

The Value of Social Enterprises

Social Cost Benefit Analysis of Social Ventures Tackling the Disability Employment Gap



Ventures in this study achieved cost-benefit ratios from 1.8:1 to 116:1 - for every £1 invested, between £1.81 and £116 of benefits were produced.

Summary

In 2019, as part of our ambition to be an impact-driven organisation, UnLtd set out to better understand the breadth and depth of impact created by social ventures tackling the disability employment gap.

Whilst these social businesses have made great strides in their impact, with job creation benefitting both individuals and society - it has been difficult to show the economic value of this impact to society.

The main aim of this research was to evidence and communicate the impact and equivalent economic value of social ventures tackling the disability employment gap.

To do this we conducted a social cost benefit analysis (SCBA)¹ in partnership with the New Economics Foundation (NEF)². In this paper, we share an overview of the project along with the key findings and learning along the way. We hope that the findings and reflections we share will be useful for other organisations working with, and supporting social entrepreneurs, as well as others interested in supporting social entrepreneurs in future.

[Full Report Found here](#)

Headlines

Between 2018 and 2019, five social ventures created £18.35m in social value. The social ventures covered in the analysis managed to combine significant social value creation with financial viability.

Each social venture recorded a cost-benefit ratio of at least 1.81, which means that for every £1 invested into running a social enterprise, a minimum of £1.81 of benefits were produced. Two ventures in our study recorded far higher ratios with the highest recording a cost-benefit ratio of 116. This finding demonstrates that the annual social and economic value generated by the five social ventures was always found to be in excess of their annual costs, and often considerably so.

Wellbeing improvements made up a large proportion of the social value created (over 90%). This was driven by large increases in confidence, feeling useful and emotional wellbeing reported by clients of all ventures.

How we went about it

We initially selected eight social ventures to participate in the research, all of whom had received financial and non-financial support from UnLtd. Three of the ventures were unfortunately unable to complete data collection, due to the timing of the research. This left us with five social ventures who we worked alongside to undergo this study.

The research began with a co-design workshop involving NEF Consulting, UnLtd and staff from five social ventures, in order to build Theories of Change for each social venture. In this workshop we mapped the stakeholders affected by the ventures, such as the people directly supported (people far from employment, in self-employment and students) and the Government (through the impact on public expenditure).

A wide range of outcomes were identified, including different aspects of personal wellbeing such as self-confidence, optimism, resilience, emotional wellbeing, reduced social isolation, as well as financial security, income, educational qualifications, physical health, substance misuse and offending. The outcomes identified relating to the Government included tax received, benefits paid out and other forms of public expenditure.

This framework was used to develop data collection tools and data from the social ventures was collected between September 2019 and January 2020, which in turn fed into Social Cost-Benefit Analysis modelling. This modelling looked at the change in each outcome experienced by those that each social venture was supporting, adjusted for the change that would have happened anyway or was caused by factors other than the social venture itself, and then monetised the resulting social value using established financial proxies.

Journey to Employment

One aspect of the social venture that proved important in the analysis was the stage of employment which the ventures were working at.

UnLtd have previously outlined different stages of the unemployment journey - particularly for those distant from the labour market.³ We reformulated our previous definitions in a simplified view of the journey, which relates specifically to the ways in which social enterprises work with individuals, see below illustration of four stages.

We acknowledge that access to employment is complex, and this pathway does not account for the role in society of removing systemic barriers such as discrimination and accessibility.

