‘SROI as an assessment tool for NRN activities’

John Powell and Katarina Kubinakova, CCRI

with

Richard Madin, BNED LEADER
Introduction

• Overview of the SROI method
  – Example
  – terminology
• Case Studies – Richard Madin
• Activity 1
  – Outputs and Outcomes
• Activity 2
  – indicators
• Activity 3
  – proxies
• Putting it all together – the impact map
• Discussion on application of the approach
Main elements of SROI

- A framework drawn from social accounting and Cost – Benefit Analysis for understanding the ‘effectiveness’ of spending

\[
\text{SROI} = \frac{\text{Value of benefits}}{\text{Investment}} \quad \text{i.e. 1:3}
\]

- Triple bottom line – economic, social and environmental
- ‘Outcomes-based’ evaluation
- Can be evaluative (ex-post) and/or forecast (ex-ante)
Measuring impact of outcomes

Computation of the outcome incidence:

No. of beneficiaries * Indicator value

Taking into account:

• Deadweight
• Attribution
• Displacement
• Discounting future benefits
# Impact map

<table>
<thead>
<tr>
<th>Stakeholder (Scoping/PT)</th>
<th>Input (Scoping PT/CS)</th>
<th>Activity (PT/CS)</th>
<th>Output (PT/CS)</th>
<th>Outcome (PT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disadvantaged groups</td>
<td>Time</td>
<td>Trained in IT skills</td>
<td>Number of hours engaged Level of IT skills</td>
<td>-Increased self confidence -Increased social participation -Sustainable employment -Improved employability</td>
</tr>
<tr>
<td>Business community</td>
<td>Time / match funding</td>
<td>Developing new product markets Processing Adding value</td>
<td>Number of business beneficiaries No. of jobs created/safeguarded</td>
<td>-Income and employment effects on local economy -Improved sustainability of local businesses</td>
</tr>
<tr>
<td>Rural community dwellers</td>
<td>Projects to improve basic services Improved infrastructure</td>
<td>No. of beneficiaries of new services No jobs created/safeguarded</td>
<td>-Access to wider range of services Improved quality of life and well-being</td>
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<tr>
<td>Central Government</td>
<td>Grant funding</td>
<td>Assessing and approving projects Monitoring</td>
<td>Number of projects supported Jobs created and/or retained</td>
<td>Reduced expenditure on welfare Increased tax take</td>
</tr>
<tr>
<td>Voluntary &amp; Community sector</td>
<td>Time</td>
<td>Projects to improve services and engage community</td>
<td>Number of hours volunteering Jobs created through improved services</td>
<td>-Increased community participation</td>
</tr>
</tbody>
</table>
## Impact map (Continued)

<table>
<thead>
<tr>
<th>Outcome (From PT)</th>
<th>Indicator (From CS interview)</th>
<th>Proxy (CS Interview / secondary data)</th>
<th>Deadweight Attribution displacement (From CS interview)</th>
<th>Drop-off (% decline per year) (Interview/sensitivity analysis)</th>
<th>Present Value (Discount rate 3.5%)</th>
<th>And computation of SROI ratio</th>
</tr>
</thead>
</table>
| -Increased self confidence  
-Increased social participation  
-Sustainable employment  
-Improved employability | Self reporting of self confidence and employment prospects | | | | | |
| -Income and employment effects on local economy  
-Improved sustainability of local businesses | -Extent of local sourcing  
-no of businesses predicting growth over next 5 years | Multiplier estimates from academic literature | | | | |
| -Improved quality of life and well-being | Self reporting of various QOL and WB measures (i.e. life satisfaction) | | | | | |
| Reduced expenditure on welfare  
Increased tax take | | | | | | |
| -Increased community participation | No of residents reporting greater community integration | | | | | |
Valuation under SROI

• A form of social accounting - monetisation allows the ‘significance’ of outcomes to be compared.

• Enables exploration of a wide range of programme outcomes rather than ignoring those which cannot easily be expressed in money terms.
The SROI approach – where does it fit in the NRN logic?

- Programme needs
  - Overall NRN objectives
  - NRN specific objectives
  - NRN operational objectives
- NRN Contribution
  - Impacts
  - Results
  - Outputs
- SROI – based assessment
  - Actual ‘stakeholder’ outcomes
  - Values
  - Indicators

NRN Action

Overall NRN objectives

NRN specific objectives

NRN operational objectives

Impacts

Results

Outputs

Actual ‘stakeholder’ outcomes

Values

Indicators

Programme needs

SROI – based assessment
Framework construction

<table>
<thead>
<tr>
<th>Stakeholder/beneficiary type</th>
<th>No. beneficiaries &amp; grant size (England)</th>
<th>Outcome incidence (Indicator value*No beneficiaries)</th>
<th>Incidence after deadweight, attribution and displacement</th>
<th>Total Annual value produced (Proxy* attributable incidence)</th>
<th>Present Value (Sum of 5 year values; drop off 20% p.a / Discount rate 3.5%)</th>
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# Example – financial proxies for Axis 3 outcomes

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Financial proxy</th>
<th>Unit</th>
<th>Value</th>
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<tbody>
<tr>
<td>Increase in farm incomes and income sources through diversification;</td>
<td>Value of increased and safeguarded sales arising from agricultural diversification through LEADER</td>
<td>£ per farm business</td>
<td>1,099</td>
</tr>
<tr>
<td>Increased levels of restoration and maintenance of historic farm buildings</td>
<td>Contribution to local economy through restoration and management of farm buildings</td>
<td>£ per farm</td>
<td>1617</td>
</tr>
<tr>
<td>Development of skills for farmers and farm workers</td>
<td>Earnings differential of moving to a level 2 NVQ qualification</td>
<td>£ pp pa</td>
<td>1456</td>
</tr>
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</table>
Principles of SROI

- SROI explores, measures, and values change
- Stakeholder driven and focused on outcomes
- It values the ‘things that matter’
- It tries not to ‘over-claim’
- It is based on transparency
- Where possible - results are verified