



An Economic Analysis of Three Living Well Projects:

FINAL REPORT

Living Well West Midlands

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An Economic Analysis of Three Living Well Projects

Women In Motion, Priority Care & Wellness Works

A report for Living Well West Midlands

A report submitted by GHK

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Executive Summary

1 Introduction

This report examines the value for money of three projects in the 'Living Well in the West Midlands' Portfolio using economic analysis. Although value for money is a comparatively simple concept, there are many different ways of asking whether a given investment is good value. It is challenging for decision makers to determine how collective public resources can be used to generate the maximum collective benefit. As resources are scarce (especially at the time of writing), choices must be made as to which balance of investments represents the best value for the public purse.

Economic analysis can help the purchasers of public goods and services make more informed decisions and thereby get better value for money. In this way, better information leads to better outcomes. This report uses a particular form of economic analysis – called Social Return on Investment (SROI) – to describe the benefits generated by three projects. It was commissioned by West Midlands Councils as part of the evaluation of the Living Well portfolio¹, and builds on an earlier guide², spreadsheet and series of workshops produced to support projects in describing their work in economic terms. The three projects (Women in Motion, Priority Care, and Wellness Works) are treated as case studies for the SROI approach.

2 What is Social Return On Investment (SROI)?

SROI is a variant of a form of economic analysis called Cost-Benefit Analysis (CBA). The underlying aim of SROI is to compare the benefits derived from an investment. In this case, the benefits are 'social'. This point is crucial. It means that the benefits we are interested in have typically not been bought and sold in a market. As such, they are not valued in the way that other goods and services are – i.e. they have no explicit 'price'. The attempt to value outcomes by using SROI is therefore an attempt to put a price on the social benefits generated by projects such as the three projects considered here.

In our view, the main strengths of SROI are that it applies an economic framework to an area that has often neglected (and even rejected) this way of thinking. In doing so, it introduces a series of useful concepts – perhaps chiefly in terms of thinking about the benefits achieved for a given level of investment. This can then be used to guide the conversation between funders and organisations providing services.

Framing part of this conversation by monetising costs and benefits allows both parties to gain a fuller picture of the value of their activities. This provides a way of describing and summarising benefits that may be especially compelling to some funders. In this way, the 'story' of the analysis (and the process of undertaking it) can be more valuable than the result itself, and the component parts – showing value to particular groups of stakeholders for example – can be especially useful.

There is a five-step process to SROI suggested by our guidance. Readers wanting more detail on each step are referred to the full guide. These are:

Step 1: Determine the Perspective of the analysis: here, we are concerned with the wider benefits to society, rather than one stakeholder alone (therefore, we are not only measuring the 'savings to the NHS', but the 'social value' of projects as a whole)

Step 2: Identify Benefits and Costs: it is important to use a tool that allows us to identify the expected benefits and their relationship to inputs (costs). A 'logic model' can be used for this purpose – it helps us determine the relevant outcomes and indicators to use.

Step 3: Assign Values: we then use financial proxies to value the social benefits generated by each of the projects. There are many different approaches to valuing benefits. Our underpinning approach is transparent, conservative and cautious; we want defensible and credible results.

¹ Readers interested in Living Well and its evaluation should go to www.livingwellwestmidlands.org where a legacy document and the final evaluation report are available for download.

² GHK Consulting Ltd (June 2010) *A Brief Guide to Economic Analysis* (also available from the Living Well website). Readers wanting fuller guidance on undertaking SROI analysis should see: Nicholls et al. (2009) *A guide to Social Return on Investment*. Cabinet Office

Step 4: Decide Upon a Time Period: the critical question here relates to the duration of costs and – perhaps more importantly – benefits. For each of the projects under consideration, we have used a five-year period; we have used the actual period for the costs incurred and have made assumptions about the duration of benefits.

Step 5: Be Clear about Uncertainty and Limitations: to ensure that the analysis is transparent, we can vary and test the assumptions we used, to discover which assumptions are especially important, and the different results that are obtained by varying them.

Each SROI analysis concludes in the production of a **ratio of social return** – this is calculated by dividing the total value of outcomes by the total investment; it is always expressed as the amount of social value generated, for every £1 invested in a given project.