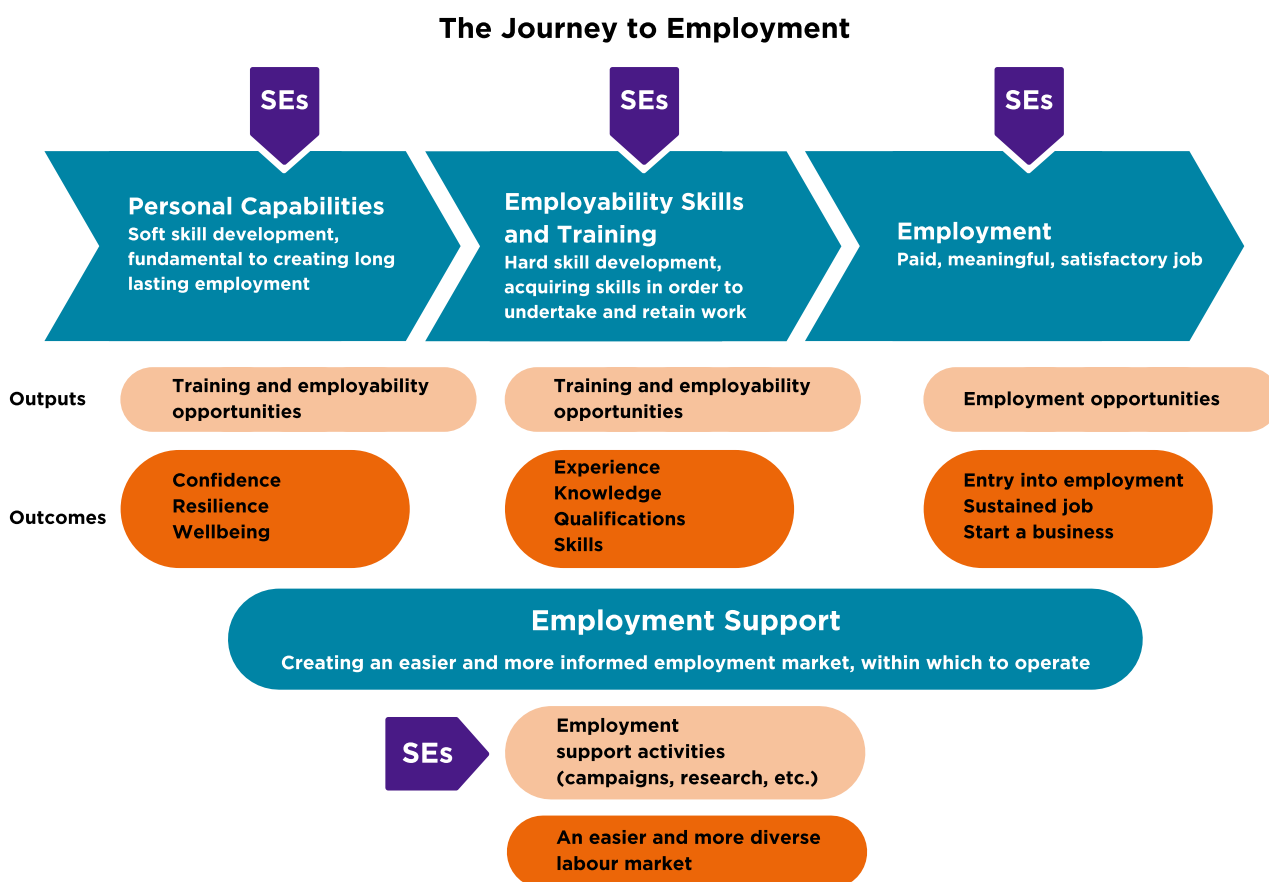


Figure 1: Overview of UnLtds view of the Journey to Employment, based on the framework outlined by the Inspiring Impact Programme 2013

The Social Ventures

The five social ventures are all working towards tackling the disability employment gap but vary in other aspects:

- ✱ The social ventures create impact in different ways. Some employ disabled people (impact employers), and some provide services to support disabled people to gain employment (impact sellers).
- ✱ The ventures also focus on different stages of the Journey to Employment.
- ✱ We also work differently with the ventures. Some have received pure funding and others have received investment. All ventures receive support from UnLtd but the specifics of the support varied across ventures.



Diversity and Ability are a social enterprise who work, for “the sole purpose of providing support, strategies, assistive technology training, and shared wellbeing”. They provide a range of services, especially for students, including Assistive Technology Training, Study Skills Support and Specialist Mentoring.

UnLtd provided a grant of £15,000 to D&A through its Grow It programme alongside specialist support for a year. D&A are now on UnLtd’s Thrive Accelerator.



Double T are a social enterprise providing property management and development in Nottingham. The profits from the market-facing side of the organisation are reinvested into a programme that supports young people to realise their economic potential, by building their confidence, supporting them in managing their mental health, and supporting young people with a disability or learning difficulty. They also help their service users find work placements.

UnLtd provided financing of £60,000 alongside a £9,000 grant to Double T through its Impact Fund.



The Support and Mentoring Enabling Entrepreneurship (SAMEE) charity helps people to explore self-employment, fulfil their potential and achieve financial independence, including helping them to start their own business. SAMEE works with people of all abilities offering a free service delivered by a team with direct lived experience of managing a disability while developing their careers.

UnLtd provided £20,000 of funding to SAMEE through its Thrive Fund.



Sofab Sports is a Community Interest Company who sell sportswear whilst aiming to transform attitudes towards young people with learning difficulties. In their own words, they build “The skills, confidence, and self-esteem of young adults with physical and learning difficulties through developing businesses that create supportive employment opportunities leading to vocational qualifications and experience, providing a platform for further mainstream employment opportunities”.

UnLtd provided financing of £98,900 to Sofab Sports through its Impact Fund.



Toolshed is a social enterprise which helps young people to start a career in construction. They train approximately 25 young people each year in construction, painting and decorating, with an approach that focuses on gradually building the skills that are most practical to the real working environment. They also offer a Work and Study Programme for those who are seeking to train during a placement, and they also employ young people directly on various construction projects through the Toolshed Works Service.

