SROIproject

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Supplementary Guidance for estimating Deadweight and Attribution

Do not over claim

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1 Introduction

The purpose of this Guidance note is to help you decide how to estimate what would have changed if your services hadn't been provided and if some of the change was due to the contribution of others. These estimates will reduce the risk of your over claiming that the change was the result of your services. This is necessary in order to comply with one of the principles of SROI, the principle of not over claiming. This guidance expands on the relevant sections of the Guide to SROI, explaining the reason for the principle and providing more guidance on how to estimate deadweight and attribution. Displacement will be covered in another supplement.

Some people find the application of this principle challenging because it inevitably involves estimates. The principle is easy enough – only claim the value that organisations are responsible for creating – but the application is more difficult.

The principle goes on to say

'The principle requires reference to trends and benchmarks to help assess the change caused by the activity, as opposed to other factors, and to take account of what would have happened anyway. It also requires consideration of the contribution of other people or organisations to the reported outcomes in order to match the contributions to the outcomes'.

This is important if the SROI analysis is to be credible. If no attempt is made to assess deadweight and attribution there is a risk that the value you are reporting will be too high. It is better to make the attempt, supported by an explanation of your approach, than to ignore it. If you are transparent, it is possible that some users will disagree with your approach but this is better than arguing that it was not possible and lose credibility as a result.

How far you need to go in order to be credible will depend on how you want to use your SROI analysis. If you are seeking to argue that your activities result in a net saving of public expenditure you will need to do more work here to be credible than required if you are a social enterprise seeking to improve the way management and the board think about the value your activities create. The test will be to check your analysis with your stakeholders.

Stage 4 of the Guide to SROI provides Guidance on how to assess deadweight and attribution and this supplementary guidance should be read in conjunction with the Guide.

Although deadweight, displacement and attribution are estimated separately they are all part of the same principle. We are making an estimate of what would have happened to stakeholders without the activity. However in thinking this through we are also often checking that the list of stakeholders we identified early on is correct. Thinking about non over claiming accounts for what might have happened anyway but in doing so can identify other stakeholders.

These estimates will be required for each outcome for each stakeholder group.

1.1   An example for crime reduction

For example, imagine you are running a crime reduction programme in your local community which covers a couple of wards and you have recorded a decrease in crime. Now start thinking about what would have happened anyway. By looking at trends and benchmarks covering all of the local authority you might notice a similar decrease in crime. This suggests that something else was happening that has reduced crime, for example increasing employment in the area, and that it wasn't your activity that made the difference (deadweight).

You might notice that whilst crime in your community went down, it went up in a neighbouring community (displacement), suggesting that crime moved elsewhere. This means that the neighbouring community should probably be considered as stakeholder (a group effected by your activities).

Or you might notice that another organisation that runs very similar activities reduces its activity after you have started yours (another form of displacement).

Finally you might notice that whilst there was no similar reduction in crime elsewhere in the local authority, there was another activity happening in your area that wasn't available elsewhere and that some of the reduction must be down to this activity (attribution).

In this example deadweight refers to a situation where some of the change would have happened anyway and is caused by activities that affected a wider group of people that happened to include your stakeholders. Your activity didn't create the change and whilst we may not know the cause, less or even none of the change may result from your activity. Even if some does, after taking account of deadweight it may no longer be material.

For displacement and attribution, we have a choice. We can reduce the amount of the outcome that we claim results from our activities. Or we can cycle back and add in the stakeholders we have missed. If we go back to the beginning then for displacement we will have identified a negative outcome for the neighbouring community. For attribution we will have identified inputs made by other stakeholders that had been missed out.

The Guide to SROI provides guidance on how to calculate Deadweight, Displacement and Attribution and shows how this was calculated in the worked example, Meals to Wheels. This can be found on pages 56 to 61 and is not repeated in this supplement. The supplement explores the relationship between over claiming and credibility and what this means for estimating deadweight and attribution.

2 Over claiming and credibility

This is important because the need to be credible defines how much work you will need to do on assessing deadweight and attribution and depends on the purpose of the analysis and its intended audience.

The final decision will depend on your being clear about the purpose of the analysis and the audience. This supplement can only provide a couple of examples to give you an idea. However the main differences are:

- between external and internal audiences where the purpose of an SROI for external use is to influence decisions and the purpose of the internal use is to inform discussion.
- whether the analysis is a forecast or an evaluation

For both of these examples remember that you are making estimates in order to make better decisions.

2.1 Estimating deadweight for internal discussion within an organisation

In the first example, imagine you are the board of a social enterprise and you have been using SROI in order to inform discussions about strategy; where should you focus your limited resources if you want to create the most value for your stakeholders. Clearly these issues are still important. There is no point expending time and resources if you don't create real change, or if you displace the problem you are trying to solve elsewhere or if someone else was really responsible for the change.

If you are involved in different activities or are making decisions about whether you should focus on particular groups, calculating deadweight can be useful as it weights the social value towards outcomes for stakeholders where deadweight is low. For what are sometimes called 'hard to reach' groups, deadweight is likely to be lower than for other groups. For example, the likelihood of someone who has been long-term homeless moving into employment without support is low; the likelihood is that much of the change is due to the support received. This means that if the two groups experienced similar outcomes the impact would be higher for the harder to reach group.

You may want to focus on those activities where the risk of over claiming is lower. You want to assess risk and ensure that the board and management have information that can help make this assessment, where the basis on which the information prepared, whist perhaps not perfect, is understood by everyone.

