SOCIAL RETURN ON INVESTMENT

WORKING WITH COMMUNITY GROUPS

EXECUTIVE SUMMARY

greenspace scotland received funding from the Big Lottery Fund to support ten environmental community groups to carry out a Social Return on Investment (SROI) analysis of one of their projects or activities. SROI is a methodology that measures and places a financial value on the changes that are experienced by those who are most affected by a project or activity.

This report draws on the experience of supporting ten community groups to undertake an SROI analysis. It offers suggestions that may assist greenspace community groups and/or support workers in using the Cabinet Office publication *'A Guide to Social Return on Investment'* and understanding the approach it outlines. The report is not intended to be an alternative version of the Guide but should be read in conjunction with it.

The report focuses on those aspects of the SROI approach that were identified as being difficult to understand and which would benefit from more detailed explanationthan is provided by the Guide. This report:

- uses everyday language to define key terms

- offers simple explanations of important concepts

- illustrates the processes required using relevant greenspace or environmental examples

All of the approaches suggested have been used successfully with the participating groups.

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1. INTRODUCTION

greenspace scotland received funding from the Big Lottery Fund research programme to support ten environmental community groups to carry out a Social Return on Investment (SROI) analysis of one of their projects or activities.

SROI is a methodology that measures and places a financial value on the changes that are experienced by those who are most affected by a project or activity. In this way a cost to benefits ratio can be calculated. An outline of the approach can be found in the Office of the Third Sector publication *'A Guide to Social Return on Investment'* (hereafter referred to as the Guide).

The organisations, from across Scotland, who participated in the programme were a representative cross-section of the many different forms of community groups that exist. Some groups were new, whilst others had been established for several years. The number of members in each group ranged from 7 to 90. The levels of support provided by professional staff varied; one of the groups employed several full-time staff members, whilst most were totally reliant on the work of volunteers. The individuals who represented the organisations and groups were equally diverse and came from a wide range of backgrounds and interests and offered varying levels of commitment and involvement.

Produced by the Office of the Third Sector, *'A Guide to Social Return on Investment'* aims to standardise practice, develop the methodology and provide more clarity on the use of SROI. It was written for people who want to measure and analyse the social, environmental and economic value being generated by their activities. The Guide can be downloaded from

www.thesroinetwork.org/ sroi-analysis/the-sroi-guide

Using information contained in the Guide, initial introductory training sessions were held for key individuals from each group. The training was provided on a geographical basis and some sessions involved more than one group. The purpose of the sessions was to support each group to learn more about the principles and processes of SROI. This was intended to provide a firm foundation from which it would be possible to progress through all of the stages of SROI that are required to carry out an analysis.

From the outset, it was clear that the SROI process was difficult for groups to follow. Simpler descriptions than those provided by the Guide were required. It was found that using more familiar environmental activities as illustrations markedly improved comprehension levels. The purpose of this report is to suggest alternative approaches for those areas that were identified as requiring additional explanation and exemplification. In this way, understanding of the processes involved in an SROI analysis will be improved and the pursuance of an SROI approach facilitated.

This report draws on the experience of supporting ten community groups to undertake an SROI analysis with varying degrees of success. It offers suggestions that may assist greenspace community groups and/or support workers in using the Guide and understanding the approach it outlines. The comments offered are general in nature and, in most cases, equally applicable to a forecast or evaluative analysis. It is not intended to be an alternative version of the Guide but should be read in conjunction with it.

2. CHALLENGES

In the course of supporting the community groups, and any professional support staff, it became apparent that even when training was provided there was a general lack of comprehension of the **terminology** used in the SROI process. It is not that participants were unable or unwilling to understand the language used; it was unfamiliar and capable of alternative interpretations.

Difficulties with understanding the meaning of the terms used and the requirements of the process reinforced the groups' perception that the SROI approach was overly **complex** and too difficult for them to adopt. In the initial stages, there was a tendency for groups to feel completely overwhelmed and unable to contend with all the elements that were required. This led them to express doubts about their ability to cope and to question the value of the process.

To work together to carry out an analysis it was essential to have a shared understanding of the key terms and stages involved in the SROI process. To achieve this required the investment of considerable **time** and the identification of clear, relevant and simple ways of explaining technical language and processes. Whilst describing the approach in more familiar language helped, it was insufficient to provide the levels of understanding and confidence required for meaningful participation. This was only secured by taking a flexible and pragmatic approach to the order in which the stages suggested in the Guide were followed and by continually reinforcing and reaffirming the key points through repetition.

