

# **BARNSELY METROPOLITAN BOROUGH COUNCIL**

## **PENISTONE AREA COUNCIL**

**Report of the  
Penistone Area Council Manager**

**Date: 14 April 2016**

### **Countryside Skills Project – Social Return on Investment**

#### **1.0 Purpose of Report**

- 1.1 To provide information on the outcome of a recent Social Return on Investment (SROI) model and methodology used to measure the wider value and impact of activities and projects.
- 1.2 To report on how this model was applied to the Penistone Countryside Skills Commission.
- 1.3 To give the results of the SROI assessment for the Countryside Skills Commission.

#### **2.0 Recommendations**

- 2.1 That Penistone Area Council receives and notes the contents of the report.**
- 2.2 That members consider the implications of Social Return on Investment when planning future commissions.**

#### **3.0 Background**

- 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 The SROI model uses a monetary value to represent these changes or impacts which have occurred because money is widely accepted as a 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.

**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

**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, drop-off, attribution (who or what else may be able to claim some credit for the impact that happened), and deadweight.

**3.8** A formula to weight these extra issues is then applied to make the final figure 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.

#### **4.0 Using Social Return on Investment to assess the impact of Area Governance Activities**

**4.1** Consultants Rocket Science Regeneration & Rose Regeneration have been working with Stronger Communities staff since December 2015 to help staff to analyse the Social Return on Investment levels on Area Council funded projects, with one project per Area Council.

**4.2** Rocket Science Regeneration & Rose Regeneration chose Penistone Area Council's Countryside Skills Project to undertake an SROI exercise. The results of that exercise are attached as **Appendix 1 to this report**.

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**Date: 24 March 2016**