

**MillRace IT**  
A Social Return on Investment Analysis  
2005-2006

MillRace IT is a Social Firm that supports people recovering from mental ill health. It provides advanced IT on-site training, teaching people how to refurbish, maintain, service and build computers. The goal is to create a bridge to employment. MillRace IT also has a strong environmental mission to re-use computer equipment and prevent it from going to landfill.

Social Firms UK, the national advocacy and support agency for Social Firms, commissioned **nef** (the new economics foundation) to conduct an evaluation of MillRace IT to assess its impact and help the organization create a framework for future measurement.

In this report we present our findings, highlighting success achieved and making recommendations to strengthen the way forward. We estimate the social return on investment (SROI) generated by MillRace IT and lay the foundation for future SROI work.

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This report was researched and written by Ali Beth Somers.

## Executive Summary

As explained in the government's report, "Adults with mental health problems are one of the most excluded groups in society. Although many want to work, fewer than a quarter actually do- the lowest employment rate for any of the main groups of disabled people...Mental health problems are estimated to cost the country over £77 billion a year through the costs of care, economic losses and premature death."<sup>1</sup> An organization seeking to change those circumstances is InterAct, a charity working across Essex and its subsidiary MillRace IT, a Social Firm.

Social Firms, a type of social enterprise, are businesses set up specifically to create employment for disabled people. As with strictly commercial businesses, their business models differ, as do the type of disabled people they support. Social Firms are distinctive in that they are going concerns, as opposed to time-limited, stand-alone programmes. According to Social Firms UK, the umbrella body, they are 'businesses that support' rather than 'projects that trade'. Further, as these organizations' relationships with their beneficiaries are continuous, they are better able to both capture outcomes data and to sustain their impacts. As private businesses, they also have the potential to generate meaningful independent income, reducing their dependence on grants and subsidies.

For MillRace IT, people suffering from mental ill health are supported either through direct employment within the organization or through participating in a training programme that creates a bridge to work. Work experience is gained onsite in MillRace IT's computer recycling centre. Participants learn how to maintain and refurbish computers that are then re-used.

This SROI analysis of MillRace IT, commissioned by Social Firms UK, focuses on the *incremental* social value created by the company by supporting people recovering from mental ill health over and above what would be expected if all of its employees and participants were not disabled.

The aggregate social value created by MillRace IT each year is projected to be £87,150. MillRace IT's SROI ratio of 7.4:1 implies that, for every £1 invested, £7.40 of social value is created *each year* for society in terms of reduced health care costs, reduced benefits costs, and increased taxes collected. However, there are a number of other benefits, such as increased self-confidence of those recovering from mental ill health that are not included in the analysis, suggesting that the social return calculations likely underestimate the true social value created by MillRace IT.

As the SROI analysis demonstrates, MillRace IT creates value in two key ways. First, by participating in MillRace IT, clients extend the time for which they are supported and avoid a relapse in their condition. Second, a number of

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<sup>1</sup> "Mental Health and Social Exclusion", Social Exclusion Unit, Office of the Deputy Prime Minister, June 2004, Summary p.1.

participants leave MillRace IT to go on to employment. By creating a supportive environment and teaching marketable skills in an area where there is much demand, MillRace IT effectively combines financial sustainability and high quality support for those recovering from mental ill health.

Based on our evaluation, **nef** makes the following recommendations to help MillRace IT more effectively deliver its social mission:

1. Formalise data collection process
2. Differentiate and develop the skill sets on offer
3. Be more proactive and strategic regarding training placements
4. Seek the involvement of families of volunteers and participants through informal means
5. Clarify long-term objectives
6. Focus on environmental impact
7. Improve financial sustainability

This report is aimed at creating a baseline for future measurement. Even without a formal evaluation system in place, SROI is a tool that meaningfully demonstrates added value.

# 1. MillRace IT Background

## Launched by InterAct

MillRace IT began as a project within InterAct, a mental health charity operating in Essex. InterAct enables people and groups both in the UK and overseas to improve their lives and their communities. It provides training, resources, experience and support to those recovering from mental illness and to adults and transition aged youngsters with learning difficulties. It also provides computers and associated equipment for projects in the developing world and offers assistance to institutions such as churches that find themselves at a crossroads. To achieve this it initiates projects that enable individuals to fulfill their potential through meaningful work. One common theme is regard for the dignity of the individual, and a thread running through all its projects is helping others to help themselves. InterAct's main program areas are; Bridges to Work, Bridges to Education, Bridges to Inclusion, Bridges between Worlds, and Bridges for Churches.

## About MillRace IT

MillRace IT was envisioned as a place to offer employment and work experience, serving as an intermediary between the initial support provided by InterAct and a link to mainstream employment. Due to the nature of MillRace IT's core client base, some participants may never enter mainstream employment. In these cases, the goal is to provide a long-term volunteer opportunity, where clients are able to contribute and be productive in a supportive work environment. In some cases, participants are eligible for supported employment, where they earn up to £81 a week in addition to receiving relevant benefits (this is based on the Statutory rate, as of October 2005). By spending time at MillRace IT, participants can avoid a relapse in their condition and in fact extend their recovery. In addition, each year, some participants move forward into employment after training at MillRace IT. Supporting this mission is a commercial strategy based on the re-use and refurbishment of IT equipment. Computers are services for continued use, distributed to new users, or serve as educational parts for the training programme. In addition, MillRace IT has a commercial partnership with RDC - a private sector computer-recycling firm. MillRace IT is located on RDC's premises and as such, RDC provides technical expertise as well as access to a supply of computers to recycle.

## A time for growth

Started in 2000, MillRace IT has grown and is a company limited by shares, a wholly owned subsidiary of InterAct. At the time of undertaking this research in May-June 2005, InterAct & its subsidiary MillRace IT had formed a successful partnership with RDC, which resulted in the total relocation of the Social Firm to RDC's site at Witham. The organizations recognise the expertise and strengths of each other and wish to work in partnership to build on the existing recycling and employment related initiatives of InterAct and MillRace IT, and the recycling expertise of RDC, Europe's leading IT asset management company. The shared goal is to increase the employability of disabled people whilst specifically targeting and reducing the volume of personal computers and peripheral equipment waste from landfill. MillRace IT plans to expand its commercial trading

activities in order to provide more places for work experience. In addition, MillRace IT is in the process of gaining accreditation for the training offered through the Open College Network by 2006.

### **Partner organizations**

MillRace IT receives most of its referrals from InterAct, and InterAct's role as founding organization continues with the ongoing support it provides to the Social Firm. This is firstly through a leadership role, where an InterAct Director has lead responsibility and managers are sometimes seconded to MillRace IT. Also through the referral system and through guidance provided through the Board. This contribution is accounted for in the SROI model through 'attribution', as discussed in a later section.

RDC is a commercial computer recycling company. Offering the use of premises along with supplying an in-house technician for support, RDC aims to support the growth and sustainability of MillRace IT as part of its corporate social responsibility agenda. In exchange for the support, MillRace IT processes some of RDC's computer stock- completing the same work as its core employees. The advantage for MillRace IT is that it received a constant stock of computers and a pathway is forged to ultimately move participants on to mainstream employment in the IT industry.