To make SROI meaningful and accessible it was necessary to present the SROI principles and process in a language that groups could all understand and to use examples that were relevant to their activities.

3. LANGUAGE

SROI contains terms that may be either unfamiliar or capable of a more than one interpretation. At its simplest level SROI seeks to examine the relationship between the resources that are used to deliver activities and the changes that result for those who are involved. Listed below are definitions and, where appropriate, explanations of some of the terminology used.

Scope
The project or event whose value is being measured. Ways of assisting with how this can be identified are discussed further in section 4.1.

Stakeholders
People or organisations who either experience or contribute to the change that the planned activity is attempting to deliver. For example, in a community growing activity the individual community groups who participate and the organisations providing funding would both be stakeholders. In a greenspace context 'the environment' can be considered a stakeholder as it may be affected by the activities of groups.

Input
The resources needed to deliver the activity, for example, funds, staffing, premises and support activities. This can come from a variety of sources including direct financial support and/or partner contributions. It is important to discuss the nature of their contribution with each of the stakeholders to make sure everything is included.

Output
The actual number of participants involved in events or activities that have led to the changes experienced and recorded. Considering a community growing example, this could be the number of participants who attended a training or growing session.

Outcome
The change that has resulted from the activity. For example, by taking part in community growing, individuals have learned more about how to grow fruit and vegetables and can use the skills they have acquired to grow vegetables in their own garden.

Indicator
The means of demonstrating and proving that change has happened. For instance, if one of the outcomes from setting up the community growing activity is *'families eat more healthy food'* then this must be proved. This can be done in various ways. One possibility would be by asking families directly if they ate more healthy food and then using the number who responded positively as the indicator. Another option could be to ask families to keep a food diary that recorded what they ate and then to use the entries as the basis of indicators. Possible indicators might be the number of families who are eating fewer ready meals, or the number of meals families cooked with produce from their own allotment, or the number of families who are spending less on takeaways. It is worth noting that more than one indicator may be needed to help prove that a change has actually taken place.

Financial Proxy
The amount in financial terms that is used to represent the value of a change. Financial proxies reflect the value that those who experience change (stakeholders) place on the activity and provide an indication of their view of the importance of the activity in creating change. To do this, stakeholders need to be involved in selecting the most appropriate financial proxies.

4. STAGES OF THE PROCESS

To address the issue of the complexity of the process it may be helpful to adopt a different approach to that suggested in the Guide. The Guide sets out the process in a series of logical steps; but to make sure there is shared understanding and participating groups are comfortable with the method, this may not be the best way to proceed.

Consideration of the topics below might form the basis of a better starting point:

- full discussion of all of the activities that are undertaken or planned, seeking to identify the difference it is thought they make, or would make, and what evidence exists of the need for them

- identifying all of the groups of individuals and organisations who are most affected by the actual or planned activity

- agreeing on the purpose of the analysis, considering its use and identifying who would be interested in it

- exploration of existing data or information that is collected and any additional material that will be required

greenspace scotland has produced a short briefing note 'Social Return on Investment – in simple terms' which provides a basic explanation of the language and process involved in an SROI analysis and includes a flow diagram to illustrate the process.

www.greenspacescotland.org.uk/ resourcesSROI/

The order of these discussions can be varied to accommodate individual groups and is not prescriptive. When these issues have been thoroughly addressed and recorded the group should be able to identify the area their analysis will cover. It is necessary for the SROI principles to underpin the approach, and for groups and organisations to understand why they are important. These can be introduced gradually after groups have a basic level of understanding and agreement on the purpose of their analysis and have identified the changes they are seeking to measure. From the outset, it is important to emphasise that the approach is flexible and decisions, such as the area covered, can be reviewed and amended on an ongoing basis.

4.1 Scope

Groups and organisations were quick to identify why they wanted to undertake an SROI analysis, even if they sometimes struggled to make the connection between its purpose and the relevance of the proposed area of activity. There was a general desire within groups to apply the analysis to everything they did and it took some time and detailed discussion to explain why this was not always appropriate. This desire was based on certain assumptions that are worth exploring and discussing.

Groups were worried that the SROI process would not deliver a good result for their organisation. There was a perception that by including more activities a higher final ratio would be generated. It is worth pointing out that including more activities may not increase the ratio. The more activities that are included the higher the investment will be and, as a result, the ratio may stay the same or even decrease.