UnLtd provided financing of £70,000 and a grant of £10,500 to Toolshed via its Impact Fund.

The ventures and their journeys to employment

ToolShed’s training programme typically focuses on Stage 1, engaging with young people who have dropped out of mainstream schooling, laying the foundations for progression into world of work and independence, and helping them to avoid negative pathways.

Similarly, the activities evaluated for Double T and D&A were principally focused on Stages 1 and 2. Each of these organisations have other activities that are more closely related to employment creation, but which were outside the scope of this SCBA evaluation. By contrast, the activities evaluated for Sofab Sports and SAMEE focus on Stage 3 of the Journey to Employment.

3 things we learnt about how social ventures are tackling the disability employment gap

1) Social ventures tackling the disability employment gap create added social value by creating jobs and supporting the wellbeing of disabled people

Social ventures create value for the state through benefits reductions and national insurance contributions from training and employment opportunities. Wider social value creation however, for example through changes in wellbeing, confidence, independence and function, create the greatest savings to state. In fact, savings to state came in at just under 5% of all social value creation.

On a scale from 0% to 100%, clients' average confidence levels improved by between 31 and 49 percentage points across the sample of social ventures, relative to the time before they made contact with the venture. Similarly, levels of "feeling useful" improved by between 26 and 53 percentage points across the five ventures, and average emotional wellbeing (measured using the ONS standard four questions) improved by between 15 and 52 percentage points.

2) Social Ventures tackle the disability employment gap in a cost-effective way

The SCBA has given us strong evidence that social entrepreneurial solutions not only create significant social and financial value (almost £20m amongst the five participating social ventures), but they do this in a cost-efficient way. The cost-benefit ratios amongst the sample ranged from £1.81 to £116 per £1 of expenditure.

In our sample of ventures, the benefits far exceeded the costs in all cases. Although there are no hard and fast rules for what constitutes a good cost-benefit ratio, some organisations use ranges to estimate value for money. For example, the Department for Transport outlines a scale from 'Very High' to 'Very Poor' value for money⁴. Within this value for money framework, the value created by the social ventures under study ranged from 'Medium' to 'Very High'

Box 5.1 Standard Categories
(Transport cost outlays exceed revenues or cost savings)

VfM Category	Implied by...*
Very High	BCR greater than or equal to 4
High	BCR between 2 and 4
Medium	BCR between 1.5 and 2
Low	BCR between 1 and 1.5
Poor	BCR between 0 and 1
Very Poor	BCR less than or equal to 0

**Relevant indicative monetised and/or non-monetised impacts must also be considered and may result in a final value for money category different to that which is implied solely by the BCR. This chapter provides guidance on how to select the final value for money category.*

3) Tackling the disability employment gap is about much more than creating jobs

Obtaining meaningful and sustained employment is an important part of what these social ventures are trying to achieve but it is not their sole purpose. This study highlights the social value of some of the other impact that social ventures can have on society. For instance, some of the social ventures focus on the earlier stages of a client's progression into employment, such as through training of young people who had dropped out of school.

Although this support may not have created employment in the short-term, there was evidence that it prevented harmful behaviours and laid the foundation for further progress through training or work. Some of the value of this impact is captured in this analysis which would otherwise be ignored if the impact focus was solely on number of jobs created.

Three things we learnt about measuring impact

1) Ventures have an appetite to measure their impact

Social ventures are looking for ways to demonstrate the impact of the work they are doing, and throughout the research we received really strong feedback on the usefulness of the process for them. This feedback has been that the SCBA shone a light on parts of their work, and particularly ways in which they generate impact, that are otherwise challenging to evidence.

2) The SCBA process can benefit all parties, but requires time and resource commitment from ventures

Several social ventures struggled to make time and allocate resources (where this was required) for data collection to take place, resulting in their eventual withdrawal from the project.

Although this was partly due to unprecedented challenges ensuing from the COVID-19 pandemic, UnLtd's learning from this process was that there needs to be a very clear outline given to ventures of what resources will be required. From allocating staff or volunteers to lead data collection, to finding days when UnLtd could visit, in future there should be a clearer sense of what is expected. Despite this, the majority found the time and saw benefits, which includes an individual SCBA which can be used to demonstrate their impact, as well as some capacity strengthening around impact measurement.

3) The SCBA process can help to embed impact measurement

As part of the SCBA process each venture had to identify the outcomes that they were contributing towards, based on their business model as well as more specific activities.

Following data collection against these outcomes, several ventures have reported they have begun collecting some of this data (such as the Short Warwick-Edinburgh Mental Wellbeing Scale) routinely, and that this is already helping them to understand and prove their impact.