## 2. Social Return on Investment

**nef's** SROI framework helps organizations understand and quantify the social value that they are creating. It is a measurement approach, developed from traditional cost-benefit analysis, which captures social value by translating social objectives into financial, and non-financial, measures.

### What is SROI analysis?

SROI analysis is a process of understanding, measuring and reporting on the social, environmental and economic value that is being created by an organization. The SROI ratio is the discounted, monetised value of the social value that has been created and which can be measured by an organization. Comparing this value to the investment required to achieve that impact produces an SROI ratio. An SROI analysis should not be restricted to one number, however. Rather, it presents a framework for exploring an organization's social impact, in which monetisation plays an important, but not exclusive, role.

### What is different about nef's approach?

SROI was pioneered by REDF, a San Francisco-based venture philanthropy fund. The concept has since evolved into a widely used, global framework, which has been supported and co-developed by **nef**.

In 2003, **nef** began exploring ways in which SROI could be tested and developed in a UK context. An important goal of the project was to advance an approach to SROI that is as widely applicable and usable as possible.

The four key features of **nef's** SROI analysis are incorporated in an approach to engaging with stakeholders to determine (1) who and (2) what is important, or material, to an organization; (3) the development of a story about how the organization effects change (referred to by **nef** as an *impact map*); and (4) an estimation of the value that would have been created if the organization had not existed (referred to by **nef** as *deadweight*).

#### **Stakeholder approach**

Given that SROI is about giving a financial voice to excluded values and benefits, the process of engaging with stakeholders and selecting the important benefits is critical. Stakeholder engagement is at the heart of SROI.

#### **Materiality**

SROI analysis focuses on the important, or material, impacts of an organization – that is, those areas that should be included in order for stakeholders to make decisions based on the SROI analysis. Materiality can be identified through consideration of its stakeholders, its internal policies, the activities of its peers, public policy, and the pragmatic question of what the organization can afford.

#### **Impact map**

The impact map tells a story about how the organization effects change – that is, how it delivers on its mission. Based on stakeholder objectives, it links inputs (i.e., funding and other resources) through to outputs, outcomes, and impacts. Value can also be determined at the individual stakeholder level.



*Attribution* - in calculating impacts, the organization must recognise the contribution made by others to the outcomes. Attribution also encompasses deadweight (what would have happened anyway, calculated through the use of available benchmark data and proxies) and displacement (i.e., substitution effect, which occurs when the benefits claimed by a programme participant are at the expense of others outside the programme).

## **SROI analysis of MillRace IT**

SROI analysis is particularly suitable to Social Firms, which typically generate monetisable social benefits through employment of disadvantaged individuals who otherwise may not enter the workforce. For example, we can measure and monetise the social value of increased employment through reduced welfare payments and increased income paid to these individuals. The social value created by MillRace IT is assessed against the extra support received by the company, measured by grant funding.

Our analysis does not attempt to measure less tangible benefits, such as increased independence and self-confidence of the employees with disabilities, which are important and potentially significant. Various proxies to monetise this personal development benefit to the individual employees were considered, but it was decided not to include a monetary value in the final SROI calculations. In summary, due to the exclusion of these personal development benefits, the social returns calculated in this analysis will understate the true social value created by MillRace IT.

In this section we present a summary of the social return calculations. We also consider the impact of *deadweight* (i.e., what would have happened anyway, should MillRace IT had not existed). Please refer to the Appendix for more detail on nef's SROI analysis for MillRace IT.

### **Attribution**

The outcomes achieved by MillRace IT's employment and training of individuals with disabilities are also influenced by the support network these individuals participate in. Participants also have the support of their families, help and treatment from mental health practitioners, and benefit from guidance provided by InterAct. As a result, we assume that of the benefits measured in this SROI model, 75% are attributable to MillRace IT, with another 10% generated by InterAct, and 15% shared between family members and the health community.

### **Value added**

Value added measures, in absolute terms, the value that an organization has created through its activities. It is the difference between the net present value of benefits and the net present value of investment.

$$[\text{Value Added}] = [\text{Value of Benefits}] - [\text{Value of Investment}]$$

The aggregate social value created by MillRace IT each year is projected to be £87,150. This translated into a value added of £76,825, which is the social value of the employment and training programmes over and above the costs of the investment (£10,325 in grant funding.) Value added per participant is £2,401.

$$\text{MillRace IT value added: } \underline{\pounds 76,825} = \pounds 87,150 - \pounds 10,325$$

## SROI

SROI measures the value of the benefits relative to the costs of achieving those benefits. It is the ratio of the net present value of the benefits to the net present value of the investment. For example, a ratio of 3:1 indicates that an investment of £1 delivers £3 in social value.

$$[\text{SROI}] = \frac{[\text{Value of Benefits}]}{[\text{Value of Investment}]}$$

The projected SROI ratio for MillRace IT is 7.4:1. Thus, for every £1 invested, £7.40 of social value is created *each year* for society in terms of reduced healthcare and benefit costs and increased taxes collected. Although availability of comparable data for other Social Firms is limited, any return greater than 1:1 is a good result and argues for further investment.

MillRace IT SROI: 7.4:1= £76,825/ £10,325

### Sensitivity analysis

Since our calculations depend largely on assumptions, it is prudent to test the sensitivity of those assumptions on the SROI ratio. The following table details the sensitivities of these assumptions.

#### MillRace IT Sensitivity Analysis

Indicator	Baseline assumption	New assumption	SROI
Grant income (£)	10,325	5,000	15
		20,000	4
Number of participants that enter full time employment	3	5	9.6
		0	4.1
Share of outcome (attribution)	75%	90%	9.2
		60%	6.2
Cost per client to NHS (£)	20,561	30,000	11
		10,000	3.3
Number of participants that no longer need intensive health treatment	5	10	15.4
		0	-0.5

In testing these assumptions, it becomes clear that in significantly changing the values across grant income, the number of participants that move into employment, and MillRace IT's share of outcome, the SROI remains well above 1 in each scenario. However, when it comes to altering the cost to the NHS per participant through changing the number who no longer need treatment, we see

the SROI values shift the greatest amount, to a negative SROI if there is no decrease in the use of NHS care services. What this means is that the SROI ratio of 7.4:1 is heavily dependent upon the assumption that MillRace IT offers the benefit of a prolonged recovery, or avoidance of a relapse, and that what distinguishes MillRace IT from other Social Firms is that it delivers both an employment benefit and a savings in health care costs benefit.

As we do not know currently how much health and social care each participant uses, the cost of one year of in-patient care is used as a proxy. Although explained in further detail in the Appendix, the use of the proxy represents what the government spends on health care costs per person recovering from mental ill health. Whilst it is not a precise figure, for it is based on the extreme case of participants requiring hospitalization, it is to date the best available data from government sources.<sup>2</sup>

## Summary

1. The aggregate social value created by MillRace IT each year is £87,150 which translates into value added of £76,825 after adjusting for the value of grant income. MillRace IT's SROI ratio of 7.4:1 implies that, for every £1 invested, £7.40 of social value is created *each year* for society in terms of reduced welfare costs and increased local purchasing.
2. For those impacts that have been monetised, government is by far the greatest beneficiary. For each participant that moves on to full time employment, national government gains roughly £9,000 annually through a decrease in welfare benefits, and a combined increase in National Insurance fees and Income Tax collected. For each participant that no longer significantly uses the health care system, the government gains £20,561 annually.
3. Demonstrated by the scenario analysis, the high SROI ratio is dependent upon the assumption that MillRace IT, through offering employment opportunities and training, can prolong recovery or even in some cases prevent a recurrence of illness. As a result, government benefits through the reduction of costs in the health care system, and benefits realised in this area are almost double the benefits that can be realised through people moving on to full-time employment alone. Although, it is important to note that this is only true in the short-term. In the long-term, the SROI would favour the employment benefits, as participants would continue to pay taxes in the long run.
4. As mentioned previously, there are a number of other benefits that have not been monetised, such as increased self-confidence of the disadvantaged employees and respite from care for their parents, suggesting that the social return calculations likely underestimate the full social value created by MillRace IT.

