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The Social Value of Football Research Project for Supporters Direct

Working Paper 1

**Playing With A Standard Formation:
Social Accounting For Football Clubs And Supporters'
Trusts – Towards A Unified Approach**

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Author:
Adrian Ashton
adrian_ashton2@yahoo.co.uk

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ABSTRACT

The origins of this paper lie in a growing interest amongst various bodies to explore and better 'prove' the empirical value of Supporters' Trusts and Football Clubs within their local community, and how models of social accounting might best achieve this.

It is structured to present an overarching context for the current climate and wider interest in social accounting, and presents an overview of various existing models of 'social accounting' and impact evaluation frameworks and methodologies, offering a brief critique of each.

However, all existing models and tools in this field to date have been predominately developed with a specific community, thematic focus or type of organisation as their basis, so none offer an immediate 'perfect fit' for football which engages with several different types of community simultaneously, each with their own specific, and sometimes conflicting, priorities (*e.g. fans, local businesses, young people, players, investors, residents, and so on*).

However, it is suggested that rather than create a wholly new framework, that some of the existing models be represented – this not only makes best use of existing resources, but also allows Trusts and Clubs to therefore present and understand their use of an adopted tool within the wider social accounting sector and other contexts.

INTRODUCTION

There is currently a high level of growth and interest in the number of football clubs' supporters trusts, both within England as well as in an international context. While not new nor limited to smaller clubs, their value, along with the wider value to the local community for the Clubs themselves, is largely anecdotal and referred to as being to act as an 'anchor' for their local community.

However, there is growing interest in exploring further the wider impacts and value being generated through Clubs and Trusts through football - Clubs are being increasingly used in new ways to address wider needs in society¹. Supporters Direct have therefore commissioned a project to explore the establishment and piloting of frameworks that would allow Clubs and Trusts to better understand and evidence their role and contribution to their respective communities, and this paper serves as part of the initial phase to this project. Written from the perspective of an 'on the ground' practitioner only, it draws upon

1 Football is being used to support the rehabilitation of ex-offenders and recovering drug and alcohol addicts; a means to address homelessness on a global scale; a route through which to address issue of social exclusion and inclusion, and also act as the focal point for the wider economic regeneration of deprived communities and local economies. See Brown, A, Crabbe, T and Mellor, G (2006) *Football and its Communities Final Report*, London: Football Foundation

personal experience and perception, and is intended to contribute to a wider debate about the creation and adoption of social accounting tools within football clubs and supporter's trusts.

The project can also be seen as timely due to the state's growing interest in social enterprise (of which supporter's trusts are a recognised model), and particularly due to their increasingly demands for hard data to prove such enterprises' value and impact to their wider communities and economies.

This paper will therefore profile a number of existing social accounting frameworks and tool kits based on the authors' personal experience and knowledge of them, considering the relative merits and limitations of each in the context of football. It then considers how they might be best used (or otherwise) in support of developing a model that can be best used by football clubs' and supporters trusts throughout England.

Also included as an appendix to this paper is a list of source documentation and other materials that are felt to offer additional useful information, context and examples in relation to social accounting in the context of football.

1. The overall scope of different social accounting 'schools of thought' -

Social accounting itself is not a new concept, with references to what can be seen as early models dating back to the 1940s. However, interest in using this approach grew during the 1980's as a tool by which various NGOs could better lobby against, and examine the impact that large private global companies were having on society and the environment.

During the 1990s, concepts of social accounting were examined more formally through national programmes and specialist social enterprise sector advocates and networks for not-for-private-profit businesses – and at the same time in parallel, on an international scale, social accounting frameworks and standards were being formalised for private companies based on earlier development work during the 1980s.

The value of social accounting is also recognised by national sector bodies as it allows for standard frameworks that can be implemented amongst their respective constituencies and memberships and so objectively evidence the impact and value of different models of social enterprise and other not-for-private-profit organisations.

Such frameworks also offer a means to allow organisations using them to consider their own performance in the context of their peers through like-for-like reporting against set themes with consistent methodologies – such comparisons can also encourage models of best practice to be more easily recognised, shared and adopted.

