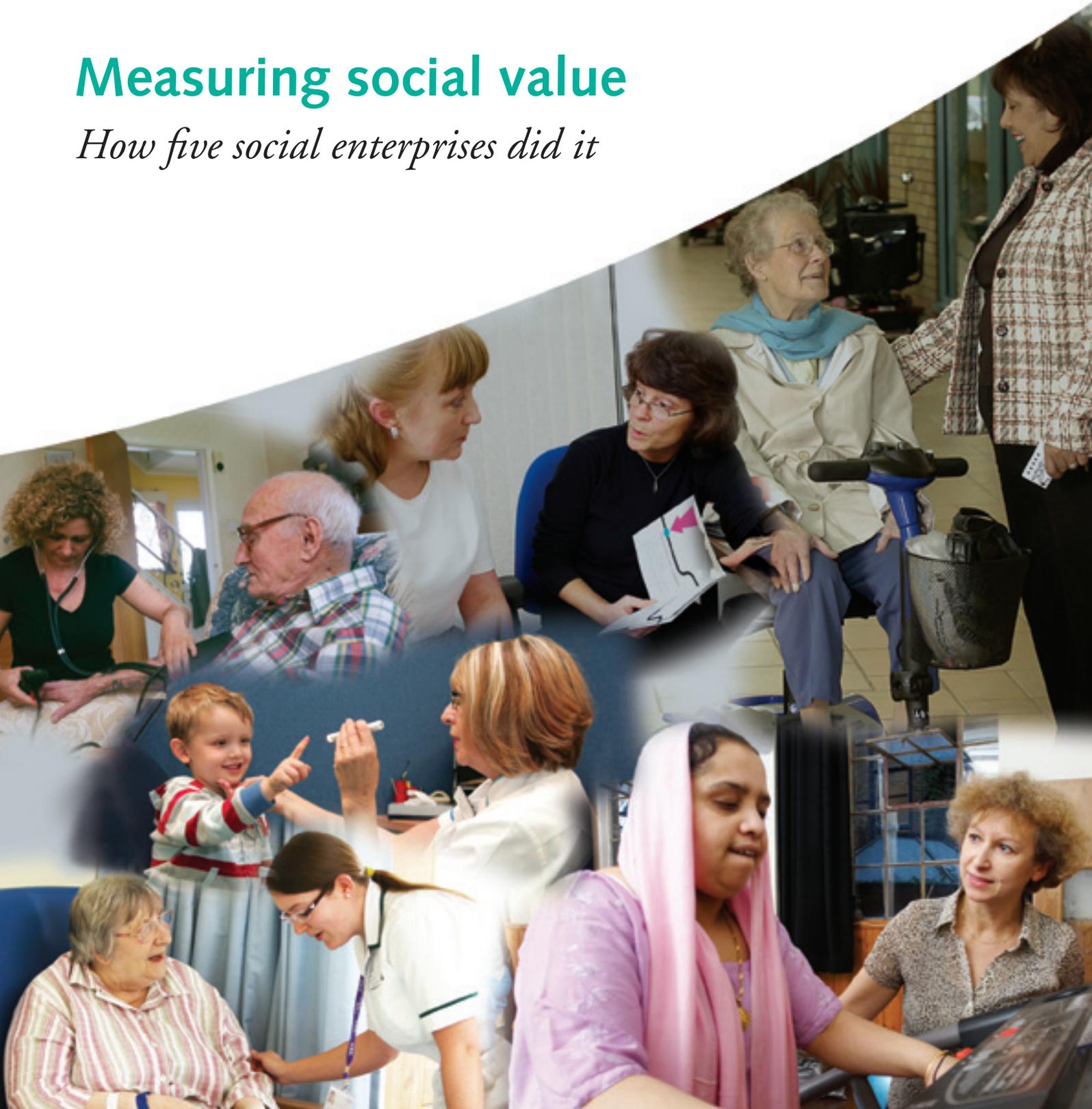


Measuring social value

How five social enterprises did it



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The value of social enterprise in health and social care

What does social enterprise bring to communities and public services?

Why is the Department of Health committed to supporting them?

Social enterprises have real potential to refresh and reinvigorate health and social care services. They provide more services than ever before, with more than 6,000 schemes estimated to be delivering health and social care in the UK. Providing more choice and better quality, responsive and innovative services, social enterprises also bring wider benefits such as community regeneration and social inclusion. These are distinctive features and a key part of what social enterprises do, but it may not be easy to describe it in ways that make sense to business partners.



We wanted to help social enterprises tell their powerful stories about the change they bring to people. So, in 2009, the Department of Health (DH), with the support of the Cabinet Office, commissioned an action research project on social value. The results aim to assist social enterprises and commissioners better understand the wider impacts of service delivery and quantify the value in monetary terms.