Every group that embarks on an SROI analysis probably wants to have the highest ratio they can, but it is not helpful to focus on it at the beginning. It is much better to concentrate on the changes that the group feels are important and wish to measure, and to prioritise what can be done within the time and resources that are available. It should be stressed that SROI values change and the difference an activity makes is much more important than its size or scale. One of the strengths of an SROI approach is that it works equally well for small and large activities.

Groups and organisations considered that the SROI process offered a chance to demonstrate to decision makers or funders everything they did and in this way maximise their chances of support. There was a general perception that many of their activities were not recognised or were unacknowledged and that their SROI analysis would provide an opportunity to counter this. Groups had a, perhaps not unreasonable, view that including all of their activities would help prove their worth. This assumption can be difficult to overcome and it may be better to deal with it by encouraging the group to consider the target audience for whom their analysis is intended and which of their activities they will find most relevant.

4.2 Identifying and consulting stakeholders

Most groups found identifying those who were involved in their project or experienced change as a result of its activities reasonably straightforward. Recognising those stakeholders who were most affected was much harder. There was a tendency to include too many stakeholders or to want to consult organisations that were important in other contexts but were not necessarily relevant to the activity in question.

There was a general awareness of basic consultation techniques which groups applied to varying degrees. For some groups this was the first occasion on which direct contact with stakeholders was made. All groups struggled to identify ways of asking stakeholders to talk about the changes they had experienced. Examples of the materials that were developed and used to facilitate this process are available at **www.greenspacescotland.org.uk/ resourcesSROI/**

4.3 Identifying and mapping outcomes

This is one of the areas that posed the most challenges to all of the parties in the process from the small participating community groups to large statutory stakeholders. Much of the difficulty is caused by a lack of understanding of the definition of an outcome. In relation to the SROI process, an outcome equates to a change.

Distinguishing between an output and an outcome can be difficult. To facilitate the process this can be approached by considering what changes, or the difference that has been made. The **'so what?'** question can be of great assistance. For example, is *'providing horticultural training'* an output or an outcome? In response to the statement *'we provided horticultural training for 20 people'*, the **'so what?'** question is likely to lead to a statement that *'20 people have gained new skills in planting and growing vegetables'*. *'We have trained 20 people'* is an output, whereas *'trainees have learnt new skills'* is the outcome it helps deliver.

It should be recognised that outcomes can be negative, as well as positive, and outcomes should be checked by talking to the people who have already experienced the change or who are likely to do so if the activity goes ahead.

4.3.1 Stakeholders without outcomes

Not all stakeholders will experience outcomes and this concept proved particularly difficult for statutory bodies such as councils to accept. Organisations (and the individuals which represent them) struggled to understand that the resources they had invested in a project have enabled others to achieve outcomes but have not delivered any change for their own organisation. There is a mistaken belief that if an activity relates to a defined policy area, then the changes it delivers will automatically assist the public body to meet the strategic objective that relates to that policy. Public bodies support many activities which contribute to the same policy objective. The fact that one activity might have a bearing on achieving a strategic objective does not mean it will result in organisational change. The activity is much more likely to result in change for others and, in this way, to be part of the wider enabling role of public bodies.

Changes for public bodies arising from supporting an activity are more likely to be connected to service delivery, for example, improved efficiency, increased effectiveness or reduced cost, rather than achieving policies and strategies. The question to be considered is *'what is the consequence of meeting strategic objectives?'* In other words, where is the change? It may be that *'meeting strategic objectives'* leads to the activity being valued more and expanded. In this instance, an organisational outcome does exist and is part of a series or chain of events leading to a tangible change which can be measured.

Another example which was frequently cited was *'we have better partnership working'*. Although the phrase 'better' implies an element of change, this may not represent an outcome. By applying the **'so what?'** question to this statement responses such as *'people meet more frequently'* or *'people who have not worked together before get the chance to do so'* may be elicited. However, this does not really represent a change in itself. Partnership working may lead to joint development of new projects, in which case the outcome arising from *'better partnership working'* is *'better partnership working leads to new projects being set up'*. Better partnership working is part of a chain of events which leads to something tangible that makes a difference. The concept of a chain of events is very useful in considering the different stages of impact that activities achieve and is explored in more depth at 4.3.2.

Statutory stakeholders often find their main role is providing the resources that enable the activity to happen and which allows others to experience change.