Benefits cited by enterprises and others adopting social accounting frameworks vary –

- some are adopting and reporting against standards in order to be seen to be 'keeping up with the Jones' (wanting to be seen to be at the cutting edge of innovation and the latest trends for its own sake);
- others because they find their shareholders/members demanding increasing scrutiny and accountability of them;
- some because they feel that it will give them a competitive advantage in the

- marketplace through being able to evidence their 'added value';
- some because a funder or other principle and key stakeholder group has demanded it of them;
- some because they wish to better understand how well they are performing and achieving against their stated aims and values;
- and others because they feel it will give them the ability to best meet statutory reporting requirements from their relevant regulatory body (for example the Statement of Recommended Practice for charities, and the public benefit report for Community Interest Companies).

Within Supporters' Direct's member Trusts, as well as some fan owned clubs, additional benefits have been tentatively identified as being²:

- encouraging more fans of a club to become members of its supporters' trust
- to become more credible as a body with which the owners of the club and potential investors can engage with
- to increase the influence the Trust has over the owners of the club
- to strengthen the relationships between club owners and trusts
- for Trusts to better argue their case for support from grant-making bodies
- to be able to better engage with the wider local community who may not be otherwise involved in the life of the club

Other reasons football, and football clubs, should undertake social accounting might include:

- Helping them connect to local communities more
- Evidence for club community awards
- Evidence for clubs to demonstrate the benefits of the CSR activities (especially in larger clubs)
- Assisting with local lobbying - e.g. for stadium or facility development, planning permission etc.
- To help clubs report to their league so that league's wider community impact can be reported

However, despite the widespread interest in, and development of, social accounting models that allow the users of them to better prove and improve their impacts socially, economically and environmentally, such a proliferation has caused additional challenges. All models and frameworks developed to date have been created with a specific community, theme, or type of organisation in mind with perhaps one exception³, however, this is very resource intensive and so seen as inappropriate for many small, under-resourced organisations who would be unable to commit dedicated staffing and considerable time to its implementation.

A range of these various models are presented below.

2. An overview of current approaches

2.1 Co-operative, Economic and Social Performance Indicators (CESPI)

2 These represent anecdotal research from discussions and workshops at the 2008 Supporters' Direct conference

3 Social Accounting and Audit, developed by the Social Audit Network

Developed as a means for primarily consumer and worker co-operatives to better evidence their value and 'the co-operative difference', this framework presents a 'basket' of 10 indicators for co-operatives to measure their performance against.

It is particularly noteworthy as it is the only framework within the wider social economy that sets out to report on an organisations' achievements and activities from the explicit perspective of its defining values⁴.

Based on very simple methodologies, most data sources required for reporting against the 10 indicators are likely to be already be captured (*for example - minutes of meetings, utility bills, policies, membership records*), and so little additional resource is likely to be needed for a co-operative adopting this framework to implement it.

However, although the apex body for the co-operative movement, Co-operativesUK, endorses and encourages all co-operatives to be reporting their performance against these indicators, it currently offers no external verification of reported results.

Given that not all clubs or trusts are democratically owned and governed in co-operative fashions, this framework would therefore have only limited benefit to some clubs and trusts (*especially those with limited resources to implement it*) in not being able to allow football as a whole to adopt a consistent approach to assessing its wider impact.

2.2 AccountAbility 1000

Developed exclusively for privately owned, national and global companies, this standard is concerned with reporting on an organisation's inclusion and impact of ethical and social considerations on their operational activities.

Due to its being created by accountancy firms, its implementation is primarily led by the finance teams within companies, and the findings required to be externally verified by an external body.

The extensive scope and scale that this standard requires companies to report their performance against (along with the resources required for the mandatory external verification of results), means that only larger companies or football clubs consider adopting it.

The required verification of findings from the AA1000 review also mean that a company must examine and report against all of its operations, using the full range of this standards frameworks – as such, it is heavily resource intensive, whereas other models profiled in this paper can be introduced in stages, with an organisation only adopting some parts of a standard, or only examining and reporting on selective parts of their activities.

This extensive resource demand means that while larger clubs would be able to adopt this measure, many other clubs and trusts would not, and so the opportunity to create a common standard lost.

4 With a widespread proliferation of types and models co-operative enterprises nationally and globally, a common description was adopted in 1995 that defines a co-operative through it adopting and enacting a specific set of values

2.3 Indicators That Count/Clubs That Count

As a part of its aim of encouraging corporate social responsibility (csr) amongst private companies, Business in the Community (BitC) created a framework of indicators that companies could adopt to identify and report on such csr activity.

