

**Birmingham Disability Resource Centre
A Social Return on Investment Analysis**

Prepared by

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Executive Summary

This document seeks to measure the impact that Birmingham Disability Resource Centre (DRC) had on individuals participating in the Community Learning Innovation Fund (CLIF) project using Social Return on Investment (SROI) analysis. The CLIF project was funded by the National Institute of Adult Continuing Education (NIACE) which aims to encourage all adults to engage in learning activities. DRC focuses on supporting disabled people to take control of their own lives and to actively seek out opportunities to achieve their full potential as individuals in mainstream society. DRC's Living Well project supported 72 people with long term limiting health conditions and disabilities. The initiative was designed to offer a holistic but flexible learning package that would address managing health issues, financial and economic wellbeing; as well as providing personal progression pathways towards employment or sustainable activity which would bring about an improved sense of general wellbeing.

As a result of the scope of this evaluation, it has not been possible to estimate the social value of all specific activities carried out by DRC. Where quantitative outcomes are known, these outcomes have been included. Other key activities have also been included if it has been possible to approximate the impact that DRC has had on the specific outcome measure. These outcomes have led to benefits for the recipients of the learning services, in addition to having a positive impact from a public expenditure point of view with respect to health and state benefits. The impact of these changes can be difficult to quantify. SROI uses financial proxies to measure a social firm's impact.

Based on the assumptions outlined in this document, the SROI analysis indicates that for every £1 invested in DRC there would be £3.81 generated in social value. The SROI analysis indicates that DRC is an organisation that generates a good return on investment, providing a net social benefit to its stakeholders. Since this analysis has not taken account of all stakeholder benefits, it is likely that the SROI undervalues the social firm's net societal contribution.

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Introduction

Birmingham Disability Resource Centre (DRC) is a well-established charitable social enterprise which is one of the leading disability organisations operating in Birmingham, Solihull and the wider West Midlands. DRC is a pan disability organisation which is able to support a wide range of disability conditions.

In the context of the Community Learning Innovation Fund (CLIF) project, which this analysis specifically focuses on, DRC provided a flexible learning package which addressed:

- managing health issues
- financial and economic wellbeing
- personal progression pathway towards employment and sustainable activity which would bring about an improved sense of general wellbeing

The funding for the CLIF project was solely provided by the National Institute of Adult Continuing Education (NIACE) which aims to encourage all adults to engage in a range of learning activities. There were 72 participants who enrolled on the classroom based learning programme. The learners were referred via key partners from the local authority services, NHS (particularly mental health services), Jobcentre Plus and other third sector organisations that work with DRC; in addition, DRC also received referrals from a bank of volunteers that have been developed over a period of time.

The case study below illustrates the type of impact that DRC can have on an individual using its flexible learning package.

Case Study 1

Martin was engaged and introduced to the project during outreach activities in central Birmingham. Martin was initially invited to an Information Advice and Guidance session to discuss his situation within employment, health and other personal development issues which were of relevance.

Martin is unemployed and during this appointment he highlighted several issues concerning low confidence and his long term emotional health; he described feeling low in mood and had a negative attitude towards much of his life including employment and training prospects and his interaction and relationships with others.

Martin was advised of the support which was available to him from DRC. And it was suggested to him that he should attend a series of group and one – one sessions which covered both employment related subjects and health condition management skills which would support him in his efforts to return to a structured and varied lifestyle. Within a short period of time Martin became an active member of the group and had gained the respect of all who were involved, this involvement and subsequent acceptance from the group had a profound effect on Martin's confidence and self-esteem.

During this period, Martin's general condition had improved to such a degree that he returned to fitness related activities and also engaged in an OCN progression to employment course which was being delivered by DRC, this was successfully completed.

Martin has stated that his involvement with the programme has lifted his mood and aspirations and has given him a new focus in terms of his future prospects. He now regularly attends IAG sessions with DRC advisors and is now actively seeking employment.

Martin has indicated that the skills and techniques learnt during his time on the programme were now being utilised with positive results, he now refers to previous experiences confidently and recognises that he has acquired a wealth of knowledge over time which is valuable to both himself and others and is confident when sharing this information.

Martin recently stated that "the support and guidance from the DRC programme has had a major impact on my employment prospects and helped my confidence to return," He now believes he can move forward in his life and that he can achieve his goal of a return to employment.