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<sup>2</sup> Based on telephone interview between researcher and representative from the Office for National Statistics, September 2005.

## **Acknowledgments**

**nef** would like to thank Anne Pleasant, Myles Cooper, and Richard Hockett and their teams at Interact and MillRace IT for their information, input and patience, as well as Sally Reynolds at Social Firms UK, for her steadfast support.

### 3. Conclusion

MillRace IT emphasizes job creation and sustainable employment for those recovering from mental ill health, yet this research would point to additional impacts. Foremost is the role that the work placements and volunteer opportunities play in maintaining clients' recovery from mental ill health. As not all participants move directly into full time employment, what they do have in common is their continued recovery for the duration of time they spend at MillRace IT.

It is because those recovering from mental ill health are individual in their needs, and time frames differ between participants for development, it is only expected that a portion of participants gain full time employment each year. However, those that remain benefit in terms of increased self-confidence, and skills gained in the IT industry. The third main programme outcome is decreased waste to landfill as computers are refurbished and distributed for re-use.

The following lists areas where future monetisation could take place:

- Self confidence
- Environmental benefits beyond the waste diverted from landfill
- Distance travelled: how long participants maintain full time employment after leaving MillRace IT
- Monetise RDC's total contribution of staff time, donated equipment and use of facilities<sup>3</sup>

MillRace IT is at a stage in its growth where it is just beginning to examine how to put systems in place to measure its quality and impact. This report is a step towards that goal and creates a framework for continuing the work. The organization is also currently expanding, and as it takes on additional trainees within its new and improved facility, it will move towards collecting more information about the journey clients go through.

Therefore, the calculations used for the social return on investment here emphasize the organization's work with clients recovering from mental ill health and success in moving a portion of participants on to employment. Environmental outcomes are limited to the tonnage of computers diverted from landfill, as this is the dataset available at the time the research was undertaken. In this way, three areas of value created by MillRace IT are captured.

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<sup>3</sup> The partnership was in its infancy when this research was undertaken. It was thus determined that waiting for one year's worth of data for inclusion next year would be the best way forward.

## 4. Recommendations

The following recommendations are intended to help support MillRace IT as they begin to make evaluation a regular part of their operating processes.

### 1. Formalise data collection process

A strategy for impact measurement should be created, based on input from key stakeholders. Any data collection will help substantiate the value of the work undertaken and will help clarify which processes should be improved upon. Specifically, data should be collected regarding baseline skills before the training is offered, and distance travelled once training is complete. Further, the external referral process should be included, as well as recycling data, and data on the number of computers used in developing countries.

### 2. Formalise the different skill sets on offer

Continue work with Open College Network to create an accreditation for the type of training on offer. By segmenting and making clear which skills MillRace IT is offering, the organization can make sure to match the most appropriate candidate to a specific kind of training experience. In doing so, how training leads to long-term employment will become more transparent.

### 3. Be more proactive and strategic regarding training placements

At the moment, it is not clear whether or not MillRace IT actively seeks trainees, and if so, how, or if it is based on potential clients ringing up. By clarifying what the organization wants to achieve with the training strand and by developing criteria accordingly, the operation will become more efficient.

### 4. Seek the feedback of families of volunteers and participants through informal means

During the stakeholder engagement phase, family members did not complete the take home surveys. However, it is important to include them in any input process. Consider using alternative means to make sure their voice is heard. Some options include having an evening or weekend social activity where staff members can informally ask family members directly what they think about MillRace IT's services.

### 5. Clarify long-term objectives

There appears to be a lack of consensus from employees about long-term objectives. It took considerable time to determine the nature of activities and the purpose behind them. By working together as a group to create a set of long-term objectives, it will be easier to track progress and communicate with external stakeholders.

### 6. Focus on environmental impact

Decide what to prioritise in terms of environmental measurement and agree a method to collect information and analyse. As MillRace IT strives to find a use for out-of-date computers, even those that cannot be sold on, it would present a clearer picture if information about these activities were collected. For example, by only reporting the number of tonnes of computer equipment diverted from landfill, the other value created goes un-captured.

### 7. Improve financial sustainability

Develop existing partnerships to secure contracts and press for funding based on SROI and savings to Government.

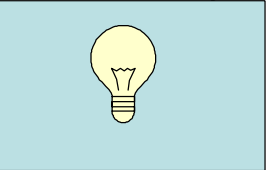
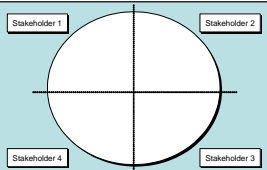
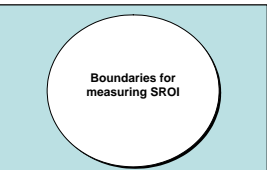
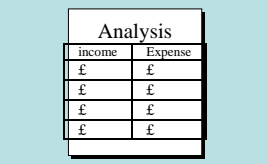
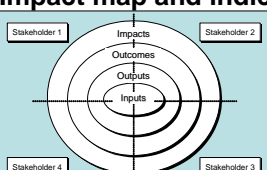

## Appendix

- A. SROI framework and analysis
- B. Results of stakeholder engagement

## Appendix A: SROI framework and analysis

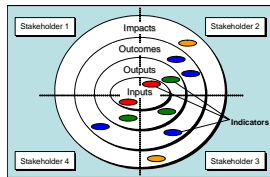
This appendix sets out the framework for nef's approach to SROI analysis and our estimation of the social returns achieved by MillRace IT. nef derived the programme's SROI through a ten-stage process, defined in Table 1.

**Table 1: Key stages to preparing an SROI analysis**

<p><b>Understand and plan</b></p> 	<p><b>Stage one:</b> Understand the nature of the impact you want to measure - is it one project, or the whole organisation? Create the scope for the analysis - how much time do you have to spend on it, and who will comprise the team?</p>
<p><b>Stakeholders</b></p> 	<p><b>Stage two:</b> Now that you know what you want to measure, who are the stakeholders? Identify who they are and gain input to understand what their goals and objectives are for the organisation or project.</p>
<p><b>Boundaries</b></p> 	<p><b>Stage three:</b> Create the framework for the analysis and begin to prepare background information. Describe how the project or organisation works, decide the time period you want to collect data for, and learn more about the main target group, or beneficiaries.</p>
<p><b>Analyse income and expenditure</b></p> 	<p><b>Stage four:</b> Examine financial accounts. Look at how resources used relate to different project areas. Investigate whether or not financial information is reported in a way that links it to social, economic or environmental objectives.</p>
<p><b>Impact map and indicators</b></p> 	<p><b>Stage five:</b> Understand how stakeholders participate through inputs, outputs, outcomes, and impacts. In answering this, it becomes clearer how social value is created.</p>
<p><b>SROI Plan</b></p> 	<p><b>Stage six:</b> At this point, we consolidate where we are in the process by summarising what we know so far. Lay out a plan and timetable for collecting the remaining data, completing the calculations, writing up the report and sharing findings with stakeholders</p>

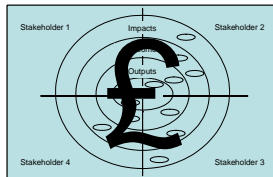


## Implement the plan and Data collection



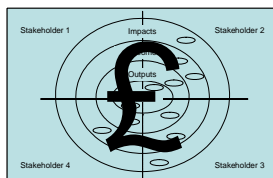
**Stage seven:** Collect the remaining data.

