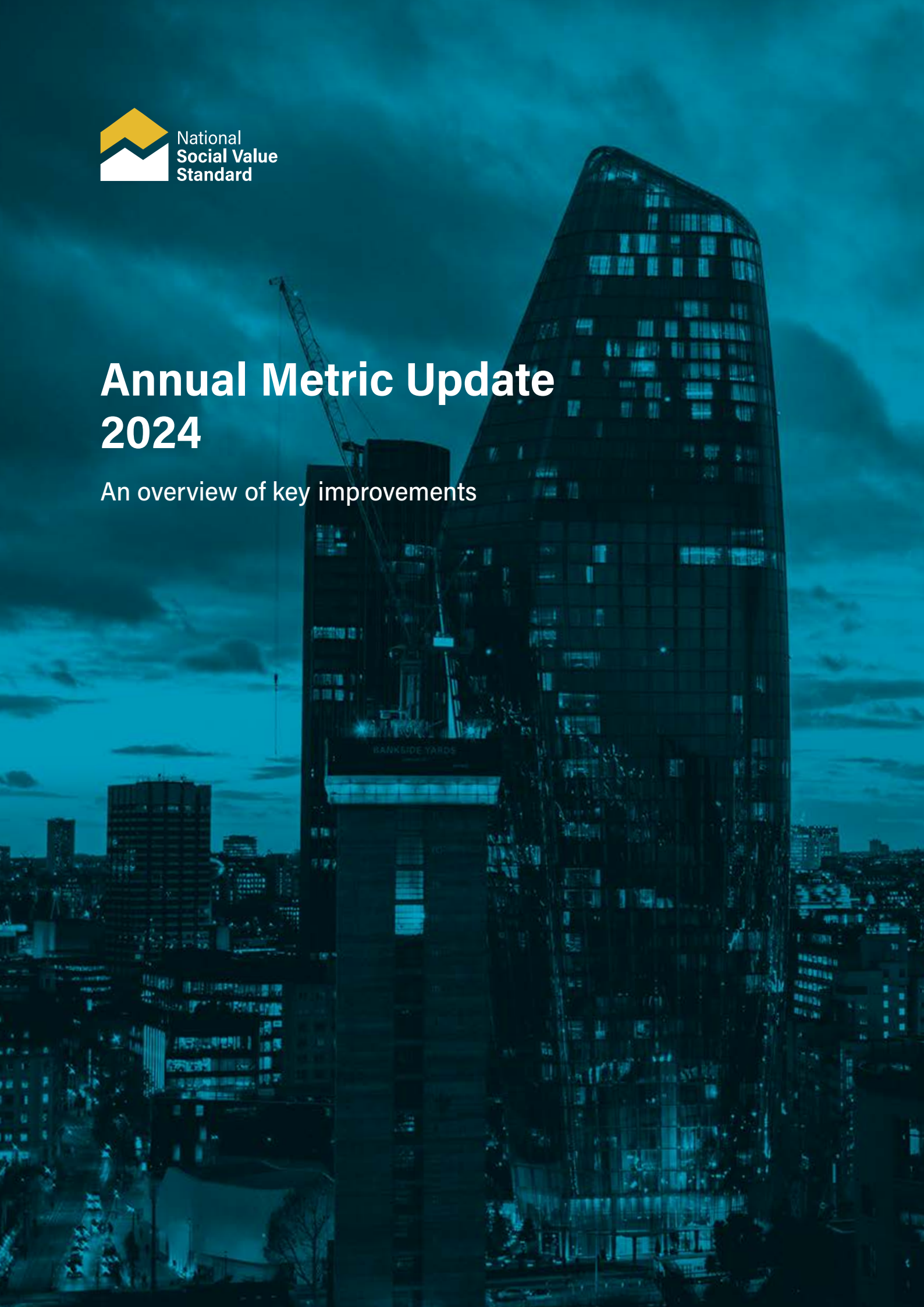




# Annual Metric Update 2024

An overview of key improvements



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## Purpose

In our mission to ensure National Social Value Standard (SVS) remains at the forefront of how social value is measured in the UK, we review and evolve our metrics annually in line with the latest trends, data, methodologies and best practice.

This document provides an overview of the key improvement for 2024. A total list of changes and the methodology used is available in the full set of SVS supporting materials.