DRC would like to formally measure the impact it had on the individuals who enrolled on the CLIF project. The government's policy statement on the Big Society indicated that their preferred methodology to evaluate an organisation's impact is Social Return on Investment (SROI) analysis. Chris White the MP responsible for the Social Value Act said that:

'tools such as Social Return on Investment can help commissioners and businesses to create additional value and I hope the Act can widen the debate on the use of SROI¹.

In line with government policy, DRC is using SROI to evaluate its social value.

The Scottish Government defines SROI as:

'a way in which an organisation can look at what it does, measure the difference that activity makes to people's lives, and tell a robust story about that difference or impact. It uses financial comparators or 'proxies' to report on the impact made².

In order to evaluate DRC's SROI in relation to the CLIF programme, the inputs and outputs for the project have been used. Outcome data, such as information gathered using the Wheel of Life (WOL) measuring tool, has been used in the SROI analysis. With other activities it is not possible to precisely measure the outcome. With this type of outcome the analysis has relied on professional judgement where appropriate. For pragmatic reasons it has not been possible to take account of all the services that DRC provide. This document aims to make explicit the services that have been included and the ones that have not.

¹ <http://www.thesroinetwork.org/component/content/article/173-international/304-chris-white-mp-to-open-sroi-network-event-as-the-social-value-act-goes-live>

² <http://www.scotland.gov.uk/Topics/People/15300/SROI>

Stage 1: Establishing scope and identifying stakeholders

Deciding which people or organisations are likely to be affected by the social enterprise and how these stakeholders will be involved in the information gathering process.

Stage 2: Mapping outcomes

This involves establishing the inputs, and costs required to deliver change; and defining the change which has taken place as a result of the inputs.

Stage 3: Evidencing outcomes and giving them a value

Defining criteria that indicate that something has changed; then collecting the information to test whether things have changed.

Estimating the social value of that change and how long the effect will probably last.

Stage 4: Establishing impact

In trying to measure what difference a social enterprise has made it is important to consider what would have happened if the organisation did not exist (deadweight); also will the effect fall away over time (drop-off); and to what extent is the project responsible for the change (attribution); in addition, is the effect merely transferring an activity to another locality (displacement). Having taken these factors into consideration what is the social value of the impact.

Stage 5: Calculating the SROI

Predict the future impact of the social enterprises intervention(s) and calculate what the value of the impact would be worth in current money (net present value). Analyse whether some assumptions have greater impact on the SROI ratio.

Stage 6: Reporting, using and embedding

Disseminate the information and evolve the data collection process.

Evaluation methodology

Social Return on Investment has been described as a process of understanding, measuring and reporting on the social value that is created by organisations. In 2005, the international SROI Network agreed a framework for the use of SROI and based on these standards, the New Economics Foundation published a guide for organisations and SROI practitioners in the UK, setting out a particular approach to carrying out SROI analysis. The key stages of an SROI analysis have been summarised by nef and are outlined in Figure 1.

A number of principles are advocated:

- Involve stakeholders.
- Understand what changes.
- Value the things that matter.
- Only include what is material.
- Do not over-claim.
- Be transparent.
- Verify the result.

As a result of the inter-relationship between the various funded projects it was decided to apply the SROI to the organisation as whole whilst applying the principle of valuing the things that matter. In order to carry out this analysis a number of assumptions have been made which will be identified as part of the SROI process.

Figure 1 – SROI Process

The Stakeholders

The stakeholders and the rationale for inclusion or exclusion are documented in Table 2.

Stakeholders related to DRC activities	
Key stakeholders	Reason for inclusion in the analysis
Learners who received training with respect to employability / employment as a result of the CLIF project.	People gaining employment or training are likely to experience significant improvements in their quality of life as a result of their interaction with DRC.
Learners who were provided with coping strategies to become more positive about their health conditions and/or disabilities as a result of the CLIF project.	Recipients of successful health interventions are likely to live a more fulfilling existence, with increased independence and a vision for the future. This is likely to lead to reduced utilisation of health resource.
Learners who were provided with education relating to social and economic awareness as a result of the CLIF project.	People who are more financially aware are less likely to experience financial difficulties which can have a negative impact on individuals and also have wider financial costs to society.
National government (NHS and Department of Work and Pensions)	There is likely to be a decrease NHS spending as a result successful health related interventions. Employment creates the potential for reductions in benefit payments and increased state income from taxes where employment is increased.
Excluded stakeholders	Reason for exclusion from the analysis
Family members and carers of people accessing DRC services	It is reasonable to assume that improvements in the health and wellbeing of people accessing the services of DRC are likely to have a significant impact on their families; however, as a result of the resource constraints on the analysis and the lack of data, this has not been included.
The state, from a tax contribution and benefits payments perspective, relating to DRC paid staff	It is not unreasonable to assume that given the economic climate, a significant number of people employed by DRC would not otherwise be employed; however, for the purposes of this analysis the state benefits have not been included with respect to reduced NIC & PAYE contributions and additional state benefit payments.