3 The results

The analysis shows that the investment in Women In Motion, Priority Care and Wellness Works has generated substantial benefits.

The results of the analysis showed that the approximate social return on investment for every £1 invested is:

£7 for Women In Motion;

£5.50 for Priority Care; and

£3.00 for Wellness Works.

These figures show that these projects have a positive impact on their beneficiaries that outweighs the cost of investing in them. The higher figure for Women In Motion largely reflects the much higher number of beneficiaries than the other two projects – as well as the use of volunteers.

4 Reflections on the SROI process

The analysis shows that many different stakeholder groups benefit from the projects.

The three SROI case studies also show that the projects have a wide range of stakeholders that benefit from their work, and that these stakeholders value the outcomes from the projects. Stakeholders that benefit include the state or the public purse, volunteers, employers, beneficiaries.

The SROI approach is beneficial because it ensures that the value generated for all these stakeholders is captured and monetised.

SROI shows how value accrues over time.

There are several forms of analysis that project future benefits. The added value of SROI is that it frames services as ‘investments’ and shows how ‘returns’ accrue into the future in monetary terms.

Finally, by making sure our assumptions are conservative and cautious, we can be sure that our claims of the social value generated are robust and defensible.

For this analysis, we have been conservative in our assumptions. For example, we have taken attribution and drop-off (see the Glossary) into account in our calculations for the final social returns for each of the projects. Using somewhat cautious assumptions makes it more likely that we are not ‘over claiming’ and that the figures that are given here may even be underestimates.

We have also carried out sensitivity analyses on the calculations. These also allow us to show that even when our assumptions are changed or if certain benefits are left aside, the projects still generate a social value greater than the original amount invested.

1 What do we mean by ‘value for money’ & why is it important?

“The need to reduce costs is shared across the government, but here in DWP we always have to be conscious that we are often dealing with some of the most vulnerable members of our society. That is why I will be guided throughout this process by this question – does what we are doing result in a positive Social Return on Investment?”

Iain Duncan Smith, Secretary of State for Work and Pensions, Thursday 27th May 2010

“...it is the greatest happiness of the greatest number that is the measure of right and wrong.”

Jeremy Bentham, 1776

Value for money is a simple concept. Whenever we think about buying something – a car, a book, a holiday, a T-shirt – we ask ourselves: is this good value for money? In doing so, we are deciding from a range of alternatives. For example, if someone buys a T-shirt for £15 then they are implicitly suggesting that using these resources in this way gives them the most benefit – more so than any other possible choice they could have made at that time.

We have limited resources at our disposal; we must therefore make choices such that we maximise the benefits derived from their use. In short, we must trade off alternative uses to get the most value from available resources. This is one of the most fundamental and useful insights of economics.

What begins as a simple concept becomes more complex when we move from a situation where an individual is trying to maximise value to themselves, to a situation where the concern is maximising public value using public resources. Here, the decision maker – typically a commissioner / funder – is trying to use collective resources to generate the maximum collective benefit (under the framework developed by Bentham, quoted above).

This is a more complex undertaking. If we took the UK government as an example, there are a broad range of areas where investment might bring about benefits. Options here include education, crime prevention, health, defence, social care, pensions, transport and street cleaning. Yet resources are scarce (especially at the time of writing) and choices must be made as to which balance of investments represents the best value for the public purse.

One of the main sources of this additional complexity is the role of information. In the case of an individual, they only have to know: what resources they have, what choices are available, and, what they prefer. For government, the information requirements are far greater. Here the decision maker needs to know: what resources are available; what investments are possible; and – most challengingly – what the relative costs and benefits of each of these investments is likely to be.

This is where economic analysis comes in. Information generated by this type of analysis can help the purchasers of public goods and services make more informed decisions (and thereby get better value for money). In this way, better information leads to better outcomes.

This report uses a particular form of economic analysis – called Social Return on Investment (SROI) – to describe the benefits generated by three projects. It was commissioned by West Midlands Councils as part of the evaluation of the Living Well portfolio³, and builds on an earlier guide⁴, spreadsheet and series of workshops produced to support projects in describing their work in economic terms. In effect, we are treating the three projects as case studies for the SROI approach. In doing so, we do not reproduce previous guidance; instead

³ Readers interested in Living Well and its evaluation should go to www.livingwellwestmidlands.org where a legacy document and the final evaluation report are available for download.