Presented as a collection of measures that can be adopted individually or collectively, the primary focus of the indicators is to examine the impact and role of a company on its local community from various perspectives (internal and external).

Within the context of football, BiTC have also refined these measures in relation to sports clubs, "Clubs that Count", with participating clubs completing an annual on-line survey to map their csr activity and impact upon their local community (primarily in relation to peoples' health and well-being).

Through having standard indicators and corresponding fixed methodologies, the Indicators can be easily adopted with little additional resource required, and results reported in such a way as to allow companies to compare themselves to others.

However, this 'enhanced' version of the tool for clubs has been developed with all types of sporting clubs in mind (not just football), and only approximately half of the clubs using this (less than 40) are football clubs. As such, it does not offer an immediate 'natural fit' within the aims of this overall project.

Further, this standard does not require an external verification of findings, and its awareness, profile and use is far less than other models', and than might be hoped for. It may be that the changes enacted by the Companies Act 2006 requiring company Directors to show a greater consideration of the likely impacts on their decisions will generate renewed interest in this tool, but this remains to be seen.

2.4 PQASSO (Practical Quality Assurance System for Small Organisations)

Although created as an exclusive quality assurance standard for the voluntary sector in the 1990s, this tool is of interest with regard to social accounting, as although it is based on examining the use of documented internal procedures and systems, it has recently been revised to also examine the identifiable impact that an organisation has on various stakeholder groups (internally and externally).

As such it offers perhaps the only national framework within the social economy that allows an adopting organisation to explicitly link its internal quality assured management practices with its ability to create impact and results.

Further, this framework considers an organisation's systems and practices from a multi-stakeholder and holistic approach – a key feature of an 'ideal' social accounting system⁵. As such, it also clearly differentiates this quality assurance standard from others that are

5 As defined by the Social Audit Network (SAN)

primarily focussed on a single aspect⁶.

Although organisations adopting this standard have to date largely 'self-scored' themselves against its measures, there is a register of approved support persons to offer guidance and support who have been trained and endorsed by the standards developing body, the Charities Evaluation Service (CES).

There has also been the recent development of an external verification of achievement; however, the value of this is still to be proven as it is only offered against one level of achievement within the standard (there are a total of 3 levels) and only within the 2nd edition of the standard (the 3rd edition of which has recently been released).

However, given the scale and scope of this tool (12 perspectives of the organisations' activities are examined), it is a framework that is not easily implemented. Guidance on this tool suggests that in order for it to be appropriately 'assimilated' by the organisation and be of most value, it be fully implemented in stages over a number of years – something which many Trusts and smaller clubs would struggle to be able to commit to.

2.5 LM3 (local multiplier three)

Developed as an economic evaluation tool by the New Economics Foundation (nef), this model seeks to capture the full value of an investment into a given area by mapping how money circulates between local employees, traders, companies and others within it. In identifying the local money flow, it reports how well a community is able to finance itself, and how effective an external investment will be by considering how long the additional revenue will remain in local circulation before being spent elsewhere.

While focussed on an immediate financial impact only, the implementation of this tool's mapping methodologies mean that the wider local community will begin to better understand their relationships and impacts on each other.

As such, it is of value in considering the interactions of a community as a whole, and therefore as a benchmark by which local organisations can evaluate how well they are supporting the local economy.

In the context of football, it offers a means through which clubs might be able to more objectively and systematically consider and develop their economic impact on the local community - something which might be particularly useful in for example negotiations with local authorities for facility development.

2.6 Social Accounting And Audit (SAA)

Considered by many to be 'the' standard for social enterprise, this framework takes an holistic approach to considering an organisations' vision, mission, values and objectives in respect of its activities and achievements from a multi-stakeholder perspective.

6 For example: Investors in People is concerned with how an organisation interacts with its staff; ISO considers management systems; and Matrix examines how an organisation manages the information, advice and guidance it offers to its clients and beneficiaries.

Although advocating a strict framework within which the social accounts are developed and prepared, it allows adopting organisations considerable flexibility to determine what they feel to be appropriate measures and indicators to be created and reported against in respect of their activities.