## Projections



**Stage eight:** Determine whether or not the monetised values of the costs and benefits can be projected over future years. The choice of the number of years to be used for projections will be determined by the nature of the project or organisation.

## Calculate SROI



**Stage nine:** Create a discounted cash flow model using gathered data and projections. Calculate the present value of benefits and investment, total value added, SROI ratio and payback period. Use sensitivity analysis to identify the relative significance of data.

## Report



**Stage ten:** Consider and present the results in a way that brings out the subtleties and underlying limitations and assumptions.

## Stage 1: Understand and Plan

At this stage an initial project plan was developed. We established that the study would evaluate the social return on the financial investment of employing disadvantaged people and helping them recover from mental ill health. The main audiences would be:

- Decision makers within InterAct and MillRace IT
- Social Firms UK, as the advocacy organisation that promotes the benefits of Social Firms
- Current and potential investors and funders of MillRace IT

The SROI study would cover a 1 year timescale. **nef** was engaged to carry out the study. The necessary information was taken from existing records and through interviews. MillRace IT and the **nef** researcher discussed the aims and benefits of an SROI study, and drafted a work plan together.

The aims of doing the SROI study were:

- To show how employing disadvantaged people brings social and economic benefits to this group and other stakeholders
- Evaluating the potential use of SROI for Social Firms UK
- Making recommendations to decision makers within InterAct and MillRace IT for future planning and evaluation

At this stage the purpose, objectives and long-term vision of MillRace IT were documented.

## Stage 2: Stakeholders

Key MillRace IT stakeholders and their objectives are listed in Table 2. The information is based on in-person interviews with three employees, and three trainees/volunteers. Further, telephone interviews were conducted with partner organizations and members of the wider community. No feedback was collected from customers due to resource constraints.

**Table 2: MillRace IT stakeholder map**

Key stakeholder map		
Stakeholder	Description	Objectives
<b>Participants (32)</b>	People recovering from mental ill health, either as trainees or volunteers	<ul style="list-style-type: none"> <li>• Increase self-confidence</li> <li>• Learn practical skills</li> <li>• Become more employable</li> <li>• Continue recovery from mental ill health</li> </ul>
<b>Employees (6)</b>	Staff of MillRace IT, which includes some who are recovering from mental ill health	<ul style="list-style-type: none"> <li>• Train participants in IT maintenance</li> <li>• Recycle old computers for further use</li> <li>• Increase MillRace IT's financial sustainability</li> </ul>
<b>Participants' Families</b>	Family members and partners living with participants	<ul style="list-style-type: none"> <li>• Family member to gain marketable skills</li> <li>• Family member to increase self confidence</li> <li>• Respite from care of family member</li> </ul>
<b>InterAct</b>	Founding organisation, and charity that refers clients for placement into MillRace IT	<ul style="list-style-type: none"> <li>• Train participants to increase long-term employability</li> <li>• Profits from MillRace IT which are donated back to InterAct</li> </ul>
<b>RDC</b>	Commercial computer recycling partner	<ul style="list-style-type: none"> <li>• Support those recovering from mental ill health</li> <li>• Increase recycling targets for equipment that cannot be sold on</li> </ul>
<b>Local government</b>	Essex County Council and Borough Council	<ul style="list-style-type: none"> <li>• Achieve recycling targets</li> <li>• Improve local employment</li> <li>• Reduce waste disposal expenditure</li> </ul>

## Stage 3: Boundaries

This SROI analysis specifically concerns the employees and participants at MillRace IT for 2005. Whilst the organisation was in the process of moving to its new facility when the research was undertaken, it is based on six employees (a combination of part-time, full-time, and seconded staff) as well as thirty-two participants who are either formal trainees or categorised as volunteers. The areas of social value creation measured are employment, decreased use of the health care system, and computer recycling.

It is important to note that approximately half of MillRace IT's core staff is also recovering from mental ill health. The returns are calculated annually due to the nature of Social Firms, in that their 'output' is the ongoing employment of disadvantaged individuals. Therefore, no benefits are projected forward.

## Stage 4: Analyse income and expenditures

As the study looks at the social return on the investment required to employ and train disadvantaged people over and above non-disabled people, the sources of finance and uses of resources relate to the incremental revenues/costs for this group. This information was found in the MillRace IT accounts.

Incremental sources of finance received: total of £10,325 consisting of:

- Key Fund grant of £10,325

In addition, in future years, we would recommend monetising the value of RDC's contribution to MillRace IT, perhaps by considering items such as rent, equipment, technician support, etc where relevant.

Incremental use of resources: nil

Note: although the organisation pays the employees, this is not considered an expense because, like all employees, they are paid for their work.

## Stage 5: Impact map and indicators

In this stage we drop certain stakeholders from the analysis. For example, customers and the network of churches that distribute computers overseas, as well as overseas users, are excluded due to the immateriality of their outcome objectives to the analysis. The outcome objectives of the participants' families are also excluded to avoid double-counting objectives, as their objectives are the same as those of the participants – namely, prolonged recovery, increased independence, and self-confidence.

### Inputs and outputs

As illustrated in Table 3, inputs vary by stakeholders. Due to the nature of a Social Firm, the material output for all stakeholders is employment and training of those recovering from mental ill health.

### Outcomes

Outcome objectives for the participants relate primarily to prolonged recovery from mental ill health and gaining employment. The information for this was expressed through stakeholder interviews with participants themselves.

### Impacts

Impacts are outcomes less attribution effects, which includes the extent to which the outcomes are achieved due to the efforts of other organisations and individuals, as well as consideration for what would have happened anyway had MillRace IT not existed, referred to by **nef** as *deadweight*. Thus, we focus on the *incremental* benefit of employing individuals recovering from mental ill health.

At this point in the process, we review the stakeholder map from Stage 2 and determine which outcomes are not appropriate for inclusion in the social return on investment analysis, either because they are not material or data is currently limited. The outcomes that are left out or further defined in the SROI analysis are explained below:

- The objective of an 'improved environment' is expressed in SROI terms of tonnes of computers diverted from landfill, broken down by types of equipment, customer and

geographical location. At this point, this is all of the information currently available to assess environmental outcomes based on the level of data presently collected within the organization.

