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Issues in Using Social Return on Investment as an Evaluation Tool

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The punch line

- Report not fully accepted by the party that requested it
- Funding for the rehabilitation service in the marginal electorate
- "…opposite end of the resistance and outside imposition identified by Arvidson and Lyon (2013). The conclusion of Maeir et al (2015) is that SROI does not in itself attract more government funding but may help retain it. This may be the outcome in our case. This service was started because of a perceived need in the mental health community and the efficaciousness of rehabilitation as an intervention; but its survival might depend on SROI".

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SROI

- SROI monetizes social impacts (Nicholls, 2009) and compares it with the costs of realising those benefits (Rotheroe & Richards, 2007).

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Meta-analyses of SROI

- Banke-Thomas, A.O., Madaj, B., Charles, A., & van den Broek, N. (2015) covering 40 applications of SROI in the broad field of public health; 70% of them in the U.K.; 27% mental health
- Kriev, G., Munscher, R. and Mulbert, K.(2103), 114 studies of SROI in the decade of 2002-2012
- Maier, Schober, Simsa and Millner (2015) of 421 articles mentioning SROI
- Lim (2016a) of 224 SROI applications.

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Robust critique

- ‘‘is more about measuring value or merely valuing measures’’ (Luke, Barakeet and Eversole, 2013)
- “However, demonstrating and recognising the worth of non-monetary impacts, in non-monetary terms, holds an intrinsic benefit, particularly in the many situations where social benefits have no clear or relevant financial reference” (Onyx, 2014, p.76)
- Onyx (2014, p74) “Any variable that cannot be readily given an attributed value is simply omitted from the equation”

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Banke-Thomas

- Single data sources
- PPP
- “beneficiaries’ ability to provide a realistic description and valuation of outcomes”
- the counterfactual- the ability to recognise what would have happened without this intervention and the subjective methods to establish this.
- transparency

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Critiques of SROI (for a whole org)

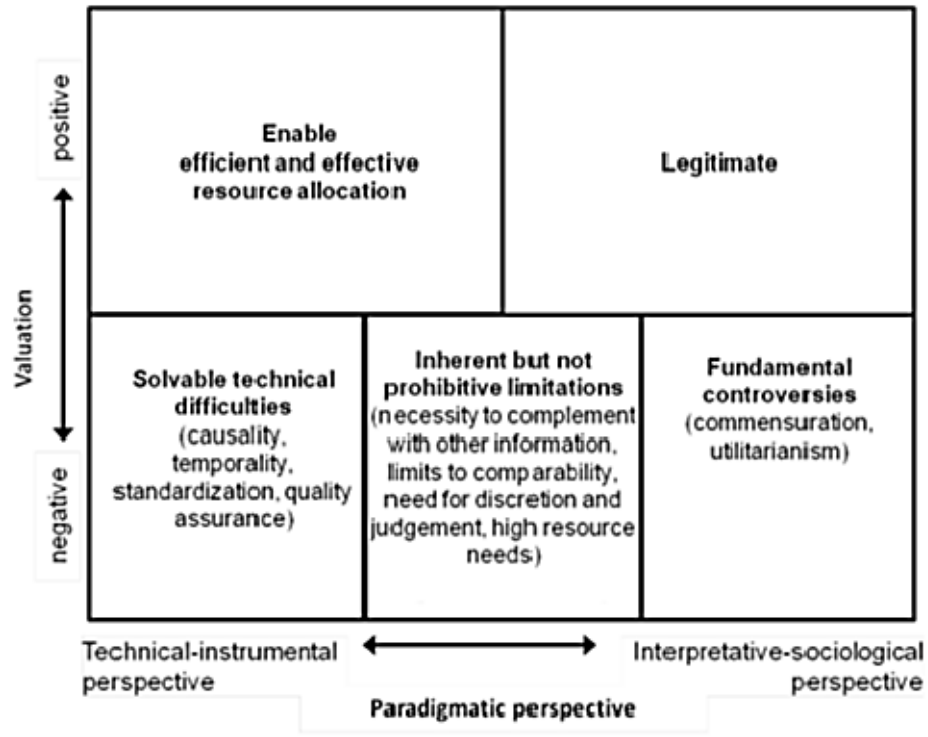

Figure 1: A systematisation of merits and limitations of SROI

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SROI and Evaluation

- SROI can be a useful complement and supplement to the existing program evaluation tools and methods
- Can be useful for social impact evaluation
- Like program evaluation, SROI is periodic
- Can be integrated at any stage of the project cycle

