

‘SROI as an assessment tool for NRN activities’

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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

$$\text{SROI} = \frac{\text{Value of benefits}}{\text{Investment}}$$

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



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

Impact map (Continued)

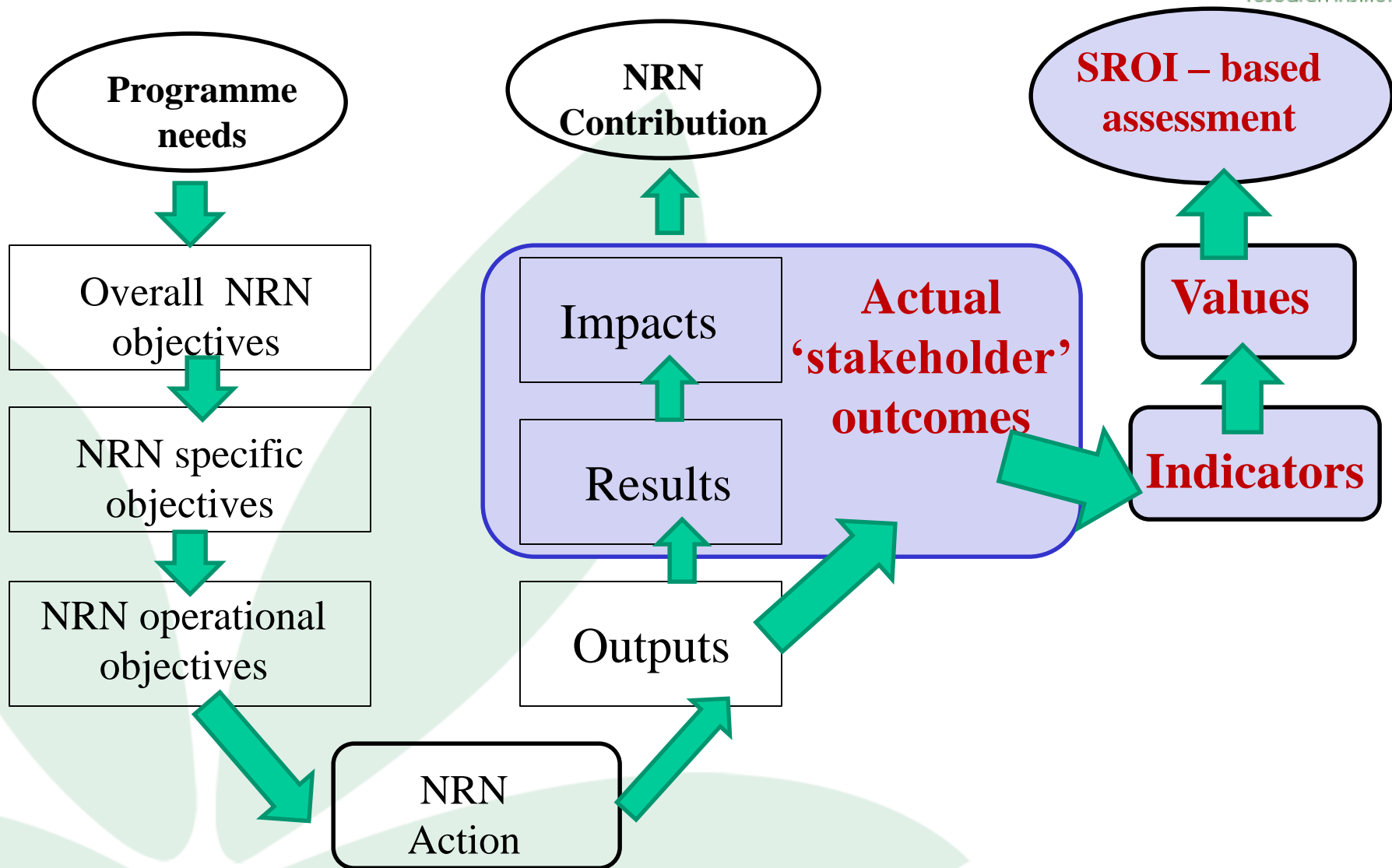


Outcome (From PT)	Indicator (From CS interview)	Proxy (CS Interview / secondary data)	Deadweight Attribution displacement (From CS interview)	Drop-off (% decline per year) (Interview/sensitivity analysis)	Present Value (Discount rate 3.5%) And computation of SROI ratio
<ul style="list-style-type: none"> -Increased self confidence -Increased social participation -Sustainable employment -Improved employability 	Self reporting of self confidence and employment prospects		DW 0.3 AT 0.2 DP 0.0	0.25 Annual	3.5%
<ul style="list-style-type: none"> -Income and employment effects on local economy -Improved sustainability of local businesses 	<ul style="list-style-type: none"> -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)				
<ul style="list-style-type: none"> Reduced expenditure on welfare Increased tax take 		Estimates of state expenditure			
-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?



Framework construction

Stakeholder /beneficiary type	No. beneficiaries & grant size (England)	Outcome incidence (Indicator value*No beneficiaries	Incidence after deadweight, attribution and displacement	Total Annual value produced (Proxy* attributable incidence)	Present Value (Sum of 5 year values; drop off 20% p.a / Discount rate 3.5%)

Example – financial proxies for Axis 3 outcomes

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

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**