- RDC's outcomes are not included, and this is mostly because at the time this research was undertaken, the partnership with RDC was in its infancy, and as such, an annual data set had not yet been collected. However, this can easily be addressed in future years.
- 'Improved local employment' is limited in the SROI to meaning the monetised benefits realised when someone moves into full time employment.
- 'Decreased unemployment' is not currently measured, as the data explaining how many people go from MillRace IT into employment is not readily available at the moment, although if more resources allowed we would be able to build this information from referring agencies, such as InterAct. We are able to express the benefits realised when one person moves from MillRace IT into employment in year one.
- The role that charity customers' purchasing IT equipment plays in extending the social value created by MillRace IT is currently unknown. However, by tracking the distribution chain of charity customers who deliver to organizations in the developing world, this information could be included in an SROI in future years.
- Data on the desired outcomes for participants' families is not currently collected, however, it may be in future years.

**Table 3: Impact Map**

<b>MillRace IT Impact Map</b>				
<b>Stakeholder</b>	<b>Input</b>	<b>Activity</b>	<b>Output</b>	<b>Outcome</b>
<b>Participants (32)</b>	Time	Trained in computer refurbishment	IT skill set, No. of recycled computers	Increased self-confidence Continued recovery Sustainable employment Improved life stability
<b>Employees (6)</b>	Skills, Time	Train participants in computer recycling, Sell computers and support services	No. of trained participants No. of recycled computers Income	Sustainable employment, Increased financial sustainability for organisation, Continued recovery for participant
<b>Participants' families</b>	Time	Encourage family member	Continued participation	Continued recovery for participant, Increased income for family, Less time spent on care for family member
<b>InterAct</b>	Funding, staff time,	Referrals, pre-training support	Clients enrolled in programme, No. of trained	Employment for participants

	referrals		participants	
<b>RDC</b>	Office space, technical support, computers to recycle	Workshop management, training, computer recycling	No. of computers recycled, No. of trained participants	Potential employees, Improved corporate social responsibility, Achievement of environmental targets
<b>Local government</b>	Not applicable	Not applicable	No. of computers recycled and diverted from landfill	Improved environment, reduced landfill expenditure
<b>National Health Service</b>	Not applicable	Not applicable	Prolonged support for participants, improved skills for participants	Reduction in care costs

Indicators have been assigned for each objective that will be included in the SROI analysis, based on the refinement of the Impact Map as discussed in the previous section. The Indicator Map below demonstrates the areas of social value creation we are able to capture within this SROI analysis. The values for these indicators are detailed in *Stage 5: Data Collection*, as are sources of the data and explanations for proxies and estimates. Please also refer to *Stage 3: Impact Map* for further discussion of these indicators.

As stated previously, we do not monetise the benefit gained by participants through increased self-confidence and independence, and thus have not assigned indicators to these benefits.

**Table 4: Indicators**

Impact Map: Indicators				
Stakeholder	Inputs	Outputs	Outcomes	Impacts
<b>Participants</b>	No. of participants	<ul style="list-style-type: none"> <li>No. of tonnes of computers recycled</li> <li>Length of time in programme</li> </ul>	<ul style="list-style-type: none"> <li>Length of time in recovery</li> <li>Change in medical costs</li> <li>Change in income</li> </ul>	<i>Deadweight:</i> No. of computers that would have been recycled anyway <i>Displacement:</i> Assumed nil based on stakeholder interviews
<b>Government</b>	Funding	<ul style="list-style-type: none"> <li>No. of trained participants</li> <li>No. of tonnes of</li> </ul>	<ul style="list-style-type: none"> <li>No. who obtain jobs</li> <li>No. who extend recovery</li> </ul>	<i>Deadweight:</i> No. of computers that would have been recycled anyway <i>Displacement:</i>

computers recycled	<ul style="list-style-type: none"> <li>No. who decrease use of the local health and care system</li> </ul>	Assumed nil based on stakeholder interviews
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## Stage 6: The SROI Plan

At this stage a summary document was circulated together with a resource plan and timescale for the rest of the project.

## Stage 7: Data collection

The data collected and assumptions used in the SROI model are detailed in Table 5.

**Table 5: Summary of SROI model data and assumptions**

Indicator		Source/Description
<b>Inputs</b>	Grant income	Key fund grant, MillRace IT financial accounts
<b>Outputs</b>	No. of participants (trainees and volunteers)	MillRace IT
	No. of tonnes of computers recycled per annum	MillRace IT
	Average participant time per week	MillRace IT
<b>Outcomes</b>	Increased employability	InterAct
	Full time salary for participants once they move on from MillRace IT	Based on an average of participants' starting salaries who have gained employment, InterAct
	Employment (tax payment)	Income tax for full time salary, based on statutory rates
	Employment (benefit reduction)	DWP statutory rates for Incapacity benefit, Income Support and Job seekers allowance
	Cost to National Health Service for in-patient care	Department of Health
	Increased self-confidence	Determined by stakeholder interviews, conducted June 2005
	Reduction in use of care services	Assumed 4 of 32 participants no longer uses in-patient care, Conservative assumption based on information collected from stakeholder interviews, conducted June 2005
	Continued recovery	Determined by stakeholder interviews, conducted June 2005

	Cost to send to landfill one tonne of waste in Essex	Office of the Deputy Prime Minister, data current from June 2005
<b>Impacts</b>	Continued recovery for some clients in the long-term	InterAct
	D/W: Amount of computers that would be recycled anyway	RDC is located on the same site and can recycle the computers, as well as several other organisations operating in the region
	D/W: Work placement opportunities	If MillRace IT closed, participants would not have a comparable place to go to, there is no other IT training Social Firm that offers the same high level hands-on training in the locality
	Displacement	Based on nature of client population
	Millrace-IT share of outcome (attribution)	Based on stakeholder interviews, participants expressed that it was MillRace IT above all other organisations that helped them, yet InterAct, family members, and the health system also play a significant role in recovery
<b>Other assumptions</b>	Time period	One year
	Discount rate	We assume zero because we are not projecting returns over more than one year, therefore, we do not need to discount the returns

## Stage 8: Projections

In this section the benefits from future years would be 'discounted' to give present-day values. As this study is only concerned with the current year, no discounting of future costs or benefits is necessary.

## Stage 9: Calculate SROI

The SROI model is detailed in Table 6, followed by the return calculations, in Tables 7 and 8, and a sensitivity analysis of the model assumptions, summarised in Table 9 and discussed further in Section 2 of the main report. The figures for MillRace IT's share of outcome refer to our assumption that the company contributes, on average, 75 per cent of the social value created through its employment and training of those recovering from mental ill health.