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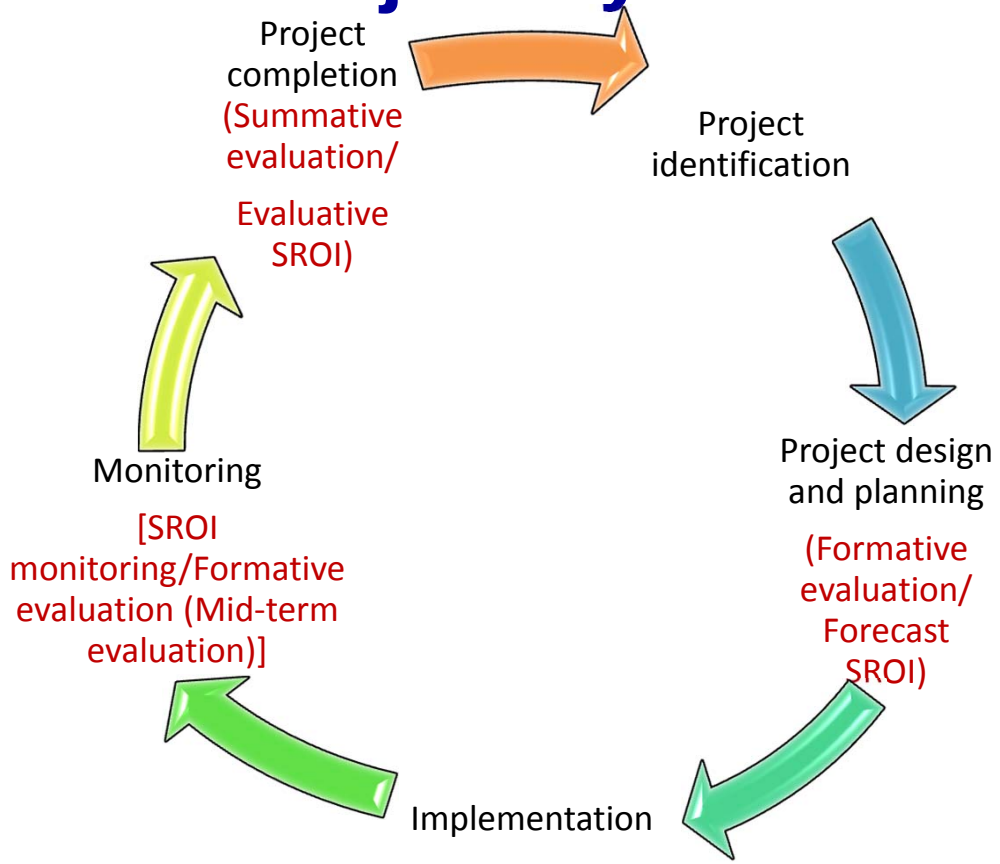
SROI/Evaluation/Project cycle relationship



Source: Adapted from Context,international cooperation (2010)

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SROI and evaluation

- SROI analysis has lots in common with Theory-based Evaluation (TBE).
- Both use Theory of Change (TOC) (also known as Logic models or program logic, program theory, intervention theory)
- Tells the story of what programs do and how change is created across the continuum of elements starting from inputs, outputs through to outcomes
- Has application at individual (micro level), organisational (meso level) and societal stakeholder levels (macro level) although attribution is reportedly difficult to justify at the wider end (15), a trait common to TBE.

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SROI analysis

- SROI- relies on stakeholder analysis and involvement(its distinct feature)

- Stakeholders:
  - provide the source of information used in SROI analysis
  - can be primary and secondary stakeholders who affect or are affected by the intervention
  - identify benefits/outcomes that they experience and are relevant for them

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SROI analysis

- Stakeholder involvement:
  - supports determination of which stakeholders are counted and which are not
  - ensures that diverse and multiple stakeholder voices are heard
  - adds to the transparency of SROI process

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SROI analysis

- identified benefits are monetised
- usually calculated over a period of 5 years
- assigned a current value through calculation of the Net Present Value (NPV)

$$\textit{Net Present Value (NPV) of Benefits}$$

- $\textbf{\textit{SROI}} = \dfrac{\textit{Net Present Value (NPV) of Benefits}}{\textit{Net Present Value (NPV) of Investments}}$
- any SROI above 1 is generally considered as being attractive

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SROI process

- SROI process involves 6 steps:
  - choosing a group of stakeholders
  - building consensus around indicators of success for the program
  - mapping outcomes
  - evidencing outcomes
  - establishing impact
  - calculating SROI and reporting

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Mental health rehabilitation program

- In 2015 the UniSA Department of Rural Health (DRH) undertook an evaluation of a rural mental health rehabilitation program in country South Australia.

- program was funded by the Federal Government under the National Partnership Agreement on Improving Public Hospital Service.
- Aim to support people with high and complex mental health issues

- the two-year Program finished on 30 June 2016.