4.3.2 Outcomes can be short, medium or long term

In some cases outcomes or changes are straightforward and easily identified. Other outcomes may take a while to manifest as change may happen on a gradual basis in a series of small steps.

It's important to understand that change is a process or 'chain of events' and individuals will progress at varying rates, stop at different levels and may move on to other things. Sometimes the ultimate or long term change experienced is very different to that occurring in the short term; however, the short term change is essential for progression. Identification of this chain is critical to the SROI process to ensure that outcomes are valued properly.

In one form of 'chain of events', people experience change at different rates. Some people can make rapid progress, whilst for others it is a more gradual process. It is necessary to distinguish between the levels of progress experienced by both groups. For example, in a group of 30 people who are supported to become involved in a walking project, one of the outcomes identified may be '*people improve their fitness'*. Some people may come along and walk once a week. Although their fitness levels do not improve much, taking part in the activity may be their first step on a longer journey to becoming fitter. Others may start walking independently on a regular basis and as a result feel a lot fitter. A few may subsequently take up sport and significantly improve their fitness levels. This series of changes is linked together over time. Individual people progress at different rates and stop at different levels. If it is decided the outcome is '*people take up sport'*, then the opportunity is lost to include the small changes that occur on the way to achieving this outcome.

A solution might be to identify three groups of people who experience different outcomes as a result of the walking group. In the group of 30 individuals who took part in the activity it may be found that:

- 22 people improved their fitness slightly

- 6 people walked more and substantially improved their fitness

- 2 people improved their fitness significantly and become involved in sport

To avoid over-valuing the impact of the walking project, the numbers of people in each group should be counted only once. All 30 people participating in the activity have been accounted for on the basis that they have made varying levels of progress. None of the individuals have been counted in more than one group.

The other concept of 'chain of events' occurs when one change leads to another change of a different character but which is only possible as a result of the occurrence of the initial change.

An example of this relates to the outcome of '*improved confidence'*. Without an improvement in levels of confidence other activities such as socialising more, taking up new activities, going back to college or getting a job would not have been possible. The improvement in confidence that has been delivered by the activity results in other substantially different life changes.

In deciding what outcome has been delivered it is necessary to consider if '*improved confidence'* is an outcome in its own right, or whether only those changes that it enables, for example, '*getting a job'* should be considered. If both improvements in confidence, as well as getting a job, are valued then the impact of the activity will be overvalued as '*getting a job'* only happens because the activity has improved people's confidence. Gaining improved confidence may result in different changes for different individuals. One way of approaching this issue might be decide not to value '*improved confidence'* but to value what it leads to, for example:

- improved confidence leads to more socialising – '*more socialising and gaining new friends'* is the outcome that is valued

- improved confidence leads to taking up new activities – '*taking up new activities and learning new skills'* is the outcome that is valued. And so on…

There is no definitive solution to identifying the outcomes or changes arising from these chains of events. Any conclusions reached should reflect the experiences reported by stakeholders. Getting individuals to identify these changes can be very challenging and the use of a focus group may be helpful. The focus group can be asked to describe those changes that have been most important to them and to discuss whether these changes are linked in any way. Using the concept of a journey may assist this process. People can be asked to agree what the typical journey may look like for those involved in the activity, and to map out the steps taken. This can form the basis of identifying the best stopping points in the journey from which change can be measured and valued.

4.4 Measuring outcomes using indicators

It is necessary to decide how to measure change to provide the evidence to prove that an activity has taken place. This is a fundamental requirement of all impact evaluations whether using SROI or some other methodology. If a group collects very little data or information, or the change happens gradually over a period of time this can be difficult.

In the SROI approach, at the point when all the stakeholders and outcomes are identified, the scale of the analysis becomes apparent, and groups can become very concerned at the amount of time and effort that appears to be required. It is important to recognise, and to emphasise, that the group is in control of the process. Information collection can be kept manageable by deciding who the most important stakeholders are and which changes should be focused on. The most important changes are the ones that produce the most value. The overall results will not be significantly affected if small changes are ignored. As a general guide, five stakeholder groups are usually enough to cope with in the first instance and no more than five of the most important outcomes should be valued for each. If this can be reduced to three, then the process will be easier. If it becomes apparent in the course of consultations with stakeholders that important outcomes have been missed out or discounted it is still possible to include them.