**Table 6: SROI model for MillRace IT**

<i>MillRace IT SROI model</i>	
<b>Indicator</b>	<b>Value (£)</b>
Benefits to participants	
Employee wages (for some participants)	13,500
Less welfare benefits lost (weighted average)	-6,900

Less increase in tax contribution	-1600
Less increase in National Insurance	-500
Net benefit per participant that moves on to full-time employment	4,500
Number of participants that move on to full time employment per annum	3
<b>Total benefits to participants</b>	<b>13,500</b>
<b>Benefits to local government</b>	
Cost to send one tonne of waste to landfill	39
Number of tonnes recycled per annum	50
<b>Net savings to local government</b>	<b>1,950</b>
<b>Benefits to national government (per employee)</b>	
Welfare benefits saved (weighted average)	6,900
Number of participants that no longer require welfare benefits per annum	3
<b>Net savings in welfare benefit expenditure</b>	<b>20,700</b>
Savings in the cost of mental health provision	20,500
Number of participants who do not require intensive care	4
<b>Total health care savings</b>	<b>82,000</b>
<b>Net benefit to national government</b>	<b>102,700</b>
<b>Combined net benefit</b>	
Payback period (in months)	2
Aggregate annual benefits	118,150
Less deadweight from computer recycling (118,150-1950)	116,200
Less attribution	75%
<b>MillRace IT share of outcome</b>	<b>87,150</b>

#### Notes to the calculations:

1. Source of wage for participant- estimate based on discussions with managers at InterAct and MillRace IT and is lower than average for entry level IT positions as posted in local Essex job advertisement press, as of June 2005.

2. "Personal Social Services expenditure and unit costs: England: 2003-2004", p. 6, Table 1. Bulletin 2005/07, Department of Health. Amount given for gross current expenditure for mentally ill adults is: £940,000,000. As of June 2005.

"In-patients formally detained in hospitals under the Mental Health Act 1983 and other legislation, England: 1993-94 to 2003-04", p.1, Department of Health. Total number of detentions under the Mental Health Act in 2003-04 was: 45,700. To arrive at cost of care for in-patient mental health treatment per client per capita: 940,000,000/45,700. As of June 2005.



3. Investment amount: £10,325, according to MillRace IT 2004 accounts, Key Fund grant.

4. Source for cost of waste disposal per tonne for municipal waste comes from the Office of the Deputy Prime Minister, Local Government Performance website. Search for Essex County Council key fact results under 'Environment', indicator BV87. Search available through website. As of June 2005.

**Table 7: Social value added by MillRace IT**

	Total value created	MillRace IT share	Investment	Value added	MillRace IT share	VA per participant	MillRace IT share
Aggregate benefits	£ 118,150	£ 88,613	£ 10,325	£ 107,825	£ 78,288	£ 3,692	£ 2,446
Less deadweight	£ 116,200	£ 87,150	£ 10,325	£ 105,875	<b>£ 76,825</b>	£ 3,631	<b>£ 2,401</b>

**Table 8: SROI generated by MillRace IT**

	Total value added	MillRace IT share	Investment	SROI	MillRace IT share
Aggregate benefits	£ 107,825	£ 78,288	£ 10,325	10.44	7.58
Less deadweight	£ 105,875	£ 76,825	£ 10,325	10.25	<b>7.44</b>

**Table 9: SROI sensitivity analysis**

**MillRace IT Sensitivity Analysis**

Indicator	Baseline assumption	New assumption	SROI
Grant income (£)	10,325	5,000	15
		20,000	4
Number of participants that enter full time employment	3	5	9.6
		0	4.1
Share of outcome (attribution)	75%	90%	9.2
		60%	6.2
Cost per client to NHS (£)	20,561	30,000	11
		10,000	3.3
Number of participants that no longer need intensive health treatment	5	10	15.4
		0	-0.5

## Stage 10: Report

At this stage the report was written. This document provides the format used and contents created.

## Appendix B: Stakeholder engagement

Once the stakeholders and their objectives were mapped, an extensive stakeholder interview process was conducted in order to collect information directly from the people most affected by MillRace IT's work. From this information, it was possible to identify which factors were most important to examine and to attempt to monetise for the SROI calculation. It is also a way to check that priorities expressed so far are the most representative.

### Section one: Internal stakeholders

#### A. Results for employee stakeholder interviews

For employees, in-person stakeholder interviews were conducted on site<sup>4</sup>. The following summarises the main points made during the interview process.

- Two out of three of the employees interviewed worked there from the beginning- when MillRace IT was first set up, and all three employees stated that earning an income, being part of a team, feeling valued for their work, doing something useful, and making a difference were their motivations for working at MILLRACE IT.
- For one employee who is recovering from mental ill health, the fact that the work environment is a flexible one was most important. This enables the worker to care for a partner that is also recovering from mental ill health.
- When asked what is liked *best* about their jobs, some of the answers included- "Seeing the positive effect. We had visitors from projects we've sent PCs out to and it is great to see how something that would have been chucked out in this country is helping people overseas." Another employee explained, "Earning money is less of a hassle than relying on benefits."
- When asked what is liked *least* about their jobs, responses included, "part of being a Social Firm means that funding can be uncertain. Whilst we are not completely reliant on grants, we are still somewhat dependent on funding." Also, "having to work in a noisy environment" is not always optimal.
- Interviewees described the new skills they learned, and these included using a quality assurance software package (as now required by RDC), data entry into the new tracking system. One employee who is recovering from mental ill health explained how he passed one of the Microsoft Office Specialist exams. "I learned more about the inside of a computer than most people would ever want to." Another interviewee explained, "I have learned loads of stuff about computers, but also how to be more

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<sup>4</sup> A list of questions asked is detailed in Appendix B

tolerant of people, how to work in a team, and how to try to get the best out of people.”

- In answering how the job changed employees individually, the responses were, “Made me a bit more confident”, “Calls upon a different set of skills to work with people recovering from mental ill health”, and “I don’t have time to think in a depressive way like I used to.”
- When asked what they would be doing if not working at MillRace IT, two employees explained they would be working in the same field of information technology. However, the employee who is also a client explained, “I would be ‘pushing up daisies’ or in the grave. Until people have been ill they can never have an understanding of what it is like. The more time you have to think, the worse it becomes. I probably would be dead.”

### **Analysis**

When reflecting on the process of interviewing employees, one can begin to see the important issues emerge. This last response drove home the point that Whilst MillRace IT is a small company; the kind of intervention they offer is intensive and significantly value adding. The clients they aimed to reach were substantially benefiting from the unique support on offer.

The information also helped to clarify which external data set to use to complete the SROI calculations. If an employee or programme participant genuinely feels the intervention they experienced has prevented them from further illness, or even death, then it is appropriate to look for data that can tell that story. This point explains the high rate of social return on investment for MillRace IT.

### **B. Results for participant stakeholder interviews**

When this analysis was carried out, MillRace IT had just moved to its new facility on the RDC industrial estate. As a result, the number of trainees and volunteers formally participating in the Social Firm was artificially reduced to 6 from 32, for that time period, of which 3 were interviewed.

- The two volunteers were formally referred by InterAct. However, the trainee arranged his own placement through the recommendation of an external IT provider. The trainee was working with JobCentre and arranged a 6-month training course for IT skills development through the local college (Witham Technology College) and needed to identify a placement for work experience. The trainee stressed that the JobCentre was most unhelpful with this process. The trainee then contacted MillRace IT and offered to volunteer and help with the move to the new facility in exchange for a six-month work experience placement. And so a deal was struck.
- Two out of three of the participants stated that becoming more independent was important to them, and all three cited the following as objectives for their work; to learn practical skills and become more employable, to improve self esteem and confidence, because they enjoy being part of a team, to feel valued for the work they do, to do something productive and to be in a supportive work environment.
- Additional reasons for why MillRace IT in particular was the chosen facility included; there is nothing else available that offers this level of IT instruction- everything else is more basic, to formalise previous IT skills that were self taught, and because “it keeps me going.”
- None of the participants work or volunteer anywhere else, again emphasizing the point that MillRace IT is providing primary support.

