

# Social Return on Investment: measuring social value

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# What is Social Return on Investment?

- 1. An economic outcomes approach, developed from, and a lot in common with, existing approaches**
- 2. But in particular SROI:**
  - has a strong emphasis on stakeholder involvement
  - includes all costs and all outcomes
  - addresses causality
  - uses financial proxies to give each outcome a monetary value
- 3. Remember its not just about the ratio – it's a compelling story of change**

## Case example

Run by Impact Arts, **Fab Pad** supports young homeless people to sustain new tenancies. The SROI evaluation carried out on Fab Pad revealed that for every **£1** invested by the government in support, **£8.38** of social return was derived in reduced health care costs, reduced welfare benefits expenditure and reduced costs of repeat homelessness.

# The stages in an SROI

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

## Stage 3: valuing outcomes

Outcome	Indicator	Possible proxies
Gets & maintains work	Whether in work after 12 months	Net wages
Increase in recycling	Amount of waste going to landfill	Cost of landfill charges
Improved physical health	<ul style="list-style-type: none"> <li>•Extent of health improvement (self-reported)</li> <li>•Frequency of exercise</li> </ul>	<ul style="list-style-type: none"> <li>•Cost of health insurance</li> <li>•Cost of gym membership</li> </ul>
Reduced isolation	Frequency of social contact with friends	<ul style="list-style-type: none"> <li>•Cost of membership of social club</li> <li>•% of income spent on leisure</li> </ul>

# Identifying proxies

Some proxies are relatively easy to identify, for example if there is a direct cost saving or an increase in income. It can be harder to find proxies for things that are not normally bought and sold. To develop these proxies you could:

- Ask people what they would pay for the outcome
- Infer what they might pay from other things they pay for
- See how much they pay to travel to do something
- Cost the time they spend doing something
- Look at what other groups would pay for the outcome

## Groupwork (15 mins)

In pairs:

- choose a project, briefly describe it
- list all possible stakeholders, choose one
- identify 1-2 outcomes for that stakeholder
- identify proxies for those outcomes

# Making the most of SROI

To make the most of SROI, consider:

- The resources and skills you will need
- Whether you already have outcomes data
- Whether you are prepared to act on the findings
- What else is happening in your subsector
- Whether this is appropriate to your organisation and its funders

## **SROI can help third sector organisations:**

- Promote their work and attract funding
- Improve communication with funders, investors and commissioners
- Improve their services:
  - Manage their work to achieve best possible outcomes
  - Improve stakeholder involvement
  - Improve their monitoring and evaluation

# Further information

## For more information on:

- the MSV project go to [www.cabinetoffice.gov.uk](http://www.cabinetoffice.gov.uk)
- SROI go to [www.thesroinetwork.org](http://www.thesroinetwork.org)
- CES go to [www.ces-vol.org.uk/](http://www.ces-vol.org.uk/)

## To download the new *Guide to Social Return on Investment*:

- [www.thesroinetwork.org/component/option,com\\_frontpage/Itemid,1/](http://www.thesroinetwork.org/component/option,com_frontpage/Itemid,1/)