Five social enterprises delivering mainstream primary and community care services participated in the action research project: Big Life Group, Summergo; Sunderland Home Care Associates; Salford Health Matters; Central Nottinghamshire Clinical Services and Central Surrey Health. The services provided by these social enterprises range from GP practices, nursing and home care, housing and community development.



Each social enterprise undertook a Social Return on Investment (SROI) analysis on one or more of their services. Each organisation undertook a forecast analysis that looked at the potential value and projected outcomes of particular activities. As further data becomes available for each project, an evaluative analysis based on completed activities can also be done.

This research also extends to commissioners to find matches between outcomes delivered and outcomes that are, or could be, procured. Because the value base of social enterprises puts the needs of patients and service users at the core, there is a clear opportunity for social enterprises and commissioners to work together to meet users' needs.

The learning from this process is useful to social enterprises, service commissioners and anyone interested in social value.

This document highlights the key findings of the project.

In financial terms, the research showed that services demonstrated a social return of approximately £2 to £5 per £1 invested, but the real benefit is how social enterprises can focus on creating change.

What is Social Return on Investment?

There is a growing body of evidence about the social returns that social enterprises can bring to local communities. Social Return on Investment (SROI) is a framework for measuring these social returns. It explores a wider sense of value than is sometimes captured in contracts, prices or investments. It is specifically designed to measure value which may not otherwise get taken into account. This is known as social value.

It is important for social enterprises to know:

- > what social value is created by their activities.
- > how much of the value is additional to the outcome that is tendered. This helps social enterprises work with commissioners so that the value of what they provide is identified, can be managed, and paid for.
- > how much extra value arises because the service is delivered by a social enterprise. This is key to understanding where social enterprises have a competitive advantage that they can exploit.



An SROI analysis works from the bottom up, identifying groups, such as service users, providers and commissioners, who are affected by or affect an organisation's activity. It helps identify and understand how a particular service makes a difference.

These differences, described as positive or negative outcomes, are then measured and valued using financial proxies (social value expressed in financial terms). With this financial value for the outcomes, a return on investment ratio can be calculated.



Clients participating in the Refresh Project, a social prescribing service run by Salford Health Matters (SHM), identified changes in their stress levels and physical mobility: "It got me out of the wheelchair" ... "Now I'm laid back like I was before." Staff, Board and Management at SHM saw opportunities for learning new skills and improving clinical practice.

Through the project, clients used a free gym pass for exercise and recreation. The SROI analysis identified a number of related outcomes from this activity, including better sleep, increased fitness and overall improved health. In some cases this led to reduced medication. Financial proxies for these outcomes were cost savings on reduced prescriptions and household energy bills.

The total SROI analysis of the Refresh Project calculated a return on investment of £4.28 for every £1 invested.

An SROI analysis can provide clarity, help social enterprises focus on how they create change and help commissioners focus on how they can increase the value obtained through their commissioning practice. SROI is a versatile, practical management tool which is useful to both social enterprises and commissioners. It is as easily applied in small organisations as large ones. For instance, the scale of investment in the five participating social enterprises ranges from £10,000 to £1.3 million. The strength of SROI is its combination of stakeholder identification and information, financial proxies and a robust theory of change. Together, these factors allow SROI to give a comprehensive analysis of social value.

SROI analysis can also help social enterprises understand the value of what they create for different audiences. It then becomes easier to work out what is needed to demonstrate this value to their staff, clients, client's families, funding bodies and commissioners. By clearly demonstrating their offering, social enterprises are in a better position to negotiate, contribute to service design and propose new ideas.



Sunderland Home Care Associates provide domiciliary care to local residents

Central Surrey Health (CSH) are excited about the future use of SROI and are committed to undertaking an evaluative SROI analysis of their services. They are also considering using forecast SROI analysis when tendering for new contracts. This will help CSH to provide clear descriptions of services and outputs based on outcomes to influence future contracts with commissioners.

- > the adults who live at Summergrove with their children, or are hoping to get their children back from foster care
- > the children
- > other family members
- > state agencies that benefit from the activity at Summergrove
- > commissioners of service from Summergrove

A thirty-three year old mother-of-five who had nearly lost one of her children to foster care before coming to Summergrove said,

"It's because of my place here at Summergrove that the family is still together."

How SROI works: a case study

The Big Life Group runs an evolving project in Summergrove, Liverpool that provides housing and rehabilitative care for families recovering from alcohol/drug dependency. Staff worked with the research team and identified five key groups, each of which experienced significant change through the activity of the project:



Central Surrey Health provide a wide range of nursing and therapy services



The main outcome for children at Summergrove is that they feel happier and more settled as their parents' lives became more stable. Effective drug rehabilitation treatment for parents is known to have major benefits for children.

State agencies form a large stakeholder group at Summergrove. They include the NHS, Social Services, the school system, police and judicial services. The analysis identified potentially significant savings across these groups, such as reducing NHS hospital admissions, potential reductions in crime and therefore fewer policing needs, and keeping children out of care raised the possibility of joint commissioning with Children's Services.