⁴ GHK Consulting Ltd (June 2010) *A Brief Guide to Economic Analysis* (also available from the Living Well website).

we provide a brief description of the SROI framework, its advantages, limitations and main steps⁵.

The projects considered here are very different:

- **Women in Motion** (Telford and Wrekin) is a volunteer-led community exercise programme that aims to increase the levels of physical activity amongst women in deprived neighbourhoods;
- **Priority Care** (Dudley) aims to reduce isolation amongst older people through a professional ‘befriending’ service. It also aims to reduce the unnecessary use of healthcare services; and,
- **Wellness Works** (Worcestershire) aims to improve workplace wellbeing by supporting employers to improve their policies and practice.

The next section provides a summary description of SROI, before subsequent sections apply it to each project in turn.

⁵ Readers wanting fuller guidance on undertaking SROI analysis should see: Nicholls et al. (2009) *A guide to Social Return on Investment*. Cabinet Office

2 What is ‘Social Return on Investment’, what are its strengths, & how is the analysis undertaken?

There are a range of different types of analysis that can be used to inform an assessment of value for money. At heart, each one compares costs to benefits. Primarily, the differences come in the way that benefits are measured; this is shown in Table 2.1 below:

Table 2.1 Each type of economic analysis compares costs to benefits

Type	Summary
Cost-Effectiveness	<p>Results are presented as a ‘cost per outcome’ (e.g. ‘cost per improvement in mental wellbeing’) and decision makers have to compare alternatives to find the cheapest means of achieving the desired outcome.</p> <p>The challenges here are: firstly, to decide which outcome is most appropriate (interventions may have several); and secondly for decision makers to compare interventions with very different types of outcome – i.e. how to compare better mental wellbeing to gains in life years to symptom-free days to improvements in diet (etc)?</p>
Cost-Utility	<p>To get round the problem of comparability, in Cost-Utility analysis, the measurement of outcomes is standardised (typically to a Quality Adjusted Life Year – QALY) and results are expressed as a ‘cost per QALY’. Comparisons can then be made across different types of intervention. This is the favoured approach of NICE in its health technology assessments.</p>
Cost-Minimisation	<p>In Cost-Minimisation, the benefits of the interventions under consideration are assumed (ideally known) to be equivalent, so the analysis focuses on costs only. The aim is to find the cheapest intervention. This is very closely related to Cost-Effectiveness, except there is no explicit measurement of outcomes.</p>
Cost-Consequence	<p>Here costs and benefits are not combined to any significant degree; instead, they are presented to the decision maker ‘as they are’, so that they see a set of costs and benefits (e.g. ‘<i>The investment was x and this has bought benefits a, b, c, d and e</i>’). This is especially useful where benefits are very diverse, but again the problem of comparability is present.</p>
Cost-Benefit	<p>Both costs and benefits are measured monetarily. This type of analysis therefore has several important strengths: it allows the comparison of a very wide range of possible interventions; and, it is also the only type of analysis that does not necessarily require comparison, since if costs exceed benefits then we can conclude that it would be irrational to proceed.</p> <p>The central challenge here is the monetary valuation of benefits. This challenge is exacerbated when the benefits are of a social nature – which is where SROI comes in!</p>

SROI is a variant of Cost-Benefit Analysis (CBA). In essence, the distinctions between these two forms of analysis are practical, rather than philosophical. In very general terms, CBAs are typically more rigorous and technical (and so have a greater standing / make more substantive claims – often derived from primary research), and SROI is less rigorous and more indicative (and typically relies more heavily upon the uses of inferences, assumptions and judgements).

Despite these distinctions, the underlying aim is the same: to compare the benefits derived from an investment. In this case, the benefits are ‘social’. This point is crucial. It means that the benefits we are interested in have typically not been bought and sold in a market. As such, they are not valued in the way that other goods and services are – i.e. they have no explicit ‘price’. The attempt to value outcomes in this way is therefore an attempt to put a price on them:

‘What’s it worth?’

This everyday question contains a deeper point. In the example at the beginning of this report, someone bought a T-shirt for £15. Why did the T-shirt cost £15?