Table 2 – Stakeholder rationale

Mapping Outcomes

Inputs

The first stage in this process is to establish the cost of providing the service. With this project the cost to deliver the CLIF learning programme was entirely funded by a grant provided by NIACE. The cost of delivering the project was £49, 062.

Outcomes

In order to avoid potential double counting, we have defined the outputs in such a way as to create mutually exclusive outcomes which are outlined below:

Stakeholder Activity	Outcome Description (n)
Employment / Employability	<ul style="list-style-type: none">• Individuals who have gained employment outside DRC as a result of accessing the DRC learning programme who would then have reduced state benefit costs and increased tax contributions (2).• Individuals who have started voluntary work as a result of accessing the DRC learning programme who would then have improved health and wellbeing as well as generating social value (10).
Health & Wellbeing	<ul style="list-style-type: none">• People who were confirmed as quitting smoking for a minimum of 3 months as a result of a DRC intervention and the national Stoptober initiative (7).• Number of people reporting a more fulfilling existence as a result of participating in the learning programme (64).
Financial literacy	<ul style="list-style-type: none">• People who avoided eviction as a result of their interaction with DRC's financial literacy programme (1). This is based on the educator's best guess of the cohort's individual circumstances.

Table 3 – Quantifying Outcomes

Valuing Outcomes

In this analysis, no raw data were collected on specific health and fiscal outcomes for individuals accessing DRC. Collecting the raw data would have involved quantifying the resource utilisation of relevant services that individuals had accessed prior to engaging with DRC and then measuring the change as a result of the organisation's interventions. This would have been time consuming and beyond the scope of this evaluation.

All financial proxies outlined in this analysis, with their associated 'deadweights' and 'drop-offs', are documented in Table 5 in line with best practice guidelines³.

This analysis has used financial proxies derived from projects that best match the types of services which DRC provide to its service users; however, there are some financial proxies which require further explanation:

➤ **Financial proxy for eviction**

This is an aggregated financial proxy that includes average levels for a range costs⁴:

- Arrears at the point of eviction - £4,955
- Repair of property (for all voids) - £2,452
- Loss of property whilst repairing - £563
- Court costs and officer time associated with an eviction - £445

➤ **Financial proxy for smoking cessation**

The financial proxy chosen in the analysis is derived from a document that only takes account of the benefits of stopping smoking from a public sector perspective over a 5 year time horizon; consequently it is likely to underestimate the social value of this outcome⁵.

³ Nicholls et al. A Guide to Social Return on Investment. Cabinet Office. May 2009

⁴ Greater Manchester Cost Benefit Analysis: Technical Specification (Version 1.0, January 2011)

⁵ Figures adapted from The Effects of Increasing Tobacco Taxation: A Cost Benefit and Public Finances Analysis. ASH by Landman Economics. ISBN 978-1-872428-82-6. 2010

Calculating Social Return on Investment

Aggregated Stakeholder Activity	Outcome (n)	Financial Proxy	Financial Proxy Rationale	Duration	Total Net Present Value
Total number of people not in work who have gained full-time paid (≥ 30 hrs) employment as a result their interaction with DRC services	2	1. £8,219	An annualised 10% drop-off is assumed for employment. 1.1. Annualised fiscal benefit from going from workless JSA claimant gaining employment ⁶ . 1.2. Deadweight= 0%.	5 years	£63,368
Total number of people not in work who gained a voluntary placement outside DRC as a result of accessing DRC services	10	1. £2,085 2. £2,625	1.1. Average annualised cost of depression for people engaged with NHS services = £2085 ⁷ . 1.2. Deadweight = 40%. 2.1 Assumes a social value based on the voluntary work in the community = £6.31 /hr 2.2 Average number of hours worked each week = 8 hrs	1 year	£28,260
Number of people who quit smoking as a result of health and wellbeing component of the DRC programme	7	1. £2,100 (NPV)	1. Net benefit of not smoking from a state perspective based on a range of factors: NHS cost savings, income tax/NICs/VAT – extra working life, income tax/NIC/VAT – reduced absenteeism, reduced disability benefits, increased pensioner benefits ⁸ .	5 yrs	1. £14,700