As a result you may make your initial estimates on the basis of discussions with stakeholders informed by your experience and debate. The example in the Guide – Wheels to Meals – is based on this situation and shows how the estimates were derived.

1.2 Improving for the next SROI

Often SROI is used to forecast value. This will only be useful if you can compare actual results against this forecast. If you are using the results to inform your decisions, the important questions will be around what you will do in future in order to improve your estimates. How will you find out about wider trends? Have you at least started recording baseline positions? How do you check to see if your activities are causing displacement? How do you identify sources of attribution and how much time is spent working with other people or organisations that contribute to the changes you are responsible for?

Sensitivity analysis is a good way of testing what happens if you have different estimates for deadweight and attribution.

2.2 Estimating deadweight to influence public policy

This is a very different situation to one where you are trying to change (or maintain) for example public policy in order to ensure that there is investment in your activities. In this situation the decisions that may be made as a result will be made by other people and their test of credibility may well be different from what you required for internal decisions. The Guide to SROI focused on this situation and highlighted some of the risks.

'The simplest way to assess deadweight would be to look at the trend in the indicator over time to see if there is a difference between the trend before the activity started and the trend after the activity started. Any increase in the trend after the activity started provides an indication of how much of the outcome was the result of the activity. There is a risk that the same change in the trend is happening elsewhere in a wider population of which your stakeholder group is a part. It is therefore better to also compare the trend in the indicator with trends in the wider population. There is still a risk that whilst there is a change in the indicator relative to the wider population, the change happened to similar groups elsewhere, relative to their wider populations, where a similar intervention or activity was not available. The solution to this risk would be to calculate and compare the relative changes for both your stakeholder group and a similar group elsewhere.'

For example, let us return to the reduction in burglary in your area. Let us say this fell by 5% per annum over 3 years. This is an indication that your outcome resulted in the reduction but without reference to other trends it is unlikely to be credible to others. If burglary also fell by 5% per annum in the wider community more this suggests that the change may be part of a wider trend to which your activity did not contribute.

Perhaps though you think that for areas like the one you are working in crime would have otherwise increased, that the reduction of 5% in the wider area is an average that hides an increase in crime in some areas and a reduction in others, the net effect of which is 5%. Then again, to be credible, you will need evidence that crime in similar areas, but ones where your activities are not available (however you are defining similar which could be by reference to deprivation indices for example) went up whilst in others, that together form part of the wider community, it went down.

Perhaps crime rates were unchanged elsewhere, both in general and in other similar communities. Does this mean that the change is a result of your activity? It may not. If there has been a similar

annual reduction in crime in the period prior to your activity starting, this would suggest that there is another cause of the reduction that is specific to your area.

Influencing public policy by arguing that your services should be bought because they reduce crime will need to consider these questions.

2.3   Finding information on trends and benchmarks

Trends, information on how outcomes have changed over time, means that you will need to know levels of outcomes before the activity started, in order to compare this with outcome s during and after the activity. For some outcomes this will be possible. If you do not have this information, you will need to consider the risk that these outcomes were happening as part of a ongoing trend. This is more of a risk in some areas than others. For example in an organisation that has been supporting new enterprise for many years and is running a new activity, the numbers of enterprises started each year should be compared with the numbers that had been supported in previous years.

Benchmarks require information from other groups that experience the same outcomes , again including trends both before and after the activity. For some outcomes it will be easier to find information on benchmarks than it is for others. For example information on employment, unemployment is available for different age groups, gender, and geographies making it possible to get good estimates for employment outcomes for these stakeholders. However this is not available for all stakeholder groups, for example ex offenders. Research what is available and base your estimates on this.

2.4   Estimating attribution

In both of the above situations, it will then be necessary to consider the contribution of other groups, people or organisations, to the outcomes. Perhaps there is another organisation that provides a critical part of what makes the outcome possible. There will be a benefit from working closely with this organisation. The Guide sets out the approach to estimating attribution. There will be a relationship between the time spent and methods used in estimating attribution and the risk that something or someone has been missed out. You will need to ask, in ways that are left open,

- Stakeholders; and
- other organisations working towards similar outcomes or with similar stakeholders;

3   Some practicalities

The Guide to SROI set out a number of areas where mistakes can be made which are considered in more detail here.

These mistakes generally arise from thinking about each of the contributing issues separately. In fact they are all part of the same question and unless they are considered together there is a risk of double counting.

3.1   Deadweight and displacement

If your estimate of deadweight is a general estimate that takes account for example of the extent to which the activities of other organisations have been displaced, you will need to be careful not to double count this by adding another estimate for displacement. In this situation, If you can estimate displacement, reduce your estimate of deadweight.

3.2   Deadweight and attribution

Similarly if your estimate of deadweight was a general estimate and you go on to identify another organisation offering crime reduction services in the wider community as well as in your area (and contributing to your 5% reduction), then you may want to include them as a stakeholder and consider their contribution to the change, but take care you haven't double counted.

Depending on how you considered deadweight, displacement and attribution may be a more detailed understanding of part of the deadweight.

3.3   Attribution and the investment

The investment should represent the financial value of the inputs necessary for the activity to take place. If you have missed out a stakeholder that makes a contribution you need to include the stakeholder and their investment (the alternative would be to reduce the outcomes you are claiming). However be careful not to include the inputs of stakeholders that have already been included. The most common example of this risk would be where you have funding for an activity and the funding also pays salaries. If you have included the inputs from the funder you shouldn't also include the value of the salaries paid for by the input from the funder. This would be double counting