As the science / craft of economics developed, this issue was the subject of some debate (not specifically in relation to our hypothetical T-shirt!). Some thought that the price related to some fundamental quality of the item being sold, or perhaps the costs of production.

Economists have since shown that price is a function of the dynamics of both supply and demand; this is shown in the figure below. It shows that the supply curve (S) slopes upwards (as price goes up, more will be supplied) and the demand curve (D) slopes downwards (as price goes up, less is demanded). The determinants of prices (P) are therefore contingent upon the multiple decisions of various actors - other people’s preferences for T-shirts, the willingness and ability of firms to supply T-shirts, and so on.



This shows the nature of the task of valuing social benefits. It is an attempt to answer the question of what a hypothetical consumer might be willing to pay for the benefit in question. Doing so therefore requires the use of ‘proxy’ values – typically figures derived from analogous examples elsewhere. We are not therefore concerned with trying to unearth an ‘objective’ figure in putting a value on social outcomes – any more than we could put such a figure on the value of the T-shirt in our example.

In our view, the main strengths of SROI are that it applies an economic framework to an area that has often neglected (and even rejected) this way of thinking. In doing so, it introduces a series of useful concepts – perhaps chiefly in terms of thinking about the benefits achieved for a given level of investment. This can then be used to guide the conversation between funders and organisations providing services.

Framing part of this conversation by monetising costs and benefits allows both parties to gain a fuller picture of the value of their activities. This also provides a way of describing and summarising benefits that may be especially compelling to some funders. In this way, the ‘story’ of the analysis (and the process of undertaking it) can be more valuable than the result itself, and the component parts – showing value to particular groups of stakeholders for example – can be especially useful.

2.1 Five Steps to showing a Social Return

Our guidance suggests a five-step process to SROI. Below we describe each step and the main considerations in applying them to the three projects. Again, readers wanting more detail on each step are referred to the full Guide.

Step 1: Determine the Perspective

We need to ask: costs and benefits to whom? The analysis might take the perspective of the government, a single commissioner or organisation, or society as a whole. Changing this perspective can lead to radically different results.

In our analysis of the three projects, we have taken a broad societal perspective. This means that we take all possible costs and benefits into account. Yet, throughout the analysis, we specify where the costs and benefits fall by showing the relevant 'stakeholders' (see the Glossary to this report).

Volunteer time: a cost? A benefit? Both?!?

We can illustrate the effect of changing the perspective of an analysis using the example of volunteer time. Many Living Well projects used volunteers - Women In Motion being a notable example. As part of their monitoring returns, projects reported this as an 'in-kind' (i.e. not purchased) input and, following some guidance, were able to report this in monetary terms.

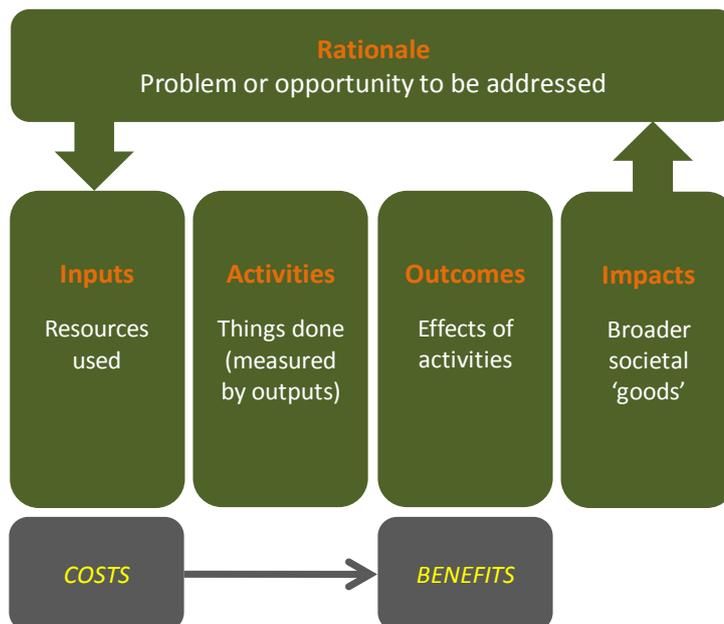
In an economic analysis, it would be possible to present this as a cost or as a benefit depending upon the perspective taken. From the perspective of a public sector commissioner / other funder, it could be presented as a benefit (e.g. 'If you invest £x, then we will be able to match it with £y of volunteer time'). But, taking a broad societal perspective, as we do here, means that volunteer time is a cost (i.e. their time has a value that has been used to undertake a project's activities).