“People in local communities would also feel safer. Primarily because there were fewer drug users on the street either committing crimes or looking for their next fix.”

SROI analysis showed that at Summergrove, which serves a client group with difficult and complex needs, for every £1.00 invested there was a potential return on investment of £2.83. The commissioning contract for Summergrove specifies reduced substance abuse as well as improvement in mental and physical well-being for adults. But some of the project's outcomes for children and state agencies were not anticipated, documented or recognised until the project undertook an SROI analysis.

“It’s not just about putting a pound sign next to your project, it’s about telling the whole story about what you are doing – and the pound sign is part of that.”

Big Life Group

What happens next?

The team assigned to take forward the SROI work would need to:

- > organise the information from each stakeholder group
- > assign financial proxies for outcomes of activities
- > evaluate the value of input to activities and make appropriate adjustments
- > calculate a return ratio

With a *forecast* SROI, as undertaken for the social enterprises involved here, the return on investment ratio is an estimate of future returns. An *evaluative* SROI assesses past activity. Given adequate information, an evaluative SROI calculates actual return on investment. Many social enterprises find it useful to undertake both analyses over time.

Improving things

SROI forecast analysis showed that social value was created by each of the five enterprises. A social return on investment ratio was calculated for every pound invested.

Central Surrey Health:
£5.67 per £1 invested

Salford Health Matters:
£4.28 per £1 invested

Central Nottinghamshire Clinical Services:
£3.78 per £1 invested

Big Life Group: £2.83 per £1 invested

Sunderland Home Care Associates:
£2.52 per £1 invested

For some, the quality of the outcomes traditionally associated with the service and the added value to what they were contracted to do increased the social value.

In other cases, the added value came from different outcomes than those usually associated with the service, such as getting a patient back to work sooner or children attending school more regularly.

Sunderland Home Care (SHC) is an employee-owned social enterprise that provides a wide range of in-home care services, particularly to elderly clients. One of the identified outcomes, avoidance of residential care, was argued to be more common by the social enterprise than other home care providers. Forecasting the social value highlighted the need for more evidence to support this. SROI recommended that SHC monitor its rate of residential care so that it can be benchmarked and the local authority can manage its contractors to achieve the best outcomes for patients.

Butterflies, a self-help group for mothers with postnatal depression, is run by Central Nottinghamshire Clinical Services. The SROI analysis identified reduced drug prescribing and hospital bed use for the NHS but also significant value to the mothers from increased time spent supporting their child's development.

These examples demonstrate that it is important to include specific outcomes in contracts and not only specify activities or inputs.



Central Surrey Health provide a range of services in local community settings

Engaging partners

Participating in an SROI analysis ensures that stakeholder views are at the heart of what the organisation does. It also shows where relationships can or should be strengthened.

All of the participating social enterprises showed evidence of involving partners and focusing on patients and services, but many had not yet developed an understanding of outcomes, particularly those that patients and service users felt were important. User-defined outcomes are important for service identification, validation, monitoring, improvement, development and innovation.

At Central Surrey Health's Linden Bridge project, the SROI process helped staff identify the need to develop existing consultation and collect information on long-term outcomes which were very important for their clients.



Central Surrey Health (CSH) is a not-for-profit employee-owned company that provides community nursing and therapy services. CSH provides occupational therapy, physiotherapy, speech and language sessions, a dietician and special nursing services at Linden Bridge, a specialist school for children and young adults with autistic spectrum disorder.

The SROI process gave CSH the opportunity to really engage with its stakeholders. This led to more detailed discovery of outcomes for children and parents. But while conducting the SROI, CSH realised the need to re-design its engagement procedures. CSH realised they would benefit from more effective gathering of data relating to the future progress of clients, for example, tracking of pupil's independence and their achievement of future goals. SROI highlighted where data was needed to measure and prove impact.

“We found it surprising that SROI turned out to be such a good tool for stakeholder engagement.”

Central Surrey Health

What this means for social enterprises

SROI helps social enterprises better communicate their impact in the community. By measuring and analysing the social, environmental and economic value of their services, social enterprises are better placed to target resources, raise profile and involve stakeholders in a more meaningful way.

This analysis of five projects and input from commissioners suggests a way forward for social entrepreneurs who intend to use SROI:

- > **Think about good information gathering and management.**
- > **Follow patients and service users over time.**
- > **Consider investing in cost effective and credible ways of measuring change.**
- > **Gather information on deadweight, displacement or attribution.**
- > **Consider ways of extending your funding base and developing sales.**
- > **Engage commissioners early in identifying different specifications for future contracts.**
- > **Realise that social enterprises are well positioned to move on to new innovations.**
- > **Follow up a forecast SROI with an evaluative SROI.**

“The SROI process was a good opportunity to think about what we do as an organisation – and how we know whether we are doing the right things.”

For more information on Social Return on Investment, visit:

The SROI-UK guides to SROI
www.thesroinetwork.org





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