

Social Return On Investment

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Social Return on Investment

“The Office of the Third Sector (OTS) and the Scottish Government recognise that demonstrating added social, economic and environmental value is important for third sector organisations and their funders, investors and commissioners, and is becoming increasingly important for the public and private sectors.”

Guide to Social Return on Investment

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“While many third sector organisations have a powerful story to tell, the social and environmental value of the impact being made is often underplayed. As we face tough economic times, it is now more important than ever that we allow for better recognition of those who create social and environmental value, leading to more efficient movement of resources to the right people, in the right place, at the right time.”

Foreword to the Guide

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“SROI measures change in ways that are relevant to the people or organisations that experience or contribute to it. It tells the story of how change is being created by measuring social, environmental and economic outcomes and uses monetary values to represent them. This enables a ratio of benefits to costs to be calculated. For example, a ratio of 3:1 indicates that an investment of £1 delivers £3 of social value.”

Why measure social outputs, outcomes and impact?

- **Improved programme management through**
 - More effective planning
 - More effective evaluation
- **Increased understanding of the impact of your work**
- **Stronger communication of the value of your work** to ‘the people that matter’ (internal and external stakeholders)
- **Enhanced attention to the social, economic and environmental value** created by your business or organisation

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www.thesroinetwork.org

<http://sroi.london.edu/Measuring-Social-Impact.pdf>

<http://www.neweconomics.org/projects/social-return-investment>

<http://www.niace.org.uk/news/capturing-social-value>

and

http://en.wikipedia.org/wiki/Social_Return_on_Investment

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There are two types of SROI:

- Evaluative, which is conducted retrospectively and based on actual outcomes that have already taken place.
- Forecast, which predicts how much social value will be created if the activities meet their intended outcomes.

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SROI was developed from social accounting and cost-benefit analysis and is based on **seven** principles. These principles underpin how SROI should be applied

1. Involve stakeholders.
2. Understand what changes.
3. Value the things that matter.
4. Only include what is material.
5. Do not over-claim.
6. Be transparent.
7. Verify the result.

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Carrying out an SROI analysis involves six stages

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

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What you need to know

- Who do you affect?
 - What effects do you have?
 - How do you know something has changed?
 - How much is that change worth?
- **Stakeholders**
 - **Outcomes**
 - **Indicators**
 - **Proxy Value**

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A worked example from the SROI guide

Wheels-to-Meals is a charity that developed from a meals on wheels service provided by volunteers. Increasingly, it realised that its clients not only needed the good hot meals it provided but, equally important, the contact and socialising with the volunteers who brought them.

Wheels-to-Meals provides a luncheon club to eligible elderly and disabled local residents and the majority of the volunteers are also elderly. The luncheon club is delivered with the same resources as a meals on wheels service, except that residents are transported to meals, rather than the other way round. The service includes provision of hot, nutritious lunches, transport, opportunities to socialise, and mild exercise. The service is available for up to 30 residents, 5 days a week and 50 weeks a year.

<http://content.yudu.com/A17snh/SROI1/resources/index.htm?referrerUrl=http%3A%2F%2Fwww.thesroinetwork.org%2Fpublications>

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Identify an example of a piece of work or activity you are involved in or want to be involved in and using the templates :-

1. Establish the scope
2. Identify the stakeholders

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Establishing scope

The scope of an SROI analysis is an explicit statement about the boundary of what is being considered. It is often the result of negotiations about what is feasible for you to measure and what you would like to be able to improve or communicate. You will need to be clear about why you are conducting the analysis and what resources are available, and define the priorities for measurement. This stage will help ensure that what is being proposed is feasible.

- **Purpose**
- **Audience**
- **Background**
- **Resources**
- **Who will carry out the work?**
- **The range of activities on which you will focus**
- **The period of time over which the intervention will be considered**
- **Whether the analysis is a forecast or an evaluation**

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Organisation			Name	
Objective			Date	
Scope	Activity		Time Period	
	Funding		Forecast or Evaluation	

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Identifying stakeholders

Stakeholders are defined as people or organisations that experience change, whether positive or negative, as a result of the activity being analysed. In SROI analysis we are concerned primarily with finding out how much value has been created or destroyed and for whom. To identify the stakeholders, list all those who might affect or be affected by the activities within your scope, whether the change or the outcome is positive or negative, intentional or unintentional.

Key Terms in Social Return on Investment

- Inputs = resources invested in your activity
- Outputs = the direct and tangible products from the activity, i.e., people trained, trees planted, products sold
- Outcomes = changes to people resulting from the activity, i.e., a new job, increased income, improved stability in life
- Impact = Outcomes minus an estimate of what would have happened anyway

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Stage 1		Stage 2					
Stakeholders	Intended and Unintended Outcome	Inputs		Outputs	The Outcomes		Source
		Description	Value £		Description	Indicator	
Who do we have an effect on? Who has an effect on us?	What do you think will change for them?	What do they invest?		Summary of activity in numbers	How would you describe the change?	How would you measure it?	Where did you get the information?

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- **Intensive for the first time and best done with training and support**
- **Some outcomes not easily associated with monetary value and some benefits cannot be monetised**