Groups are often worried that they won't be able to collect information, and are concerned that the need for data will overwhelm their resources. The solution is to find ways in which information can be collected as part of the group's day to day business, for example at committee meetings, or to make it a part of events or activities that have already been organised. The key to the successful collection of good evidence is to plan ahead wherever possible and to take advantage of the opportunities presented by planned activities.

5. VALUING THE CHANGE

Groups easily understood how outcomes such as *'reducing the need for services'* could be valued. They found it more difficult to understand the logic required to value outcomes that appeared very personal and which were not usually given a financial value. Concerns were expressed by all participating groups about the subjectivity required for this part of the process.

It may help to address at least some of the disquiet this causes by considering the following points:

• views about the value of an activity to the community, volunteers and participants are of equal importance to the views held by public bodies

• the key groups involved in creating and delivering the activity, e.g. the community, volunteers, and participants, are entitled to have their own sense of the worth of an activity and for it to be properly considered

• by expressing values in financial terms it is possible to see clearly how important an activity is to stakeholders relative to any other activities in which they may be involved – the higher the value, the more important and valuable that change is likely to be

• if a change is given a high value, this may provide evidence that the project or activity is making a difference

Several tools and techniques were developed in the research programme to help facilitate understanding of this part of the SROI process and to support stakeholder engagement. These can found at **www.greenspacescotland.org. uk/resourcesSROI/**

There are two ways to approach valuation of outcomes which are personal, or involve changes to which a financial value is not usually ascribed. One is to assign a value using current research and the other is to ask stakeholders to identify what the activity is worth to them.

Identifying and accessing primary sources of relevant research may be beyond the resources or level of expertise of the group but there are other sources of information.

The SROI Project, funded by the Scottish Government and the Cabinet Office,has developed a database of financial proxies for use in SROI studies; these can be accessed at **www.thesroinetwork.org/vois-database.**

The database also contains estimates of the cost of providing a range of public services which can be used to measure the difference a greenspace activity might make to public sector stakeholders.

Financial proxies specifically for use in greenspace evaluations can be found in this database. Others have been developed in the course of this and other greenspace scotland SROI programmes (see **www.greenspacescotland.org.uk/ resourcesSROI/**)

This information should help groups to identify alternative ways of valuing outcomes. These can be used to inform discussions with stakeholders who will be able to decide how best to value their own experiences.

It is important that the group feels in control of this process and it is not viewed as a research project that an expert would be better suited to do. The role of the group is to encourage key stakeholders, such as community members and participants, to state what the activity is worth to them, and to record the results.

Some useful questions to prompt a response may be:

• *'what everyday item that I pay for is worth the same as the activity to me?'*

• *'if money was no object, how much would I have to pay you to give up this activity?'*

• *'can you think of something you would willingly replace this activity with?'*

In economic valuation theory and practice there is considerable debate about the process of 'stakeholder valuation' in trying to make an estimate as robust as possible. The SROI approach takes a practical view and accepts the use of estimates provided it is clearly stated that they are estimates and any assumptions made are considered in a sensitivity analysis. This will be explained in more detail in section 6.2.

6. CALCULATING IMPACT

6.1 Identifying the impact arising from the activity

The SROI process requires other factors that may have contributed to, or been affected by, the changes which the activity delivers to be taken into account. For example, consider the health benefits that participants in a weekly walk may gain. To calculate the percentage of the change they experience that has arisen solely as a result of the walk it is necessary to look at other factors that may have a bearing on the health improvements that are measured. Some people may have walked anyway (deadweight), others may only be coming to the walk because they are being supported by another agency (attribution), and a few members of the group may be walking but might have stopped going to the gym (displacement). The length of time the health benefits from the walk will last must also be taken into account (drop-off).

The influences which have to be considered in relation to the recorded changes are:

- the contribution of others **(attribution)**

- what would have happened anyway regardless of the intervention **(deadweight)**

- any activities that have been displaced **(displacement)**

- how long the changes are likely to last **(drop-off)**

In this way it is possible to calculate the impact of the activity. The usual practice is to identify the amount these have contributed by using current research or, if that is not available, stakeholder responses. Groups did not always have easy access to this information and were uncomfortable making value judgements. To assist the process, tables were developed which allowed groups to place a value on contributory factors by considering them in a more general way.