## Headline

This year's update is generally less transformative than its predecessor, but users can still expect noticeable changes. However, there will be a consistent thread of familiarity between the versions.

This version builds on the work of the previous update to establish a consistent foundation that means future improvements will revolve primarily around adjustment and new metrics rather than broader transformations.

As summarised below, this update introduces new features and enhances the metrics and valuations in order to keep SVS as the industry-leading, and most HM Treasury Green Book aligned, social value measurement framework.

## Why change

SVS is at the forefront of an ever-evolving social value world, and to ensure its robustness we undergo an annual metric review process:

- As part of SVS following a rigorous analytical process, all metrics and valuations are interrogated every year to ensure alignment with the latest thinking, user-friendliness, and account for diverse stakeholder context and needs.
- Regular releases of new research and data enable continual improvements and revisions to previous estimates.
- User feedback and input from key industry stakeholders contribute to shaping and implementing various changes in the framework.

## Naming and structuring

The metric groupings remain the same but with some simplifying changes to some of the headings, based on user experience and feedback.

1. Jobs, apprenticeships and placements -> Employment and economic
2. Workforce wellbeing, training and skills -> Health, training and skills
3. Supply chain
4. Community, charity and other stakeholders -> Community
5. Environmental

In addition to streamlining the titles, the health and training metrics that were previously split between community and workforce categories (despite sharing identical values) have been consolidated together into one grouping to avoid duplication. Furthermore, the 'economic' label has been added to the employment section to reflect the fact that the Gross Operating Surplus metric will be housed there.

Non-monetised metrics will now be separated more distinctly from monetised metrics so that users can clearly distinguish the type of metric and what will best suit their needs. This includes sections on areas such as the Social Value Model and Good Business Charter.

## Metrics and valuations

The total list of changes to metrics and valuations can be found in the full set of SVS supporting materials. The key areas of change are explained below.

### Changes to employment

- By transitioning away from measures such as GVA and LM3 and using a clearer income-based approach of economic valuation, SVS can now include the full value of employment through wages paid.
- This also means the framework takes into account different employment statuses in a more simplified format, as well as the nuances of better-quality employment and the value of higher paid jobs, rather than just jobs.
- Users have the option to add additional inputs around occupation, geography, or even the specific median wage itself.

### Changes to gross operating surplus (GOS)

- Following user feedback the name has been changed from 'social value from profit' to 'gross operating surplus', which better describes what value the metric is capturing.
- How this is calculated has also been updated, partly to take into account how sensitive the inputs can be for some users. Therefore, the input is now based on FTEs.

### Changes to supply chain spending

- The value is still based on the additional social value created by the spending decisions rather than the direct value of the spending. But the calculations have been updated and additional value identified.
- There is also an additional metric which captures the value from spending with a focus on sustainability and ethics.

### Changes to health interventions

- Additional monetised health intervention metrics have been created. Users can choose the intervention they think most closely aligns to their activity. This will help capture more nuance between good quality interventions and ones that aren't as supported by the evidence.

### Changes to carbon reporting

- Carbon dioxide equivalent (CO2e) reporting has moved from measuring the change to focusing on the absolute CO2e emissions in the reporting period.
- This has a number of advantages, including providing a clearer and more accurate picture of the total impacts, avoiding greenwashing, and keeping the reporting simpler and more comparable.
- To measure impacts robustly it is essential to include the negative alongside the positive, and all CO2e produced has a negative impact on the environment. Reductions in emissions are then therefore rewarded by lowering the negative value produced.

### New features

- The weightings on valuations can now be toggled on or off. For example, users will be able to see the social value totals and return on investment ratio with or without weightings and therefore fully understand their impact. This also increases the alignment of SVS with the Green Book.
- A new tailoring feature built around individual metrics which applies individual's needs and context. The option to include more data on stakeholder demographics and characteristics - enabling weighting of values across the framework and going further than the previous version.
- Support with surveys. With relevant metrics, SVS will provide helpful survey questions for users who want to conduct stakeholder surveys.
- Carbon. More reporting options will be available alongside the monetised output, looking at the breakdown in tonnes of CO2e between scopes 1, 2 and 3.
- Biodiversity units. There is now a biodiversity section which gives the user the option of directly reporting their biodiversity changes and having SVS convert that into monetised biodiversity units.
- Housing. A new model estimating the social value generated by different types of housing has been built.