:
Users (women) increase their employability favoring work-life balance
(CO-WORKING SERVICE)

deadweight:
5% improvement of the digital infrastructure by starting a reduction in travel

attribution:
1% local authority provides incentives for work-life balance

6

The sixth step in the process of measuring social impact is monitoring and reporting

• REPORT, USE, APPLY

The process of measuring social impacts ends with the elaboration of a report addressed to the target audience, identified in the definition of the area of analysis. The goal is that the entire evaluation process, and especially its outcome, is quickly understandable and communicable to the outside.¹⁴

¹³Handbook Financial Instruments for Social Impact - FISE project, initiative co-funded by the European Commission

¹⁴Indicators and metrics for social business: a review of current approaches - Bengo Irene, Arena Marika, Azzone Giovanni & Calderini Mario, 2015

2. Which methodology does public administration use on measuring social impact?

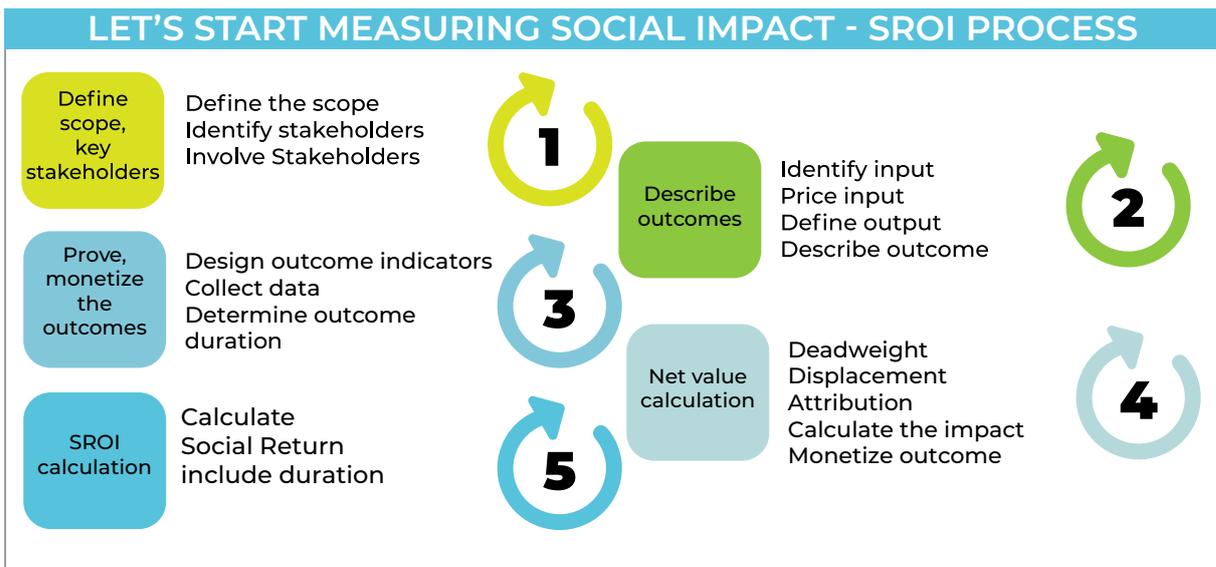
After outlining all the steps of the measurement process it's necessary to highlight that the real social impact measurement takes place through the choice of a specific methodology. Many differ from each other in the type of approach - qualitative, quantitative, or both. There are numerous attempts to offer an interpretative key to these approaches through their classification by homogeneous categories and also based on the use and the manner of achieving social objectives.

In this case the Local Authority applies the SROI Methodology¹⁵ to identify which of the proposed projects could provide greater social benefits and therefore on which proposal to invest.

SROI on the one hand guides to the construction of a synthetic indicator¹⁶ able to estimate promptly the investment impact and on the other hand focuses on the process of social service production, articulating the analysis in input-activity-output-outcome-impacts and therefore a complete picture of the value chain and its different phases.

• SROI SOCIAL RETURN ON INVESTMENT¹⁷

The key principle of SROI is that it measures the change in a way that is relevant to the people that are experiencing it. The main difference from other methods of social impact measurement is that it puts a monetary value on these impacts and calculates a ratio of return for the project that is contributing to creating the change.



¹⁵The-SROI-Guide-US-edition - SROI Network, 2012

¹⁶IRIS and SROI Overview – Social Value

¹⁷Impact evaluation & SROI Analysis of therapeutic service - The Green House/FSI, 2018



The social return is expressed as a ratio of impact value divided by value of inputs.
For this analysis, the social return ratio is therefore:

$$159.272,00 \text{ €} / 96.000,00 = 1,65 : 1$$

This is the normal way of presenting social return.