While users of this standard can gain external verification of their results by a panel of peers and social auditors approved by SAN, this audit is only in respect of how well the methodologies used are in keeping with the SAA model and how the findings have been interpreted.

A considerable undertaking, requiring dedicated resource and commitment from all parts of the adopting organisation, its lack of consistent types or groups of measures for reporting activity against mean that while of considerable value and interest to the organisation, it offers little objective structure by which social enterprises can benchmark themselves more widely, nor collate findings to present a consistent picture of the value of the wider sector.

Further, given the level of resources required to undertake this methodology (*guidance recommends that its implementation be included as part of the ongoing job descriptions of a number of key staff in an organisation*), it would be a tool that many Trusts and smaller clubs would be unable to commit to adopting it.

2.7 Social Firms Balanced Scorecard

This is an interesting model of social accounting as it was developed, piloted, but ultimately abandoned in favour of an alternative model by its lead body (Social Firms UK).

It of particular interest as it sought to create a model of social accounting based directly on a strategic management tool used in private business – the 'balanced scorecard' of 'blended value'. Perhaps the first time that such a deliberate attempt to directly use existing models in private business and adapt them for use in a particular type of social enterprise has happened⁷, its perceived relative success has meant that successive models being developed have looked to create entirely new approaches rather than re-creating existing tools in use elsewhere.

It is also of note as it was perhaps the first time that a national model attempted to develop standard quantitative measurements models against traditionally qualitative areas of achievement (confidence, fulfilment, satisfaction). However, during its piloting, it was found to be too demanding of social firms' monitoring and management resources and available (and easily identifiable) data sources. It was therefore 'replaced' with a 'lighter' version – the Social Firms Balanced Scorecard Dashboard (see below).

2.8 Social Firms Balanced Scorecard Dashboard

A model that emerged from an earlier attempt at adapting an existing balanced scorecard

⁷ The defining feature of social firms at the time was an enterprise seeking to create direct employment opportunities for people experiencing a disability

model from private enterprise for social enterprises (and the social firms model in particular, see above); this framework offers an IT based tool that uses 'traffic light' indicators for organisations to monitor and report against their progress and achievements.

At the start of a trading year, the adopting organisation internally identifies what it feels are its key performance indicators within a number of themes (financial, environmental, social, staffing, etc), and sets a targets against each. The tool then regularly requires the organisation to report on its achievements and progress against these at set intervals over the year, presenting the results and comparisons with the original targets in a traffic light system.

As a management tool, this framework is of value in allowing for an objective prioritisation and review of targets in a holistic manner. In this respect it shares much with BiTC's 'Clubs that Count' in offering value to clubs internally though allowing them to easily monitor their chosen areas of community and other impact.

However, there exists significant ambiguity over how an organisation prioritises themes and activities, and sets its targets against each at the start of year. This therefore makes it almost impossible to benchmark results externally, and the lack of any external verification of results reported within the tool make this less of a model or social accounting (its original starting point, see above), and more of a management tool.

2.9 Money Well Spent – Local Impact Assessment

Developed for Christian churches, Money Well Spent offers a framework that allows for an organisation to report quantitatively on the financial impact of its work. It also presents a system to detail and profile the ways in which it is benefiting the wider community and the respective values of support to each of those different groups within the community according to their age, gender, etc.

Doubtless of significant value to churches registered as charities in helping them to evidence their public benefit⁸, this tool is also very simplistic to use in having set and standard guidance and methodologies. As such it allows for easy external benchmarking, and for the wider church community to collectively and objectively evidence the role and impact they are having.

Although therefore an ideal model for any community based organisation engaged in voluntary activities and programmes that wish to objectively evidence their impact in economic terms and in relation to various groups of residents by type, its basis within and association with a particular faith, and lack of external verification of results make it largely unattractive to non-Christian groups.

2.10 Churches Community Value Toolkit

A very similar tool to Money Well Spent (see above), this model focuses in more detail on consulting with, and assessing qualitative impacts on, local groups within the community,

8 A new requirement for all charities following the enactment of the Charities Act 2006

as well as guidance on how results can be interpreted and used.

As such it therefore offers a further level of impact monitoring (Money Well Spent only considers economic value), and in having specific guidance and frameworks through which these wider impacts and non-economic values are being created and captured, offers a consistent approach to identifying and reporting social outcomes.