- In response to what participants like *best* about their work, responses included “this type of work interests me anyway, but I like the friendly laid back atmosphere, there is no pressure or stress, nothing is too much trouble if you need to ask a question.” Another person stated, “Building and repairing PCs, if they didn’t work before and then you can make them work.” The final response was, “the people.” These replies point out the unique quality of the service on offer.
- As for what participants like *least*, interviewees explained that as they just made the move to RDC, they were learning the company’s new quality assurance software, which meant a lot of data entry. However, they felt they wouldn’t mind it as much once they got used to it. Additionally, one participant explained, “I do not like coming through the RDC unit to get here, the other staff members are somewhat intimidating.” However, when questioned further as to whether or not the person felt something should be done about it, they replied that it was probably more to do with the fact that it was a new environment and it would improve over time. It is a point to follow up on in any future evaluation.
- Participants learned new skills including, “how to build a computer from scratch”, “how to run electrical tests on new components, how to input data to make sure a computer is safe”, and “Not as useless as I feel that I am- I have something worth living for.”
- When asked if their time at MillRace changed them in anyway, interviewees explained, “I am a bit more confident”, and “If I wasn’t working I would be in a more depressive situation- this has changed me because I am happier.” One respondent felt no change had taken place.
- When asked what they would be doing if not working at MillRace IT participants explained, “I would be shut up at home and not going out”, and “I would still be stuck in a rut trying to find something to do, because I had been off sick and my original trade was a dying trade- I needed a change of direction. This is an opportunity to get the qualifications to go back to work to support myself properly.”

## Section Two: External stakeholders

External stakeholders were also contacted, as detailed in the next section. In the interest of encouraging interviewees to comment fully, they were offered the chance to remain anonymous, however, most were happy to be identified in some way.

### A. RDC support liaison to MillRace IT

#### In-person interview with RDC rep on site within MillRace IT

1. *What is your position within RDC?*

Technical services team leader

2. *Please provide a brief description of your work.*

Supervise technicians, test equipment as it comes in from clients to make sure it is in okay condition, and enter information in quality assurance software system.

3. *What are the overall activities of RDC?*

Refurbish IT equipment on behalf of clients. The equipment is reconditioned and sent back to the client for continued use or it is sold on behalf of the client, where they receive the money from the sale and RDC retains a commission.

*4. How did you wind up being placed within MillRace IT?*

My manager asked me if I would be interested in training and looking after MillRace IT, so I volunteered.

*5. How long have you and will you be working with MillRace IT?*

It is a six-week placement in total, and I have been here for four weeks with two weeks left to go. The process is that someone from RDC will be onsite to support MILLRACE IT at all times, and RDC staff will rotate it. It has not been formalised yet how people will be assigned.

*6. How many people have you supported and trained within MILLRACE IT?*

To date I have worked with 12 people, 8 volunteers/trainees, and 4 staff members.

*7. What do you do for them?*

I show them how to use our quality assurance software, how to do initial tests on equipment that comes in and explain RDC policies and systems.

*8. Do you have any feedback to provide from your time spent with MillRace IT?*

There should be more publicity in the local community to let people know this partnership is taking place between RDC and MillRace IT, and to use it as an opportunity to let people know this is a way for them to donate their old equipment whilst making a difference.

*9. What do you think of the partnership so far?*

It is really good. The trainees and staff of MillRace IT are doing a good job, and a good thing. I have enjoyed it and they are nice people. Ultimately, a goal will be for some of the MillRace IT trainees to join RDC.

*10. Have you learned anything from the experience?*

I have had to adapt the way I train because the volunteers and trainees are only here a couple of times a week as opposed to all of the time, I have to go over the material a bit more. But, they are picking it up really well.

## **Grant funder**

### **Telephone interview with Grant Funder- Essex Community Foundation**

*1. Please describe how you work with MillRace IT.*

We have provided MillRace IT with grants through our European Social Fund programme, and 'global grants'. They applied under this programme, which is about improving employability particularly amongst those disadvantaged in the labour market.

*2. Did you require MillRace IT to specify which disadvantaged group it was working with was this part of the funding package?*

We have set target groups, and one of them is people with mental health problems. However, they could have been working with a number of groups. It would have been MillRace IT that specified they were working with people recovering from mental ill health through their application.

*3. Were there specific objectives tied to the funding?*

MillRace IT set the objectives themselves. One was around covering the cost of providing five work placements. The length of time of the placement would vary depending on the individual and how far along they were in recovery.

*4. Was MillRace IT able to effectively deliver on the project?*

Yes

*5. How was this demonstrated?*

Through past case studies they generated, showing us how they moved people on, how they were bringing people into the programme in the first place. And MillRace IT made sure that people were at the right stage of their recovery to enter the programme.

*6. What are your views of the work that they do?*

They certainly seem to be well placed and have lots of experience of helping people with mental health difficulties. They seem to be very aware of the issues and know how to support them.

## **C. Participants' families**

### **Letter to family members of volunteers & trainees**

Letters were distributed to volunteers and participants. However, because of the shortened time frame, families did not have adequate time to respond. This is important for MillRace IT to keep in mind in the future, that the families of participants will need to be engaged with, but perhaps better methods can be identified.

## **D. Board Member**

### **Telephone Interview with Board Member of MillRace IT**

*1. What is the mission/purpose of InterAct?*

The goal is to help people with mental health problems or learning difficulties into work or education or part of the community in some meaningful way for them.

*2. What are your personal objectives for serving on the Board (i.e. what motivates you to do this work)?*

I am on the Governing Council of InterAct, Chairman and one of the founding members of MillRace IT. My background is as a solicitor. My goal is to make MillRace IT a viable company that can take on people with disabilities and meet commercial objectives.

*3. What are MillRace IT's main activities?*

The main activity is refurbishment of computers in the UK. In doing that it provides employment in the UK and it exports PCs to specific projects in Africa, which are verified and visited- educational projects.

*4. Why did you start MillRace IT? What were your objectives?*

It came out of the InterAct project Bridges between Worlds, which was an InterAct project with volunteers refurbishing computers and sending them to Africa. Projects in Africa were found through InterAct's Church contacts. As InterAct is also a Christian-based charity, the Church network was both relevant and useful. The goal in starting MillRace IT was for it to become and remain a Social Firm.

*5. Have these objectives changed? If so, how?*

The objectives haven't changed, but the modus operandi has. We have had to become more commercial.

*6. Are you achieving your objectives/targets?*

Things are on course, it doesn't matter how much we turnover as long as we stay committed to helping people.

*7. How do you determine and measure success?*

Helping people no matter how small to improve their lives. By keeping the thing afloat.

*8. How involved is InterAct with its clients at MillRace IT? What type of support is provided?*

Not sure. There are questions as to whether or not InterAct clients are being fully monitored once they are at MILLRACE IT and may not necessarily move on to outside work or the next stage of their recuperation or recovery.

*9. What could the two organizations do differently to improve the effectiveness of the relationship?*

There is not enough understanding between staff in the two organizations as to how each function.

