



Measuring Social Return on Investment

Facilitators:

Harry Cummings, University of Guelph
Don Murray, Harry Cummings and Associates

Guest Presenters:

Tonika Morgan, Barry Thomas, and M Mwarigha
Toronto Community Housing Corporation

Dave Sargeant
Toronto Enterprise Fund

CES – Ontario Chapter Annual Conference, Oct. 2 2009.



Workshop Agenda

- Part 1
 - SROI background – Where does it come from?
 - SROI defined – What is it?
 - Importance of SROI – Why should you care?
 - How is SROI calculated?
 - Types of SROI indicators
 - Examples of SROI indicators – 3 settings
- Refreshment Break (2:30)
- Part 2
 - Introduction to the case studies
 - Break out and report back exercise sessions



SROI – Background

- Developed in the early 1990s by The Roberts Enterprise Development Fund, a non-profit social enterprise
- It represents a framework for identifying in monetary terms the value generated through investment in social programs



What is SROI?

Definitions...

- SROI is often described as a story or process and not just a number
- An approach to understanding and managing the impacts of a project, organization or policy. It is based on important impacts that stakeholders identify and puts financial value on outcomes that do not have values. SROI-UK Network, 2008



What is SROI?

Definitions cont...

- SROI analysis is a process of understanding, measuring, and reporting on the social, environmental and, economic value that is being created by an organization. New Economics Foundation, 2008



What is SROI?

Definitions cont...

- SROI analysis is a way of reporting on value creation. The analysis encompasses:
 - Information about the process by the which the number (SROI) was calculated;
 - Context information to enable accurate interpretation of the number itself; and
 - Additional non-monetized social value and information about its substance and context.

Olsen and Nicholls, 2005



SROI

Why should you care?

- Growing emphasis on accountability, value for money, and return on investment
- SROI can help to
 - Identify the real value of your program/organization
 - Manage the program and enhance the organizational structure with improved strategies
 - Evaluate program results and impact
 - Improve your ability to identify opportunities to reach your objectives and to manage risks
 - Provide an argument for your program/organization to be at least partially compensated or credited for the value it creates in the marketplace



How is SROI calculated?

General Process

1. Establish the timeframe and geographic coverage for the analysis
2. Identify the amount of investment needed to operate and deliver the program including the capital structure needed to support the program
3. Identify the different cost savings, reductions in public spending, and related benefits that result from the program
4. Estimate the economic value of the savings and related benefits (in real dollar terms)
5. Discount the savings back to the start of the investment
6. Identify the socio-economic value created by the program over the timeframe in terms of net present value and SROI rates and ratios



How is SROI calculated?

Components

- Social Value Created = total value of the social objectives of a program as translated into financial measures
- Total Program Investment = total cost to operate and deliver the program
- SROI Ratio = Social Value Created / Total Program Investment
- Usually calculated annually over the life of the program



How is SROI calculated?

Important Considerations

- Include both positive and negative impacts in the assessment
- Include only impacts that are clearly and directly attributable to the program
- Consider impacts made by and on all stakeholders before deciding on which are significant enough to be assessed
- Compare results over a time period or with another program/organization to provide further meaning to the SROI
- Conduct sensitivity analysis to identify the key factors influencing projected outcomes

Olsen and Lingane, 2004



SROI

Potential Limitations

- Benefits may be monetized without appropriate consideration of the mission and stakeholder interests
- Stakeholders may be interested in benefits that cannot be monetized
- Some outcomes are more challenging than others to monetize (e.g. self esteem) and proxies for these values may be required
- The resources required to collect and compile the relevant data (e.g. time, staff, accounting system) could be challenging for some organizations



SROI Indicators – General Categories

- Cost savings resulting from reduced public support or service provision
- Cost reallocation by diverting public support or service provision to another group in need
- Changes in personal well-being that are difficult to express in monetary terms (e.g. improved quality of life, improved self confidence)
- Changes in personal/household income
- Changes in taxes paid to any level of government



Example of Social Value Creation...

- Early Childhood Intervention Programs in Canada
- The benefits experienced by children and caregivers result in cost savings/avoidance in education, health, social, and justice systems



Benefits & Savings Resulting From Early Childhood Intervention Programs...

- Avoidance of grade repetition =
 - savings to the education system
- Reduction in special education placements =
 - savings to the education system
- Reduction in high school drop-out rates =
 - reduction in lost Employment Insurance and tax revenue
 - savings in social assistance costs



Benefits & Savings Resulting From Early Childhood Intervention Programs...

- Reduction of delinquency rates =
 - avoidance of sentences and costs to the justice system
- Reduction in post pre-school obesity rates =
 - savings to the health system
- Reduction in parental depression =
 - savings to the health system



Examples of SROI Indicators and Related Savings in 3 Settings



1. Community In-home Respite Program

- Crisis Nursery Program provides 24-hour, short-term relief to highly stressed parents in crisis situations.
- Parents are linked to social agencies if they require counseling, family support or other services.
- Many parents prefer to have a support person assist them in their own home rather than be separated from their baby at a critical time of attachment and bonding.
- Designed to support exhausted parents in order to reduce stress and prevent harm or neglect to children.