However, as with Money Well Spent, its basis in a single faith community and lack of external accreditation mean that its uptake is not as widespread as it might otherwise be.

2.11 Health Check

Created by the Development Trust's Association for Development Trusts, this model offers more benefit as a management and quality assurance tool than as a model of social accounting.

It lists a number of standards, and requires adopting organisations to report their ability to evidence compliance and achievement against a set of measures within each. The standards and measures were developed to examine organisations' compliance with legislation, adoption of recognised good practice at the time, and also defined expected types of activity and achievement that a Development Trust should be engaged with.

With no external verification available to users of the tool, it risks being used in highly subjective ways by the officer(s) completing it, and also does not present the compliance of the adopting organisation in ways easily comprehensible to anyone wishing to understand the achievements of the organisation.

2.12 Visible

Created by Community Matters for their respective membership, this framework is highly comparable to the DTA's Health Check. As with Development Trusts, this model uses a set framework of questions for organisations to 'tick box' their ability to evidence compliance with - the questions and themes having been created to explicitly reflect the nature, values and focus of Community Matters' members as groups focussed on meeting the needs of their local communities.

There is also some limited external verification attainable with this model, but as with the Health Check, its prescriptive format may mean that it fails to comprehensively consider all relevant outcomes, achievements and issues within increasingly diverse communities.

2.13 Social Return On Investment (SROI)

SROI has been developed as a financially driven model that establishes the return on investment from moneys invested into any given enterprise (by sales or grant) to its wider local community and also society and economy as a whole – for example, it considers the

value of employment created from economic perspective, the savings accrued to the state in benefits no longer being paid, and also other appropriate themes (for example health savings and savings to the judicial system if employees were previously involved in criminal activity or homeless).

A highly technical tool, it requires extensive resources to identify all the benefits it creates locally and nationally in purely economic terms, in order to create a single performance figure reflecting the contribution that that enterprise makes to society: i.e. an SROI figure of 3:1 would show that for every £1 being invested or generated by an enterprise, a total of £3 of benefit to society is ultimately generated.

SROI is perhaps the most politically significant social accounting framework, as it is the one that the state is favouring in ascertaining the impact and value of the social enterprise sector in a simple, easily comparable format.

It is also of interest given recent developments relating to the creation of social enterprise stock market and the associated need for enterprises to be able to report their social performances in very simple and easily comparable ways.

However, the performance figure generated taken in isolation may be very misleading and doesn't necessarily reflect the size, scale, range and types of activity of enterprise – therefore, as will all other frameworks, there is a need for results to be presented in an appropriate context.

It would also be useful for 'expected norms' of SROI performance to be created for different types of thematic social enterprise activity (for example, it would not be appropriate to compare the SROI for a homeless charity with one concerned with running enterprise development work amongst older people).

Within football, these contexts and 'expect norms' are perhaps more complex to identify than for social enterprise more generally given the vast ranges and scales of activities, impacts and stakeholder groups that clubs and Trusts engage with according to their local community. Further, the need for each stakeholder group within each Trust or club to be identified, mapped and assigned an economic value would be a considerable undertaking; while some common values might be identified, the variety of clubs and their communities would likely make any such shared values a minority and the exception meaning that while of interest, for most clubs and Trusts this model is too resource intensive until sufficient volumes of common vales can be confidently ascertained.

3. The most appropriate methods we should be looking to employ in relation to football clubs

As seen from the above profiling of a selection of existing tools and frameworks, current social accounting models are largely based on a particular type of enterprise or type of thematic activity. However, all rely on the organisation basing its reported results based on objective, and auditable evidence.

Given the interest in social accounting in wider political and other areas to create a more common approach, it would not seem appropriate to advocate the development of an

entirely new framework for football clubs and supporters trusts.

Therefore, it is suggested that a hybrid of two existing models be explored on the basis that they most closely reflect models of supporters trusts and football clubs:

- CESPI – as supporters trusts are forms of co-operatives
- Indicators that Count – as football clubs are predominately still privately owned, but to varying degrees wish to create a beneficial impact on the wider local community

Further, these two models have very simplistic and consistent measurement tools, methodologies and existing guidance which would mean relatively little additional resource being required in their adoption, and a more straightforward ability to benchmark and collectively report on the overall impact of these types of organisation.