However – and finally on this point – it is reasonable to assume that the benefits of a volunteer's time must outweigh the costs, otherwise a rational volunteer would not commit their time. Therefore, in this analysis we have shown how benefits to the volunteer (e.g. in mental wellbeing, skills gained, employability etc) outweigh the cost in time.

Step 2: Identify Benefits and Costs

Throughout the evaluation of Living Well, GHK has used logic models to define each project. These models have been used to define each project in terms of its inputs, outputs, outcomes and impacts. Doing so is an essential step in a SROI analysis, since it enables us to be clear about the costs and benefits of the intervention. This is shown in the Figure 2.2 below:

Figure 2.1 Logic models as the basis for economic analysis



In our analysis, we used the logic models defined at the beginning of the evaluation. These models were then used as the basis for projects' data collection. Data derived from this process (and returned through the monitoring system) have then been used for this analysis.

Lastly, in our analysis we have used qualitative information gained from project visits to inform judgements about the extent to which benefits achieved are attributable to the work of the project (i.e. would not otherwise have happened)⁶. In general, because of high levels of additionality within the programme⁷, we have assumed that most benefits would not have been achieved in the absence of the projects. 'Additionality' refers to the extent to which something happens as a result of an intervention that would not have occurred in the absence of the intervention⁸.

Step 3: Assign Values

Valuing costs is typically more straightforward than valuing social benefits. The main components in Living Well projects' costs have been BIG Lottery / other cash funding, and 'in-kind' support, provided by volunteers. Projects have been issued with guidance on the measurement / valuation of 'in-kind' support and figures used in the analysis are taken from this.

Valuing benefits is a far trickier proposition. As the box above notes, the essence of the exercise is to put a financial value on a benefit that has not been traded in a market (and so has not been valued in this way). Doing so requires a range of approaches, such as:

- looking for examples where analogous benefits are bought and sold - for example, the financial value of small gains in physical and mental wellbeing might be valued as the amount that a given individual pays for yoga lessons in order to gain similar benefits to their wellbeing;
- using research literature where studies have been designed to value this or similar outcomes (there is a type of study that investigates what people would be 'willing to pay' for hypothetical benefits – often as part of a CBA); and,
- looking at the cost of outcomes avoided – some benefits can be valued by taking the state's perspective and looking at what might have been paid had the service not been there (the financial value of losing weight could be similar to the cost that the NHS pays for a patient's course of treatment for obesity). There is, however, a need to be clear about the distinctions between the valuations gained through a SROI analysis and those derived from studies looking at possible savings to the state. This is described in the box below:

SROI is not the same as savings to the state

Investment in preventative / public health services are sometimes advocated as a means of saving money. Typically, these arguments suggest that investing '£x' in these services will save '£y' through reduced use of (more expensive) restorative services at some later date. More latterly, efforts to reduce the public deficit have increased the focus on this approach.

There is therefore some risk that SROI ratios are seen to suggest this type of saving. This is partly because they are presented as 'a £1 investment generates £x of social value' (and are therefore superficially similar to the proposition above); but also because some of the benefits are valued using 'costs avoided'. Yet it is important to note the difference. SROI is concerned with the monetary valuation of social benefits; and while some of these benefits may fall to the state in the form of cost savings, they may also fall to individuals, communities or even the private sector. As such these benefits do not necessarily equate to savings in public expenditure.

In our analysis, we have used combinations of the various approaches set out above. We have been transparent and somewhat conservative; we want defensible and credible results.

⁶ For the Priority Care project, we have also been able to draw on a previous quasi-experimental study of a similar service (Bond and Dyson (2008) *An Impact Evaluation of The Priority Care Project Led By Wolverhampton Primary Care Trust*. Wolverhampton: University of Wolverhampton.

⁷ See Section 3 of the Final Report from the evaluation of Living Well (GHK Consulting, 2011).