Table 5 – Valuing Outcomes

⁶ DWP Worklessness Co-design – Interim Report. Department for Work & Pensions. Jan 2011

⁷ Paying the Price: The cost of mental health care in England to 2026. The Kings Fund. Updated: 10th December 2011

⁸ Figures adapted from The Effects of Increasing Tobacco Taxation: A Cost Benefit and Public Finances Analysis. ASH by Landman Economics. ISBN 978-1-872428-82-6. 2010

Aggregated Stakeholder Activity	Outcome (n)	Financial Proxy	Financial Proxy Rationale	Duration	Total Net Present Value
Number of people who avoided eviction as a result of their exposure to DRC's financial literacy course	1	1. £8,619 2. £4,629	1. An aggregated figure which incorporates average levels for a range of costs associated with eviction ⁹ . 2. Tameside MBC data - the cost for accommodating a homeless person for a year is estimated to be £18,515 ¹⁰ . The figure represents 25% of the annual cost or assuming a straight-line distribution of costs 3 months accommodation.	1 yr	£13,248
Number of people reporting a more fulfilling existence as a result of participating in the learning programme	54 ¹¹	1. £2,085	1.1. Average annualised cost of depression for people engaged with NHS services = £2085 ¹² . 1.2. Deadweight = 40%.	1 yr	£67,554
				Total	£187,130

Table 5 – Valuing Outcomes

⁹ Greater Manchester Cost Benefit Analysis: Technical Specification (Version 1.0, January 2011)

¹⁰ Tameside MBC - local figures

¹¹ The number reported was 64, however this was adjusted to 54 given that it was assumed that the 10 people who gained voluntary employment had also benefited from the same mental health SROI outcome.

¹² Paying the Price: The cost of mental health care in England to 2026. The Kings Fund. Updated: 10th December 2011

Social Return on Investment and Sensitivity Analysis

The funding provision for the CLIF project was £49,062. The total net present value of the social value has been calculated using the financial proxies outlined in Tables 5: £187,130.

Based on the assumptions outlined in this document, the SROI analysis indicates that for every £1 invested in DRC there would be £3.81 generated in social value.

Any SROI result is contingent on its assumptions. A sensitivity analysis has been carried out on the outcome assumptions which have attributed values in Tables 5. The model does not appear to be disproportionately sensitive to any of the outcomes. The most sensitive assumption relates to adult employment. Reducing the social value generated in relation to adult employment by 50% indicates that the social firm still generates a SROI ratio of £3.17. By adopting pessimistic assumptions with respect to the most sensitive components of an SROI model, it is possible to get a better understanding of the robustness of the conclusion. This result provides further reassurance that DRC generates a net social benefit for every pound invested in its services. No other independent parameter exhibits disproportionate sensitivity with respect to the SROI result.

Conclusion

Evidence indicates that DRC had a positive impact with respect to improving health, wellbeing, financial literacy and work opportunities during the CLIF project. By adopting SROI principles it has been possible to quantify the value generated by DRC to the individuals who participated in the CLIF project and the wider economy.

The base case assumptions indicate that DRC generates £3.81 for every £1 invested. Applying pessimistic assumption criteria results in a SROI ratio of £3.17. It should be noted that some outputs relating to health and wellbeing services have not been included in the analysis for pragmatic reasons. Also, none of the analysis has taken account of the potential benefits experienced by the family members of people accessing DRC services as a result of their improved wellbeing. It is not unreasonable to assume that they are likely to have been fewer days off sick and reduced usage of health related services. However, these outputs were felt to be outside the scope of this SROI analysis. If these factors had been included in the analysis this could have led to a SROI which was greater than the figure calculated.

While all reasonable care has been taken in preparing this publication, the publishers cannot assume any responsibility for any errors or omissions.



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