This means that this analysis estimates that for every euro invested in the Project activities there is € 1,65 of social value created.

- In the end of the process there is the Report to stakeholders.



In the following two pages, **the impact map** shows the different steps (same colours) highlighting SROI scheme for the selected Project.

Economic benefits from saving natural resources were not taken into account in the economic matrix - for example those due to the reduced use of vehicles for moving home-work - because not directly attributable to the competences of the local public authority that promotes the investment.

Stakeholders Who will we have an effect on? Who will have an effect on us?	Quantity How much change	Financial Proxy What proxy did we use to value the change?	Value What is the value of the change?	Source Where did we get the information from?	Deadweight % What would have happened without the activity?	Displacement % What activity would we displace?	Attribution % Who else would contribute to the change?	Drop off % Will the outcome drop off in future years?	Impact Quantity times financial proxy, less deadweight, displacement and attribution	Calculating Social Return ONLY A YEAR 1 (after the activity)
Co-working users	6	Cost of commercial training to acquire a range of new skills, 700 €	700,00 €	Enterprises and innovations, ISTAT, 2017	10%	0%	5%	0%	3.570,00	3.570,00
	1180	Average 1 hour a day cost of Professional per hour of 20 €	20,00 €	Smart Mobility, ISTAT, 2017	5%	0%	0%	0%	22.420,00	22.420,00
	5	Average cost of a family (4 people) holiday 1500 €	1.500,00 €	Smart Working of School of Management, 2019	5%	5%	0%	0%	6.750,00	6.750,00
	364	Increase in percentage (50%) local shopping 40 €	40,00 €	National Strategy Internal Area, Agenzia for the territorial cohesion, 2013	10%	5%	0%	0%	12.376,00	12.376,00
	8	Monthly cost of local gym membership 300	300,00 €	CONI, Sport Practice in Italy, 2016	0%	0%	5%	0%	2.280,00	2.280,00
	1280	Cost per hour 18	18,00 €	ANPAL, Employment Markey 2018.	5%	5%	1%	0%	20.736,00	20.736,00
Neighbourhood Repair Service users	200	Psychological counselling session 30 €	20,00 €	Healthy condition Elderly People, ISTAT, 2017	0%	0%	15%	0%	4.250,00	4.250,00
	9	Cost of hospitalisation for one week, around 800 € a week	800,00 €	Social Services_ Municipality, ISTAT, 2017	0%	5%	15%	0%	5.760,00	5.760,00
	200	Cost of providing home social care visit 25 €	25,00 €	Social Services_ Municipality, ISTAT, 2017	0%	5%	5%	0%	4.500,00	4.500,00
Food losses distribution (food bank) users	1500	Average cost of one family's meal of 10 €	10,00 €	Fair and sustainable well-being, ISTAT, 2015	10%	0%	10%	0%	12.000,00	12.000,00
	18	Average of police intervention, cost of a police arrest and charge 450	450,00 €	Women and children bear brunt of domestic violence, C. B. Parker, Stanford report, 2014	5%	5%	0%	0%	7.290,00	7.290,00
	240	Cost of Public therapy for each family to help with anxiety and depression – at 20 € per session	20,00 €	Mental health during stages of life ISTAT, 20'18	10%	10%	0%	0%	3.840,00	3.840,00
Volunteers	3	Monthly cost of local swimming pool membership 200 €	200,00 €	CONI, Sports practice in Italy, 2016	0%	0%	5%	0%	570,00	570,00
	1	Cost of small communication campaign on wasting food/ distribution of flyer to achieve similar reputational gain	4.500,00 €	Public Communication Report, FERPI, 2013	0%	5%	0%	0%	4.275,00	4.275,00
Local Authority					0%	0%	0%	0%	-	-
Donors supermarkets, restaurants and private households in the area	3 tonne	Cost of waste disposal per tonne approx. 60 €	60,00 €	Report on the state of the environment MATTM, 2016	10%	15%	0%	0%	135,00	135,00
Sme/social enterprise working in Community Hub	2	Cost of capacity building course 1100 €	1.100,00 €	Study on the third sector, 2017	15%	0%	10%	0%	1.650,00	1.650,00
	1	Average part time Working wage for specialized professional on Sustainable governance and Community development	9.000,00 €	SDGs Report, ASVIS, 2020	0%	5%	5%	0%	8.100,00	8.100,00
Local Community	12	Monthly cost of local counsellor 350 €	350,00 €	Social Services_ Municipality, ISTAT, 2017	5%	0%	10%	0%	3.570,00	3.570,00
	2	Average part time employment for Professional Educator	20.000,00 €	Ministry of Labour Report, 2017	5%	5%	2%	0%	35.200,00	35.200,00
										159.272,00

Here is **the interview with Sara Secondo, the manager of an innovative social start-up “ATELIER RIFORMA”** concerning the social impact assessment of their company to define the impact, improve internal organization and monitor the effectiveness of actions over the next five years.