*10. Any other feedback.*

- We have difficulty in how we handle paying some of our employees without it adversely affecting their benefits.
- The lack of basic revenue support for Social Firms is a challenge. For example, when we set MillRace IT up, the figure for salaries was £68,000 for four people coming off benefits, so it needed revenue of £100k to do that, which is a lot at once without even looking at rent and other operating costs.
- The 'permitted earnings rules' are helpful but too limited; we should be able to certify people up to half a week. There should be a permissible net gain, some sort of graduated earnings scheme that allows people to move from part-time to full time without losing all of their benefits at once.
- It is difficult for us to get paid for work placements directly. Each work placements should come with a small amount of compensation for MillRace IT as the provider of the experience.
- We have difficulty in getting government contracts. The statutory requirement of working with Social Firms at the local government, although well written, doesn't happen in practice.

## **E. RDC, commercial partner**

### **Telephone interview with RDC, Commercial partner**

*1. What are your company's main activities?*

Reuse and recycling of used computer equipment.

*2. How did you first learn about MillRace IT?*

Three years ago, I met Myles Cooper (one of the founding members of MILLRACE IT) at a meeting of the Essex Waste Minimisation Club. The Club is a networking body of organizations, sponsored by the Environment Agency in Essex. Initially, Myles asked us if we could supply any used computers. However we could not because our clients maintain the title to their computer equipment, we process the equipment on their behalf.

*3. How did this relationship develop?*

In the meantime, we began considering looking for an organization to partner with as RDC wanted to be seen as acting in a socially responsible way. In January 2004, I met Lyndon Stayte and Anne Pleasant at a conference where I heard Lyndon speak about MillRace IT and how they were looking for new premises. I suggested then that our interests could overlap- we had the premises and equipment and could offer the space to a social enterprise to work towards our mutual objectives. After previous but unsuccessful attempts with other organizations, we decided MillRace IT was the right partner.

*4. Can you please describe how you work with MILLRACE IT?*

We provide them with premises, a site in which to work with a ready supply of a variety of used equipment, with the use of our processes and procedures, which are approved and certified to various standards (ISO 9001:2001 ISO 14001, OHSAS). We have a purpose-designed database to track the items being refurbished. We felt these procedures offered advantages to Millrace as well.

Many companies are loath to deal with 'social organizations' because of the business risk. They want to deal with an organization that can provide cover for liability. For example, we can provide protection from their obligations under the data protection act (regarding the disposal of and use of customer data) and other consumer protection legislation because of the systems we use. Another risk is if unsafe equipment is sold on. We can provide that protection both to our customers, and to support the work of MillRace IT.

*4. What are your goals for working with MillRace IT?*

In exchange, MillRace can help RDC in that a lot of our clients want to be seen as taking a positive part in CSR matters, so MILLRACE IT provides a charity group we know can provide an output for the training. For us, they process x amount of equipment, the x is a moveable feast- so it is not expected that they would meet the same levels of our- 30-50% of our regular output in terms of space utilisation and people put in to support. However, the amount they process is essentially the payment they make for rent and the on-site support.

*5. How will you determine and measure success?*

Ideally if any of the MILLRACE IT become full time employees of RDC or go on to full-time employment in similar fields that would indicate success. Secondly, when our clients continue to supply us with equipment and are satisfied that we have developed an ongoing Social Firm whilst meeting their requirements of business risk management.

*6. What factors will be important to the success of this joint venture?*

If the MillRace people are satisfied that the move is a success for them, that will mean we have achieved success. Being a Social Firm, the working environment is somewhat different from how we normally operate at RDC. As such, we have tried to accommodate them through providing a stand-alone unit and at the same time ensure they are supported by the environment. For example, they are not excluded from functions or the RDC canteen. A second factor will be if processed equipment is processed to the same quality standard as achieved by our regular workers. This in the end is what will prove the credibility of the venture of a Social Firm, it does have an ongoing role to play in business.

*7. Do you track your environmental outputs?*

Yes. We process 5,500 tonnes of computer equipment per year, most of which goes for reuse. Of that, 2000 tonnes is recycled, and none goes to landfill. The



remaining amount is sold for reuse. Further, of every computer that is re-used, 75% of its energy is retained.

## **F. Local stakeholder, Environment Trust**

### **Telephone interview with the Environment Trust**

#### *1. What are the Environment Trust's goals?*

We are an environmental body set up by the Landfill Tax Credit Scheme. It was set up in 1989. The government decided they needed to reduce the amount of waste disposed to landfill so they imposed a heavy tax for landfill use and to provide compensation to communities affected by landfill, and reduce taxes for companies that give money to bodies like ourselves.

#### *2. What are your goals at the Environment Trust?*

To make a difference to the environment of the County, through improving the environment and the provision of community facilities.

#### *3. What are your main activities?*

We are a funding body, we receive request for money, process them and evaluate them and then allocate funding.

#### *4. How do you work with MillRace IT? How does your work with them help you to deliver your objectives?*

They approached us for funding in 2000 to set up their recycling programme. They were just in the process of moving into the unit at Lockside, leasing it. The funding was to step up to become a better-organised and efficient operation, based on an industrial premises.

Our strict remit at the time one of our objectives was to reduce waste going to landfill and the primary means were to encourage recycling and reuse.

#### *5. What do you see as the mission/purpose of MillRace IT?*

Many fold. It is the upgrading of IT equipment that was otherwise regarded as worthless, giving it a worth and transporting it to the areas of need.

#### *6. Do you know of any other Social Firms in Essex?*

No, I don't.

#### *7. Do you know of any other companies that employ disabled people, either full- or part-time?*

Other than Essex County Council, not really.

#### *8. What value does MillRace IT bring to the local community?*

We come back to the strap line at InterAct, helping people to help themselves, training provision, specialising in people dealing with mental ill health, enabling clients to develop their self-esteem. They can move on to something new after their recovery without their earlier job experience serving as a barrier. I know the guy who was running the show down there is now moving on and is teaching at the APU.

Unfortunately, the law changed and we are no longer able to fund them but I wish we could. I still stay in touch, it is one of the most wonderful outfits I have ever come across, so I pass the message along about their work to anyone privately or in the voluntary and community sector.

## **G. Local stakeholder, Farleigh Hospice**

## Telephone interview with Farleigh Hospice, rep from the 'Local community'

*1. Please describe how you are involved with MillRace IT.*

As a charity, we recycle and we use as much as we can. We used to take in PCs and sell them on to a third party. But it was taking a lot of time effort and space for little return. By linking up with MillRace, when people ring up we can suggest they take their old computer equipment to them.

*2. What do you see as the mission/purpose of MILLRACE IT?*

They are a good social enterprise to work with. It makes much more sense for someone to use the goods we can't use. For us, the environmental part of their work is the one that most directly affect us and improves things for us.

*3. Do you know of any other Social Firms in Essex?*

Matrix

*4. Do you know of any other companies that employ disabled people, either full- or part-time?*

We do ourselves, secretarial in our case.

*5. What work does your charity do?*

The charity is a hospice, looking after everyone with a life threatening illness in the Essex area, and I am in charge of the retail side, which is to bring in 10% of the funding that we need towards running costs.

*6. What value does MillRace IT bring to the local community?*

Difficult one for me to say, because I don't have a day to day knowledge, I know they offer a lot of training and employment for disabled people and support. On a one to one basis. Although we have people who come to us we can't give them the one to one support.