(a) Deadweight – an estimate of the proportion of the change that will happen anyway even if the activities do not exist

Category	Deadweight estimate (%)
1. Change will not occur until the activity takes place	0%
2. A small amount of change will happen regardless of the activity	25%
3. Change will happen anyway but the activity will play a fairly noticeable part in making it happen	50%
4. Most of the change will happen without the activity	75%
5. All the change will happen without the activity	100%

(b) Attribution – the contribution to the change which will be made by other organisations or external factors

Category	Attribution estimate (%)
1. The change will occur completely as a result of the activity and no other external factor will contribute	0%
2. External factors will have a minor role to play in making the change happen	25%
3. External factors will have a noticeable role to play in making the change happen	50%
4. External factors will have a significant role to play in making the change happen	75%
5. Change will occur completely as a result of external factors	100%

Note: It must be stressed that these estimates should only be used in an SROI analysis which forecasts or predicts the likely value of an activity. If an evaluative SROI is being undertaken then more exact measures will be required.

(c) Displacement – an assessment of how much of the activity will adversely affect something elsewhere.

Category	Displacement estimate (%)
1. The activity will not have a negative affect elsewhere	0%
2. There will be a small negative affect elsewhere	25%
3. There will be a noticeable negative affect elsewhere	50%
4. There will be a significant negative affect elsewhere	75%
5. The positive change will be completely balanced out by a negative change elsewhere	100%

(d) Drop-off – recognises that changes which last into the future may have less value as time goes on, or are more likely to be influenced by other factors. The drop-off rate indicates the percentage by which the value of the outcomes is likely to decline each year.

Category	Displacement estimate (%)
1. The outcome will reduce in future years very little	0%
2. The outcome will reduce in future years by a reasonable amount	25%
3. The outcome will last into future years but will reduce a lot	50%

6.2. Testing estimates

In the SROI analyses, groups are required to make assumptions and estimates which have to be tested to establish the degree to which they affect the final result. By varying them it is possible to assess their effect on the overall value that is recorded. In the example of the health walk that has already been considered it may be necessary to estimate the number of individuals who would have walked regardless of the activity, or the level of support that would be provided by another organisation. The estimates made will have to be varied to assess how much of an impact they have made on the final result.

Sensitivity analysis

A sensitivity analysis is done to test any estimates or judgements made when doing the analysis to see how crucial they are to the final result. It identifies which make the biggest difference to the ratio and need further investigation and those which have little impact. The sensitivity analysis is usually done by varying the numbers in an Excel spreadsheet, recording what happens to the ratio, and then judging how sensitive or important the original assumption was based on the degree to which the ratio changes.

What should be considered?

Deadweight should always be varied unless it is based on research or a good benchmark. Attribution and duration are usually estimates and so should also be varied. It may be worth testing the effect of replacing high financial proxies with lower ones depending on the level of certainty stakeholders have shown in their selection. In relation to quantities or numbers participating, there is a direct correlation between changing the quantities and the ratio. For example, if quantities are only half of those forecast, then the ratio will be halved too.

What to do

List any estimates or assumptions and highlight those about which there is least certainty. Decide how to vary them – either up or down. Work through the list, varying each assumption or estimate in turn, and make a note of what happens to the ratio.
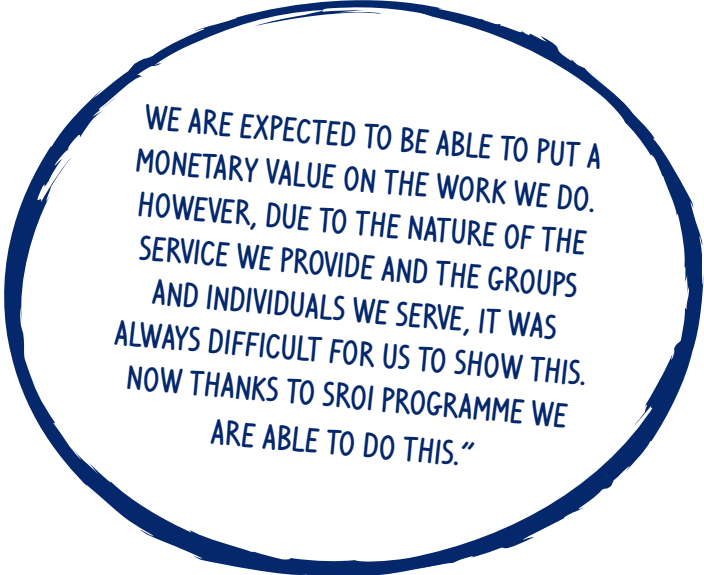
How to interpret the results

