



Social Return on Investment

What is Social Return on Investment (SROI)?

Social Return on Investment, or SROI as it is commonly known, is a methodology for defining or measuring the economic impact of a project or organisation's activities.

Although the impact is expressed in financial terms, the crux of an SROI assessment is that it enables a financial value to be put on 'soft' elements, such as social and environment effects, which are not normally assigned an economic value.



As such SROI is a powerful tool enabling organisations to express their 'non-financial' outcomes in financial terms to funders. It is used both for forecasting and measuring actual activities.

SROI is a bit like a conventional cost benefit analysis, only incorporating soft elements too! It is relevant to funders, commissioners and businesses as well as voluntary and community groups.

What does it actually involve?

An SROI analysis can be carried out as an in-house exercise or by using an external consultant. In either case, the analysis should follow the same steps, using a defined methodology or toolkit. Details of these steps are summarised below, but more details can be found by using the downloadable guide which has been produced by the Office of the Third Sector, available by clicking [here](#).

Online step-by-step guides are also available and we suggest you have a look at [proveandimprove](#), an online toolkit that directs the users through an SROI analysis or the [LM3 toolkit](#) which is a methodology to analyse the local economic impact of your activities.

The result of an SROI analysis, a monetary value, is usually expressed as an **investment ratio** i.e. the ratio of the value of the project or activities to the investment put in it. For example, a ratio of 3:1 indicates that an investment of £1 delivers £3 of social value.

Carrying out an SROI analysis involves six stages:

1. Establishing scope and identifying key stakeholders
2. Mapping outcomes.
3. Evidencing outcomes and giving them a value.
4. Establishing impact.
5. Calculating the SROI, ie monetary value.
6. Reporting, using and embedding

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enabling voluntary action

More information and resources, including a video, can be obtained by following the links at the end of the page.

How does it affect the voluntary sector?

"The key issue for both managers of social enterprises and those investing in them is whether the capital provided is generating meaningful, real returns -- returns for the manager, the investor and society as a whole. SROI is one tool by which we can begin to assess the full, blended value of NGOs and For-Profit corporations as both seek to maximize the full value they have the potential to create."

Jed Emerson, Senior Fellow, Generation Foundation

Many organisations, from social enterprises and charities, to government departments and investors, are looking at ways to measure social outputs, outcomes and impacts. Using an SROI ratio can enable a voluntary or community group to demonstrate what they are achieving in terms of social value creation. This also has the potential to make them more competitive when bidding for contracts – they can show how much added value they offer as a provider of a service.

In addition using SROI could help:

- ◆ provide a consistent and clear approach to understanding and reporting on the changes caused by your activities;
- ◆ improve strategies, systems and accountability;
- ◆ manage risks, identify opportunities and raise finance required to achieve your mission or strategy.

To understand more about how voluntary and community groups have used SROI look at some of the [case studies](#) produced on the SROI network webpages.

What is happening in Wandsworth?

WVSDA in collaboration with Voluntary Action Camden organised a half-day introductory session on SROI in the summer of 2010. The training was available free of charge and was well attended. Organisations interested in SROI may wish to contact [Cristina dos Santos](#) at WVSDA to obtain further resources, and to consult the list of resources below.

Read more about it

www.neweconomics.org/projects/social-return-investment information on SROI and examples of SROI studies carried out by the New Economics Foundation).

www.sroi-uk.org/component/option.com_frontpage/Itemid.1/ gives information on the SROI network, case studies and an downloadable guide.

sroi.london.edu/index.html includes a video primer, glossary and links.

www.proveandimprove.org/new/tools/sroi.php online toolkit for SROI.



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