

BARNSELY METROPOLITAN BOROUGH COUNCIL

Central Area Council Meeting:

14th March 2016

Agenda Item: 4

Report of Central Area
Council Manager.

Central 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 Central Area Council receives and notes the contents of the report

2.2 Central Council members consider how they would like to be involved over the coming months in developing the use of SROI as described in Section 6 of this report. This may include members being part of a small working group to explore ideas and undertake analysis of existing activities.

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. 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 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.

4.4 The project chosen for analysis for Central Area Council was the RVS project-Looking out for Older people (LOOP). 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 RVS LOOP project

5.1 The Central Area Council Manager, in liaison with Graham Harris (RVS LOOP Project Manager), pulled together and submitted a range of information and data requested by Rocket Science/Rose Regeneration.

5.2 A meeting then took place with the researchers to interrogate the information submitted and provide any clarification needed.

5.3 As a result of this work the full and final SROI return for the RVS LOOP project has now been completed and is attached at Appendix C of this report.

5.4 The analysis found that the project produced an SROI return of **£17.40 for every £1.00 invested**. This is viewed as a high figure (most projects provide an average return of around £5-6 per £1 invested) and reflects the significant social impact this project has had/is having.

Rocket Science have confirmed that they see the evidence base as very solid for this project analysis, making the high value credible.

6.0 Next Steps

6.1 As outlined earlier, any 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.

Central Council members may want to consider how they would like to be involved over the coming months in developing the use of SROI as described above. This may include members being part of a small working group to explore ideas and undertake analysis of existing activities.

Officer Contact:
Carol Brady

Tel: 01226 775707
Date: 29th February 2016

Appendices:

Appendix A – list of Social Return on Investment financial proxies used by 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 Central Area Council RVS LOOP Project