Social Ventures are key to closing the disability employment gap

The research has produced some powerful evidence of the scale and quality of the impact generated by social ventures tackling the disability employment gap.

We have found that the ventures in our study created substantial social and economic value. The majority of the social value created came through wellbeing-related outcomes; confidence, usefulness, resilience, emotional wellbeing, social interaction, feeling independent, feeling in control of life direction and finances.

The ventures generate income in different ways, and the majority of social ventures generated turnover to cover their costs and even saw profit per annum, prior to formally including the social value they create.

As such, there is reasonable evidence to suggest that social ventures represent cost-effective ways to provide solutions to the disability employment gap, through their ability to be self-sustaining, even profit-generating, businesses whilst also delivering significant social impact.

Appendix - Methodology

The stages of the SCBA project are outlined below:

1. Establishing scope and identifying stakeholders
2. Mapping outcomes
3. Evidencing outcomes and giving them a value
4. Establishing impact
5. Calculating the SCBA
6. Reporting, using, and embedding

1. Establishing Scope and identifying stakeholders

The first stage of a SCBA process is to define its boundaries. This involves deciding which areas of activity to include and which stakeholders are affected. This SCBA focuses specifically on the social ventures supported by UnLtd who help reduce the disability employment gap.

2. Mapping Outcomes

This involved mapping outcomes that each venture was seeking to achieve for its stakeholders. This process involved discussion between the social ventures, UnLtd and NEF staff, and resulted in developing a Theory of Change diagram for each social venture¹.

3. Evidencing outcomes and giving them a value

Self-reported indicators are used to understand the average 'distance travelled' since the beginning of the intervention (i.e., the magnitude of that change for those experiencing it). Net value created by the service is calculated by using outcomes data alongside data and assumptions regarding additionality and the value of the outcomes created.

4. Establishing Impact

To understand the impact created by the social venture we identify other factors that might have influenced the change, we take into account counterfactual, attribution and displacement into the calculations in order to calculate the net change for each individual outcome. Once the net change has been measured, the next step consists of defining and assigning proxy financial values. SCBA involves expressing all outcomes in monetary terms, to allow them to be evaluated in a common unit. We also establish how long the outcomes last; For the purposes of this evaluation, we recorded the value created per outcome per year for service users and government.

5. Calculating the SCBA

To calculate the SCBA, we establish the costs of running and funding the social venture, discount both benefits and costs for present value, and compare the net benefits with costs per annum to determine the final cost-benefit ratio.

Appendix - Limitations

1. Statistical Significance

We did not set out to produce statistically significant findings (as our resources would not stretch that far). As a result, extrapolation from sample to population is subject to the caveat that the sample population may not provide representative of the wider population.

2. Sample Size

At the project outset, we were not sure what 'good looked like' in terms of the sample size of social ventures. However, with the withdrawal of several ventures late into the project, it became apparent that the small sample size would limit about ability to draw conclusions (as demonstrated below).

3. Accessibility

We did not identify accessibility needs at the outset, which meant that some of our data collection tools (e.g. surveys) were not fit for purpose as they did not cater for a range of abilities and comprehension levels. As a result, for some case studies we had to use selective sampling, only working with individuals who could comfortably work with the data collection tools. This reduces the generalisability of the findings from the sample to the whole population, weakening the power and validity of the overall study.

4. Standardisation

As NEF and UnLtd began exploring the survey tools with ventures in more detail, it became clear that there would necessarily be some gaps for particular ventures due either to difficulty obtaining and collecting that data or due to accessibility issues for some survey questions (as highlighted above). This led to a further loss of standardisation in the data collection, making comparison even harder whilst not simultaneously reaping the benefits of a bespoke approach which actively seeks to find and account for the different outcomes which ventures enable

5. Direct comparisons between social ventures can be problematic

It's not always going to be helpful to make direct comparisons between the social ventures using a method such as SCBA which makes, by necessity, many assumptions about each venture's activities, and given the different business models and the variety of ways in which ventures deliver impact. Social value comparisons may describe some ventures more or less favourably depending on the facets of the project that are taken into consideration.

Appendix - Footnotes

- 1) Social Cost Benefit Analysis (SCBA) is an extension of economic cost-benefit analysis, adjusted to take into account a wider spectrum of costs and benefits (including social impacts) that stem from a project or intervention.
- 2) NEF Consulting is the consultancy service of the leading UK think tank, the New Economics Foundation, promoting social, economic and environmental justice to transform the economy so that it works for people and planet.
- 3) The Journey To Employment (JET) framework was first developed as part of the findings of the [Inspiring Programme in 2013](#). Following a review of this framework, UnLtd produced its own outline of this framework with particular consideration given to how it applied to the experience of social enterprises.
- 4) [Department of Transport Value for Money Framework](#)