SROI of In-home Respite Program for Highly Stressed Parents

In-home Respite Program			
SROI Indicators Included:	Annual Totals	Notes	
1	Avoidance of use of crisis nursery in hospital	\$84,000	\$280 per day, average 3-day stay, at-least 100 appeals to crisis nursery avoided
2	Avoidance of need for emergency admissions at hospital	\$5,775	At least 25 families did not end up in emergency @ \$231 admission cost. Does not include social value created by avoiding overnight admission or other follow-up.
3	Avoidance of need for social worker time and resources	\$45,000	Avoided at least 5 hours of support per week over 12 weeks for 25 families @ \$30 per hour
Social value created annually:		\$134,775	
Annual investment:		\$82,000	
SROI Ratio		1.64	



2. Distress Centre Crisis Line

- Trained volunteers, with professional backup, supervision and support, manage the 24 hour crisis lines.
- The more quickly a crisis can be dealt with, the more likely it will be resolved or stabilized.
- Once the situation is de-escalated, the Distress Centre links callers to local organizations that can meet their specific needs.
- By having their concerns addressed immediately, callers are less likely to require services such as police, Emergency Medical Support (EMS), emergency room care, a stay in hospital, or psychiatric care.

SROI of Distress Centre/Crisis Line

Crisis Line: De-escalated Frequent Caller		
SROI Indicators Included:	Annual Totals	Notes
1 Police call-outs avoided	\$2,766,780	\$342 per call (8,091 calls avoided)
2 EMS call-outs	\$276,678	\$342 per call, accompanies police 10% of the time (809 calls avoided)
3 Emergency Room visits avoided	\$1,856,885	\$459 per visit, 50% of 8,091 police calls will result in visit to ER.
4 Hospital admissions avoided	\$21,870	\$486 per day psychiatric admission to hospital, 45 days is average
5 2007 call-outs @ 360 calls	-\$411,480	The Distress Centre was not able to de-escalate 360 callers in 2007. Equals maximum cost should police, EMS and ER be involved.
Social value created annually:	\$4,510,733	
Annual investment:	\$875,000	
SROI Ratio	5.16	



3. Youth Centre Serving New Canadians

- The Centre primarily serves immigrant youth and offers educational support, employment preparation, life and living skills and arts and recreation programs.
- Immigrant youth are dealing with culture shock and language barriers which can lead to social isolation and an increasing sense of frustration and helplessness.
- Many youth involved in the Centre are routinely exposed to local gang activity or have witnessed violence in their neighbourhoods. They typically are living in or close to poverty.

SROI of Youth Centre Serving New Canadians

Youth Centre Serving New Canadians		
SROI Indicators Included:	Annual Totals	Notes
1 Avoidance of Police Time	\$205,200	\$342 /call-out, 50 youth (of 290) would be face-toface with police, once a month
2 Avoidance of Youth Court Process	\$19,125	\$1275/process, 15 youth (of 50 of 290) would end up in front of youth court judge
3 Avoidance of Police in Youth Court	\$4,785	\$319/appearance, 15 youth court appearances are avoided by police
4 Avoidance of time in prison	\$8,400	\$150/day youth detention, 8 (of 50 of 290) would be in youth detention for 7 days each
5 Avoidance of probation time	\$10,758	\$30/hour, 2 hours week/26 weeks * 8 youth
6 Part-time earned income	\$184,320	\$8/hour * 8hrs/week*48 weeks/year * 60, who then move into full time work in year 4
7 Permanent employment	\$672,000	\$10/hour * 40 hrs/week*48 weeks/yr * 30
Social value created (per 290 participants)	\$1,104,588	
Total program investment	\$216,539	
One year SROI Ratio	\$5.10	

Beltline Youth Centre, 2008

http://www.calgary.ca/docgallery/bu/cns/fcss/sroi_boys_girls_beltline.pdf



Case Studies: Break-out Sessions

- Introduction to Toronto Community Housing Corporation and Toronto Enterprise Fund and case studies
- Group work - break out sessions
 1. Review the hand-out for a TCHC/TEF project
 2. Identify potential SROI indicators for the case study (TCHC/TEF reps are available to provide clarification and respond to questions)
 - Report back to the larger group
 3. Develop a methodology for collecting the necessary data (TCHC/TEF reps are available to provide clarification and respond to questions)
 - Report back to the larger group
- Wrap-up



Measuring Social Return on Investment

Contact Information

- Harry Cummings and Don Murray
 - Harry Cummings and Associates, Guelph
 - hca@web.ca
- Tonika Morgan, Barry Thomas, and M Mwarigha
 - Toronto Community Housing Corporation
 - tonika.morgan@torontohousing.ca
 - barry.thomas@torontohousing.ca
 - m.mwarigha@torontohousing.ca
- Dave Sargeant
 - United Way of Greater Toronto, Toronto Enterprise Fund
 - dsargeant@uwgt.org