1) What do you do, what are the main goals and objectives of your business?

Atelier Riforma is an innovative start-up with a social vocation, born from the desire to create a business model towards a throwaway culture in the field of fashion, offering an alternative model, respectful to the environment and today's social challenges. Thanks to the sartorial transformation of used clothes, Atelier Riforma has the ambitious goal of reducing the environmental impact of the fashion industry by bringing to the market clothing that would otherwise become waste.

The challenge is therefore to encourage the purchase of used clothing thus determining overtime saving resources for the new production, as well as reducing the amount of waste.

The project was born from the issue of the heavy environmental impact caused by the fashion industry: recent studies have shown that textiles are the second polluting industry in the world after oil.

In addition considering the goal of environmental protection, the start-up aims to support third sector organizations, helping to strengthen their network and increase their economic resources.

Finally, the ambition of Atelier Riforma aims to increase consumer awareness in clothing purchases.

2) What is your business model?

To achieve all the objectives described, Atelier Riforma pursues a business model through the following steps:

- 1) collection of clothing by private individuals or non-profit institutions;
- 2) the distribution to designers, sustainable brands, tailors, social tailors, and association to give new value through tailoring transformation and sale through e-commerce and physical channels;
- 3) the donation to non-profit institutions of clothing which cannot easily be converted which provide for the donation to people in need;
- 4) the organization of training and awareness-raising events on the ethical and environmental problem of fashion, to educate people about conscious consumption;
- 5) the product traceability and the environmental impact measurement of the individual purchase.

Therefore, the recovery of used clothing becomes the tool to overcome challenges such as climate change, social exclusion, and unsustainable consumption styles.

3) How did you measure the social impact?

The methodological tool is based on the Social Impact Assessment, by which we were able to combine numerical indicators with a greater qualitative description of activity results. A process-based and non-synthetic methodology that has helped us to combine the complexity of Atelier Riforma; the impact assessment is the tool to answer these main purposes, especially within the organization:

- define the social impact,
- improve internal organization and monitor the effectiveness of Atelier's action,
- adaptation to legislation on innovative social start-ups

A measurement process is also an excellent tool for monitoring the impact determined in the different milestones (output and outcomes).

The process of social impact assessment defined the social value generated by the company through the theory of change, identify the impact indicators most closely related to the leading social outcomes, and plan impact measurement and monitoring.

Atelier Riforma is an innovative social start-up (SIAVS) and this methodology meets the need to monitor activities to improve internal organization and monitor its effectiveness.

4) What was the application of the Theory of Change in your experience?

To trace the process and logical sequence of a project to identify its positive impacts, you can use the value chain, a methodology that allows a deep reflection and dialogue on values, visions, and philosophies of change. This process explains the hypotheses of how and why the expected change should happen especially for long-term goals.

Following the process of Theory of Change to plan the Atelier Riforma actions we highlight a new paradigms and approaches on how to face our challenges. For example, instead of asking, «What do we have to do to achieve the goals we have identified?», the new question we are asked is «what kind of medium-long-term change should we produce on the main targets of our action?» and then «what are the pre-conditions to achieve them?».

This new approach led us to focus on “outcomes”, therefore on changes in lives and processes, rather than on “outputs” as how many activities have been carried out, how many pieces of clothing we collected, how many small tailors were involved, etc... Thus outputs are pivotal to the process, but only if we work on lasting and meaningful effects and changes in terms of outcomes.

This process must also be understood as a «working document» to be changeable through all the feedback from monitoring during implementation and periodic evaluations.



The Theory of Change by its nature cannot be considered as a rigid and un-modifiable structure.

Regarding the Theory of Change of our project, we identified the following areas of intervention: environmental impact; social inclusion; consumer culture; support for the third sector.

The long-term objectives of the start-up concern:

ENVIRONMENTAL IMPACT: reduction of the environmental resources necessary for the production of new clothes, as well as the resources necessary for the disposal of waste;

SOCIAL INCLUSION: support tailoring organizations that include people with social disadvantage and young unemployed or low-income people, with savings in public spending;

CULTURE AND NETWORK: educate to conscious consumption and support the economy of non-profit organizations.

In our case, the Outputs are Increased employment for disadvantaged workers; reduction of pollution in the fashion sector; reduction of waste; awareness in consumption.