⁸ Definition taken from English Partnerships (2004) *Additionality Guide*. See also the HMT 'Green Book'.

Step 4: Decide Upon a Time Period

As well as perspective (Step 1), the time period chosen for the analysis is a key parameter. As with perspective, varying the period under consideration can radically alter the result. The critical question here relates to the duration of costs and – perhaps more importantly – benefits. For each of the projects under consideration, we have used a five-year period; we have used the actual period for the costs incurred and have made assumptions about the duration of benefits. On this final point, we have also made assumptions about the degree to which benefits ‘decay’ – i.e. how far benefits remain once projects’ activities have stopped and how far they drop-off.

Lastly, because costs and benefits are likely to run over a number of years, we need to account for the changing value of money over time (because £1 today is worth more than £1 in five years). This is done using the concept of ‘net present value’, for which we have used the Treasury’s recommended rate of 3.5%. In general, this applies more to benefits in our analysis since they run over a longer period than costs.

Step 5: Be Clear about Uncertainty and Limitations

As described above, SROI requires the use of assumptions. The degree to which these assumptions hold is therefore critical to the success of the analysis. The final Step is therefore to vary these assumptions to discover which assumptions are especially important, and the different results that are obtained by varying them. This is thereby a further means of ensuring that the analysis is transparent, since the reader can then ask whether they consider the assumptions used to be reasonable. We have provided this discussion for each of the analyses undertaken here.

Having set out the framework, advantages and limitations of SROI, we now turn to its application. The next three sections take each of the projects in turn and apply a SROI analysis.

3 Women In Motion

The 'Women in Motion' project in Telford and Wrekin was set up by the local PCT to increase the uptake of physical activity among women, and prevent the health problems associated with a lack of exercise, in the most deprived areas of Telford. In 2005, the Regional Lifestyles Survey showed that men exercise more than women, and moreover that people in deprived areas typically took less exercise than those in more affluent areas. Locally, the survey showed that in Telford & Wrekin just 16% of women living in the most deprived areas did 30 minutes of moderate intensity activity on one or two days of the week. The main barriers to increasing levels of exercise among women living in deprived areas were well known: illness or disability; family commitments; lack of time; cost of facilities; and, lack of knowledge of the best type of exercise for them.

'Women in Motion' (originally titled the 'Activator project') aimed to increase and promote accessible opportunities to exercise by recruiting and training local volunteers to deliver physical activity in the deprived local communities. Activities were free, and varied by season (mainly indoors in winter; outdoors in summer) and be tailored according to participants' feedback and public consultation. Walking groups, circuit training, tai chi, dance, netball and badminton were all developed and offered. Volunteers were all used to generate referrals into available mainstream activities. Providing childcare at a nominal cost was also thought to be an important part of removing barriers, and encouraging women to take part in exercise.

Volunteers were supported by two part-time 'Activator' posts who would work with local women, give them training, and support them to set up activities. The local CVS were engaged to recruit, interview and filter the most appropriate volunteers; they were paid according to the outcomes achieved (for each volunteer completing their training). Local partners provided in-kind support for the project, such as venues or marketing. For example, after the launch, Energize Shropshire (the County Sports Partnership) assisted the project with marketing. The local college was contracted to provide accredited training for the volunteers to help the latter to gain from their involvement in the project; while England Athletics offered a small subsidy for Running Leader training. As the project continued, it was intended that volunteers would gain confidence and take on increasing responsibility for delivery, and that they could continue into self-employment or other working opportunities associated with physical activity and fitness. The project team also delivered walk leader and in-house physical activity training for volunteers. This would allow change to be sustained.