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Evaluation purpose and elements

- purpose to assess impact and demonstrate accountability to funders
- evaluation was comprised of three phases:
  - Development of a Monitoring and Evaluation Framework (MEF)
  - Interim (Monitoring) reporting, and;
  - Final (Evaluation) reporting.
- Theory Based Evaluation (TBE) approach informed the development of MEF

- evaluation was conducted Nov 2015 to May 2016.

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Method

Multiple methods were used

quantitative element consisting of two surveys:

- » a online survey completed by program staff
- » a socio metric study variant of Social Network Research (SNR)

qualitative element comprised of a series of interviews with:

- » service managers and policy makers
- » consumers and their carers, and;
- » other agency staff who were all selected through purposive sampling

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Method

- cost benefit analysis (CBA),
- observation
- reviews of the program and published literature
- use of multiple data sources and methods enabled:
  - multiple viewpoints to be heard
  - supported triangulation
  - supported checking of variance
  - improved trustworthiness of the process

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Integration of SROI

- SROI analysis was introduced as an after-thought

- evaluative SROI analysis type was used
- SROI analysis relied on data from the TBE

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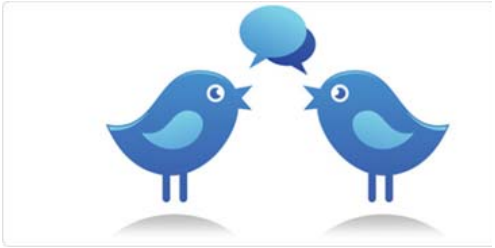
Our SROI process

- workshop to identify:
  - outcomes/benefits that emerged from the TBE
  - stakeholders



- narrowed this down to outcomes experienced by the primary target group for the program, the consumers

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Our SROI process

- developed Theory of Change (TOC)
- 4 strands were identified; termed ‘golden threads’
- resembled the relationship between the program inputs, outputs and outcomes
- refined the outcome map and assigned values to the identified impacts.

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Our SROI process

- categorised the outcomes
  - short-term (6-9 months in the program)
  - medium term (9-18 months)
  - long-term outcomes (18 months or over)

- 2 final outcomes were identified:
  - Independent Living
  - Improved Health and Well-being

- Outcomes represent the ultimate goal of the consumers and main objective of the program

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Our SROI process- monetisation of impacts

- assigned values to the outcomes
  - actual costs and associated savings
  - assignment of financial proxy values (for those outcomes without a monetary value)
- techniques used to determine financial proxies included:
  - 'willingness to pay'
  - average household spending
  - travel cost method
  - market simulation
  - literature searches were used to determine the financial proxies

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Our SROI process – SROI ratio

- discounted the assigned values over five years to obtain current values
- compared the invested inputs against the value created
- calculated an SROI ratio of 1:1
- indicated that for every $1 invested a social value of equivalent worth was created.

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Manager perceptions of value of SROI

- evaluation report provided a valid and balanced commentary
- SROI methodology was found to be:
  - innovative and appropriate for assessing the performance of programs focusing on the provision of mental health rehabilitation services
  - added a ‘richness’ usually absent in the traditional clinical measures of mental health such as the Mental Health National Outcomes and Casemix Collection (NOCC)
  - NOCC perceived as being inadequate to measure the ‘soft’ health and wellbeing outcomes.

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Manager perceptions of SROI

- the golden thread could be a useful tool in occupational therapy

- unique combination of SROI and CBA helped to provide evidence to demonstrate cost efficiency and cost effectiveness

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Manager perceptions of value of SROI

- *clearly described the journey travelled by mental health consumers as they achieved their recovery*
- *the methodology is suitable and provides rich description of the consumer outcomes*
- *it unpacks what improved health and wellbeing means and how it is achieved*

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Manager perception of value of SROI

- *focuses on the 'small things' that staff often overlook but contribute important changes that add up to the recovery of consumers*

- *the 'small things' are not picked up in the medical model*

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Discussion

- significant overlap between SROI and TBE suggesting strong merit in combining the two approaches
- both mutually reinforcing:
  - TBE has its strength the focus on the organisation's stated objectives.
  - SROI is strong in assignment of financial proxies and calculation of the SROI ratio
- adds to the robustness and credibility of the evidence
- potential exists for SROI and TBE to become embedded in the project cycle and practices of social programs

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Conclusion

- TBE-SROI approach can be an appropriate, robust and credible way to assess the effectiveness of social programs especially those in mental health.
- considerable overlap exists between SROI and TBE
- the two methods can be embedded in a complementary way to the project cycle
- although SROI uses input from the wider evaluation, the combined methodology would no doubt add to the costs whilst prolonging the evaluation process.
- further work is required in order to generate a sufficient evidence base

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