In proposing a collection of measures, it is hoped that adopting Trusts and clubs would work with each other in reporting against them to better appreciate the role of the other in a broader context and perspective so that through considering impact, performance, success and value, these two sometimes conflicting bodies might better strengthen their relationship.

The measures themselves are as follows, and have been formed on the basis that most information they require should either already be available or easily identified and reflect some of the core values of membership bodies as well as recognising the importance of a club to its local community:

Trusts

1. Member involvement in the Trust and club – measured through members' attendance at games, participation in voting and serving on elected boards
2. Proportion of fans in membership of the Trust, and proportion of Trust members who live in the local community
3. Involvement in wider community – measured through number of initiatives members of the Trust support and the total time, and value of that time, members spend involved with them; also measured by the numbers and types of people benefiting from these initiatives

Clubs

1. Investment in the local community – measured by percentage of pre-tax profit donated and value of time given by paid staff
2. Numbers of community initiatives supported and impact of those in terms of numbers of people benefiting
3. Provision (and uptake) of facilities to allow access to games by people experiencing any form of disability
4. Staff profile by age, gender, race, disability, etc in relation to the make-up of the local community
5. Use of local businesses to provide services to the club – measured as both an absolute economic value and proportion of overall spend
6. Extent and value of training and support to staff, and also to members of the associated Trust
7. Community perceptions of the club
8. Levels of waste produced recycled

Shared Indicators

1. Level of shareholding by Trust within its associated club, and extent of their representation on their board
2. Income generated by the Trust for the club, expressed as a percentage of the clubs overall turnover

Finally, given that these two models use a standard set of measures and consistent methodologies to report against them, it would be easy to externally verify their results in used consistent prescribed sources of data in each instance.

And while these may seem to be relatively brief (*both in terms of extent and being almost exclusively quantitative only*), in being so, there should therefore not be barriers due to limited resources preventing their adoption in any club or trust – in ensuring such easy up-take, they also allow for a comprehensive picture of the impact of football from the perspective of clubs and Trusts to be ascertained nationally against internal and external perspectives. It is also entirely likely that this range of measures will be further developed and refined over the life of this project.

For those Clubs and Trusts wishing to explore their impact and value further, it is proposed that they individually consider additionally adopting either the SROI or SAA model.

Appendix: A list of relevant readings/literature

The impacts of volunteers in sport, Katherine Gaskin, 2008, Institute for Volunteering Research and Volunteering England

Emmaus in the UK: Building on Success, Cambridge University / Emmaus, 2004

Measuring Real Value: a DIY guide to Social Return on Investment, nef, 2007

Overview of AccountAbility1000, institute of social and ethical accountabiliy, 1999

Auditing Community Participation, Mark Randell, 2002

Banking on outcomes for the Third Sector: Useful? Possible? Feasible?, nef, 2007

Social Return On Investment valuing what matters, nef, 2004

Changing Places Changing Lives – understanding and developing the impact of your organisation, bassac, 2006

Double Bottom Line Project Report: assessing social impact in double bottom line ventures, Clark, Rosenzweig, Lomg & Olsen, 2004

Prove it! - measuring the effect of neighbourhood renewal on local people, nef, 2000

Social Audit supplement to Social Enterprise Magazine, 2003

Social Return on Investment – miracle or Menace?, nef, 2003

Measuring enterprise impacts in deprived areas, small business service, 2002

Assessing the economic and social impacts of social enterprise, Hart & Haughton, University of Hull, 2007

Community impact Mapping, dta, 2005

Why measuring and communicating social value can help social enterprise become more competitive, Nicholls / Office Third Sector, 2007

Measuring Impact a guide to resources, NCVO, 2003

monitoring and evaluation resource guide, charities evaluation services, 2007

Evaluation report: from the balanced scorcard to the social firm performance dashboard, social firms UK, 2005

Really telling accounts!, Pearce & Kay, Social Audit Network, 2008

Doing good and doing well? Defining and measuring success in the third sector, acevo,

2006

Charitable Trust? Social auditing with voluntary organisations, acevo / nef, 2000

True Colours – uncovering the full value of your organisation, Eliot & Piper, performance hub, 2008