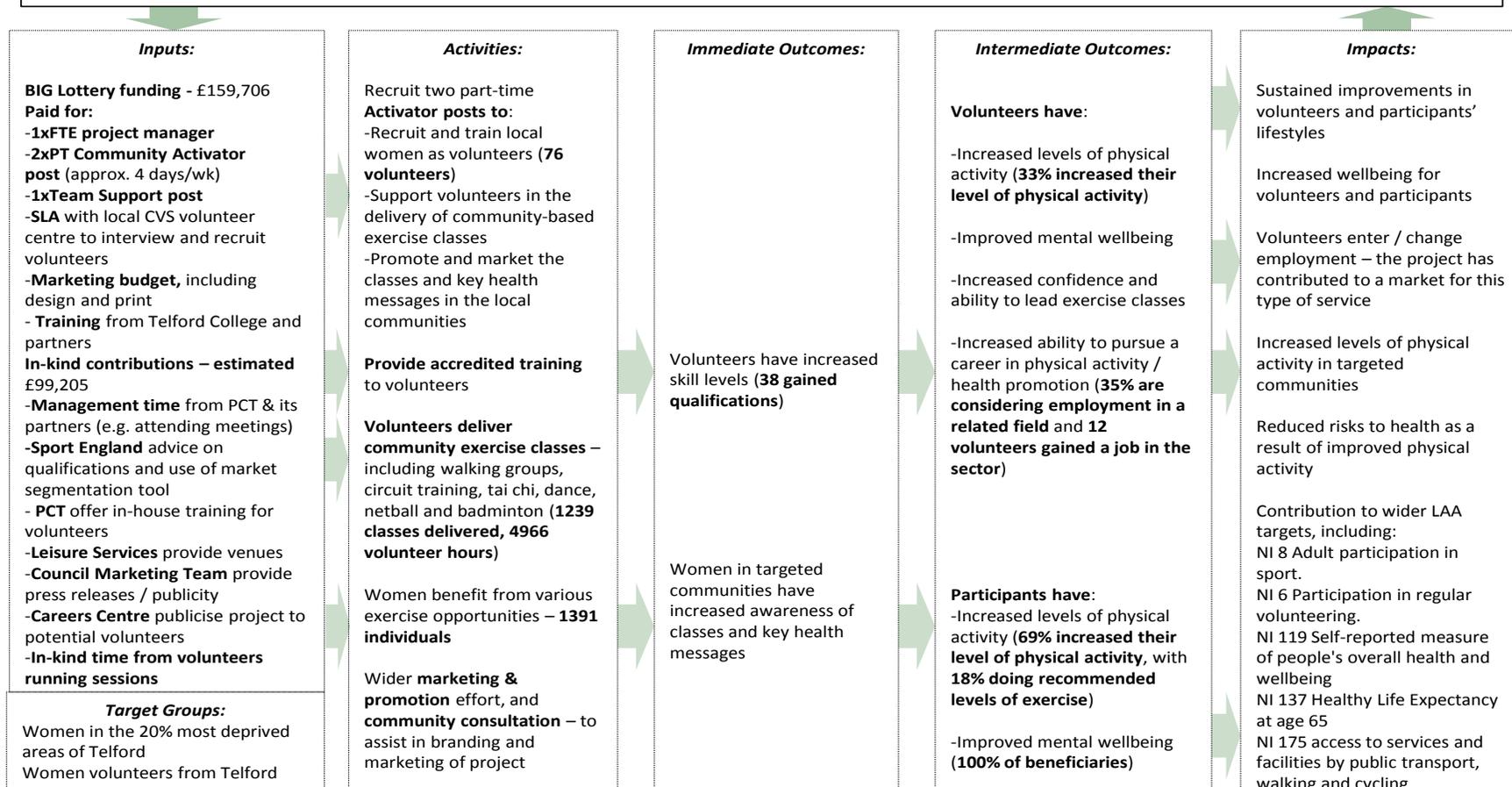
3.1 Logic Model

At the start of the Living Well programme, GHK worked with each local project to develop monitoring and evaluation plans, including a logic model (Figure 3.1). This shows how the inputs were intended to lead to outcomes and longer-term impacts on beneficiaries' wellbeing (including both volunteers, and women taking up exercise). The logic model also provides the basis for measuring outcomes, through the use of indicators against which each local Living Well project was asked to provide evidence. The Social Return on Investment analysis that follows is based on these indicators, and the data provided by the projects.

