

BARNSELEY METROPOLITAN BOROUGH COUNCIL

South Area Council Meeting:

19th February 2016

Agenda Item: 9

**Report of South Area Council
Manager.**

South Area Council – Social Return on Investment

1. Purpose of Report

1.1 To provide information regarding:

- The Social Return on Investment (SROI) model and methodology used to measure the wider value and impact of activities and projects
- The recent work done by BMBC Communities staff and Rocket Science Regeneration to provide a Social Return on Investment (SROI) analysis on Area Council commissioned activities
- Possible future use of SROI models in designing future Area Council projects and evaluating the impact of existing commissions

2. Recommendations

2.1 That the South Area Council receives and notes the contents of the report

2.2 That members of the South Area Council interested in exploring this method of working put themselves forward to take part as outlined in Section 4.3 of this report

3. Background – what is Social Return on Investment and how does it work?

3.1 Social Return on Investment (SROI) is defined as ‘a framework for measuring and accounting for the value’ of activities

3.2 It looks to measure how the activity brings about change and impact to the people who take part in it or who benefit from it, by **capturing the value of economic, social and environmental outcomes** which are often missed when focusing only on the unit cost of an activity – the usual way in which value for money is assessed

3.3 SROI uses a **monetary value** to represent these changes or impacts which have occurred because money is widely accepted way of understanding and conveying value – so an SROI return would describe something as providing (for example) £6 for every £1 invested.

3.4 The SROI model uses around 120 financial ‘proxies’ to place a monetary value on a particular type of activity or impact. Some of these proxies also provide a value for something having been prevented – for example, the prevention of someone becoming homeless. These proxy figures are not a guess, and each proxy is heavily backed by research from a range of bodies which have assessed the impact of the

activity in another place and allocated it a financial value. For example, research work done by the Women and Equalities Unit found that the value of preventing a person from committing suicide was on average £9,190. This means that any project or activity which can prove that it helped to prevent someone from killing themselves can allocate this a SROI of this amount. The full list of proxies is attached at Appendix A of this report.

3.5 The 120 financial proxies are then grouped together into headings which demonstrate impact against the 8 Indicators for the Sustainable Development of communities created by Sir John Egan in 2003; still recognised as the most thorough set of indicators to describe a sustainable community, which are:

- Active, inclusive and safe
- Well served
- Well run
- Environmentally sensitive
- Well designed and built
- Well connected
- Fair for everyone
- Thriving

By putting the proxies into these groups, it is easier to see where a project or activity is making the most impact. For example, you would expect a project to encourage people to take more exercise to have most impact under 'active, inclusive and safe' but it may also have value under other headings which would otherwise be missed.

3.6 The SROI model adds up all of the proxies which a project can show clear **evidence** of meeting. It then looks at how much the project has cost and compares the two to provide a ratio of social value against the original investment. For example, a project costing £30,000 which generated SROI outcomes of £90,000 would have a return of £3 for every £1 invested.

3.7 The model then takes into account other issues which will affect the final level of SROI return, including:

- Leakage – did people benefit from a project or activity who were not originally intended to? For example, a project supporting young people aged 16-19 which also worked with some people who were 20 and over
- Drop-off – did the long term impact of the project fade over time? For example, did someone going on a healthy eating programme alter their diet in the longer term, or did they go back to unhealthy foods?
- Attribution – who or what else may be able to claim some credit for the impact that happened? For example, did a young person do better in their exams as a result of taking part in our Summer Internship Programme or did they start attending a school homework club which helped them?
- Deadweight – how much of the impact would have happened anyway? For example, if 100 people attending a diet class lost weight, how many of them would have lost weight through their own efforts, without attending the class?

3.8 A formula to weight these extra issues is then applied to make the final figure more accurate, and a final SROI outcome of £X for every £1 invested is calculated.

This outcome is a measure of the impact and social value the project provided to those affected by it.

4. Using Social Return on Investment to assess the impact of Area Governance activities

4.1 Rocket Science Regeneration & Rose Regeneration have been working with Stronger Communities staff (including the Area Teams) since December 2015 to help staff to analyse the Social Return on Investment levels on Area Council funded projects and activities, with one project per Area Council being analysed in detail. Training for staff provided by Rocket Science in February 2016 will then allow Area Team staff to conduct further SROI analysis on other Area Council, Ward Alliance, Neighbourhood Network and Love Where You Live activities.

4.2 This future analysis will be vital in helping to demonstrate the impact and effectiveness of the localised work commissioned by Area Councils and the localised project and volunteering work done by Ward Alliances and their associated community groups. This type of impact assessment will help us to evidence the case for the effectiveness of work developed with a thorough understanding of the local area, its issues and its people.

4.3 The South Area Council Manager will be investing significant time over the coming months to develop the use of SROI in doing this, and plans to establish a small working group to explore ideas and undertake analysis of existing activities. Area Council members wishing to take part would be warmly welcomed.

4.4 In addition to the training provided to staff, Rocket Science/Rose have also worked alongside the six Area Council Managers to undertake a full SROI analysis for one project in each Area Council. The project chosen for analysis for the South Area Council has been the 'One Stop Shop' advice sessions, and details of the SROI outcomes for this project (including the financial proxies used) are outlined in Section 5 of this report.

4.5 The training slides on SROI provided to staff by Rocket Science/Rose Regeneration and which provide further detail are attached at Appendix B. Further information (including new financial proxies, which are constantly being developed) can be found at www.globalvaluexchange.org

5. Draft SROI analysis for the 'One Stop Shop' project

5.1 The full and final SROI return for the 'One Stop Shop' has now been completed and is attached at Appendix C of this report. The analysis found that the project produced an SROI return of £28.81 for every £1.00 invested. This is viewed as an extremely high figure (most projects provide an average return of around £5-6 per £1 invested) and reflects the heavy social impact the project has. Rocket Science have confirmed that they see the evidence base as very solid for this project analysis, making the high value credible.

5.2 The project workers were asked to identify 100 random clients seen. The impact on them was assessed and then factored up to produce the final figure.

5.3 The table below shows the proxy calculations used for the analysis. The full analysis is attached at Appendix C of this report.

Financial proxy	Total Social Value return
Cost of mental health problems exacerbating a long term health problem [ie: the project was able to reduce mental health problems by reducing stress and so help improve people's physical health]	£1,256,640
Quality of life improvements associated with a reduction in depression [as a result of the project]	£762,548
Savings from the reduced cost of treating depression	£294,765
Homelessness prevented	£189,000
Suicide prevented	£840,855
Value of improved emotional wellbeing	£807,399
Costs of stress counselling to help service users maintain their stability in the face of stressful circumstances [this is a cost which was avoided as a result of the project]	£688,524
Average spend of households on housing per year	£1,822,767
Cost estimate for Local Authorities of implementing duty to promote local democracy	£292,074
Cost of unfair dismissal settlement following a tribunal [ie: the project helps with employment issues which prevents this from happening]	£472,500
Cost of time spent collaborating [with other local projects on joint working]	£8,230
Grand total (net) including reductions for deadweight, leakage, attribution and dropoff	£4,907,293
Divided by costs of project	£180,338 (including in kind costs)
Total social value return	£28.81 per £1 invested

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Appendices:

Appendix A – list of Social Return on Investment financial proxies used Rocket Science Regeneration

Appendix B – slides from training provided to staff by Rocket Science Regeneration

Appendix C – full Social Return on Investment return completed by Rocket Science Regeneration for South Area Council One Stop Shop Project