If varying these factors individually provides a difference in the ratio, then it can be interpreted as follows:

Difference between the original ratio and the new ratio	Sensitive or not?
The ratio goes down or up by less than £1	Is not sensitive – so the estimates made are likely to be reasonable
The ratio goes down or up by between £1 and £2	Could be sensitive – depending on the absolute ratio – if the ratio is 1:6 or lower then this will be a sensitive assumption
The ratio goes down or up by more than £2 and less than £3	Probably sensitive – worth justifying any assumptions
The ratio goes down or up by more than £3	Will be a sensitive assumption and so must be recorded and ways suggested to improve future accuracy

7. PRESENTING THE RATIO

Concerns were expressed by the participating groups about the reliability of the ratio and discussions took place about how best it might be presented. It is important to stress that the ratio runs alongside the story of how the activity makes a difference. The ratio is only an indication of whether the impact is significant, or not, and reflects and represents an estimate of value. The method of calculation gives what appears to be a very precise ratio, but assumptions and estimates have been made. Increasingly, advice is to present the ratio to the nearest rounded figure for example *'for every £1 invested around £6 is returned'*. It may be better to set the ratio as within the range of possible results arising out of the sensitivity analysis, for example, *'the benefits figure is in a range from £6 to £10'*.

The ratios in all of the SROI reports prepared in this programme have been expressed in this way.

WE ARE EXPECTED TO BE ABLE TO PUT A MONETARY VALUE ON THE WORK WE DO. HOWEVER, DUE TO THE NATURE OF THE SERVICE WE PROVIDE AND THE GROUPS AND INDIVIDUALS WE SERVE, IT WAS ALWAYS DIFFICULT FOR US TO SHOW THIS. NOW THANKS TO SROI PROGRAMME WE ARE ABLE TO DO THIS."
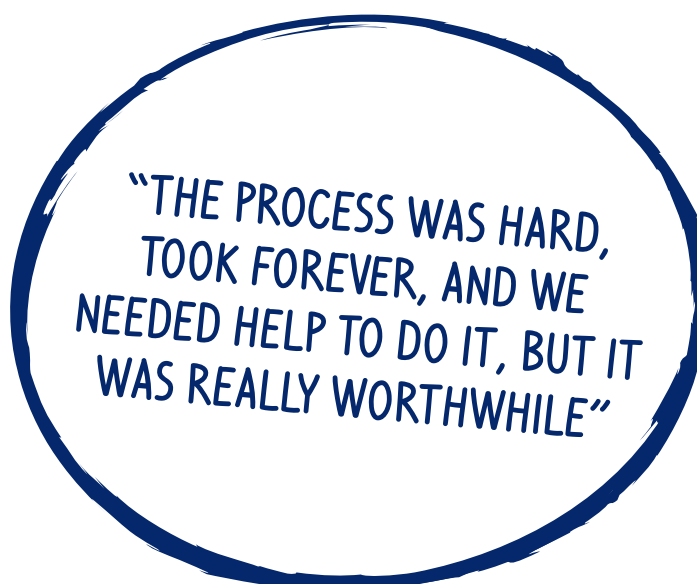
8. CONCLUSIONS

The SROI Guide seeks to provide information and suggest approaches that may be of use in undertaking an SROI analysis. This report draws on the practical experience of supporting ten community groups to undertake SROI analyses. It provides detailed explanations and refers to relevant practical examples which could be used to enhance the guidance that is available.

Before starting on the SROI process, groups should examine their individual circumstances. This may include identifying sources of support, examining the scale of their activities and identifying any resources that may be available. It is important to be clear about both the purpose of the SROI analysis and the level of resources and commitment it requires.

An over-emphasis on the technical aspects of SROI can discourage groups (and individuals) from participating fully in the process. The SROI principles and processes can, and should be, presented in a format and language that groups can understand. Relevant examples should be used to explain key concepts.

This report and the SROI Guide are only suggested approaches and need to be used in the most appropriate way to suit individual groups.

Although worthwhile, the SROI process is time-consuming and can be challenging. Based on our experience, it is unlikely that most community groups would be able to undertake an analysis without some form of assistance or training.

"THE PROCESS WAS HARD, TOOK FOREVER, AND WE NEEDED HELP TO DO IT, BUT IT WAS REALLY WORTHWHILE"

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