Figure 3.1 Logic Model – Women In Motion

Women In Motion (2008-10)
Telford & Wrekin

Context and Rationale: The 'Women in Motion' project in Telford and Wrekin was set up by the local PCT to increase the uptake of physical activity among women, and prevent the health problems associated with a lack of exercise, in the most deprived areas of Telford. In 2005, the Regional Lifestyles Survey showed that men exercise more than women, and moreover that people in deprived areas typically took less exercise than those in more affluent areas. Locally, the survey showed that in Telford & Wrekin just 16% of women living in the most deprived areas did 30 minutes of moderate intensity activity on one or two days of the week. The main barriers to increasing levels of exercise among women living in deprived areas were well known: illness or disability; family commitments; lack of time; cost of facilities; and, lack of knowledge of the best type of exercise for them. 'Women in Motion' aimed to increase and promote accessible opportunities to exercise by recruiting and training local volunteers to deliver physical activity in the deprived local communities. These activities were designed to be accessible and would be widely promoted by the project's partner agencies. Volunteers would be supported by the PCT, and were enabled to access training opportunities and accredited qualifications that would help them to gain in confidence and take on increasing responsibility for delivery, enabling the project outcomes to be sustained.



3.1.1 Inputs

The inputs to the project comprise the actual spend of the project as reported by Women in Motion in their financial returns. This was reclaimed from the BIG Lottery (£159,706). Over the lifetime of the project, an underspend was reported in year 1, due to NHS reorganisations and subsequent delays in recruiting to key posts. By the end of the project, as delivery 'caught up' and a larger than expected number of volunteers succeeded in establishing physical activity, some £4,000 more than originally expected had been spent.

The project budget paid for a full time project manager; two part time Community Activator posts (approx. 4 days/wk), a Team Support (admin) post for the project, the vast majority of training, and marketing, including design and print. During the project, an SLA was agreed with the local CVS volunteer centre to interview, recruit and filter volunteers – enabling the project to use their specialist expertise to reach a large number of women, and selecting those that were motivated and able to give their time.

In addition to the actual spend, Women In Motion attracted large amounts of in-kind support from partners and volunteers, throughout the project's set up phase and delivery. This was a key strength of the project. The project estimated the total value of in-kind contributions to be £99,205 in total over three years, although this is likely to be an underestimate (if we value each 'volunteer day' reported by the project at £150, the value of volunteer time alone can be given as $(4966 / 7) \times £150 = £106,414$).

As well as volunteer time, other in-kind contributions mentioned in the project's quarterly reports included:

- Management time from the PCT and its partners across the Telford & Wrekin Sport and Physical Activity Board, and beyond (e.g. attending meetings, steering groups, planning, mapping existing physical activity in Telford & Wrekin);
- The offer of in-house training from the PCT physical activity team, as an in-kind contribution to the project;
- Using advice from Sport England on the qualifications to be offered, and in the use of its market segmentation tool, which the project used to plan its marketing approach to time- and money-poor clients targeted by the project;
- Telford College offered subsidised childcare for volunteers. Childcare was usually offered at a nominal cost of 50p per parent.
- England Athletics offered Running Leader training for volunteers at £70 rather than £90 per head;
- Leisure Services provided community venues, both indoors and outdoors, where activities could take place;
- The Council's Marketing Team provided press releases and publicity for the project, which went on to win several awards;
- The local Careers Centre publicised the project to potential volunteers

For the purposes of simplicity we have assumed that this was spent equally over three years. In-kind contributions are treated as a cost in a Social Return on Investment analysis. This is because the benefits to volunteers are valued and taken into account in the outcomes. Therefore, in the analysis below, we have treated the project's figures for in-kind costs as a 'cost' (£99,205 over three years). However, even if the benefits to volunteers were treated separately to those of participants, the results of our analysis still demonstrate that the benefits of volunteering to individuals and wider society outweigh the costs to the individual.

3.1.2 Activities

As part of their Living Well monitoring, projects were asked to provide quarterly evidence about their activities and number of beneficiaries that the project reached.

The project recruited two part-time Activator posts to recruit and train local women as volunteers. In total, 76 volunteers were recruited by the end of the project, many more than the 40 volunteers anticipated by project staff at the outset. The volunteers were supported by

the community Activators employed by the PCT, and other project staff, to deliver community-based exercise classes and to promote and market the classes and key health messages in their local communities.

The project's records show that volunteers delivered many different kinds of activity – including walking groups, circuit training, tai chi, dance, netball and badminton. In total, 1239 classes were delivered (to an estimated average of 5-10 people each), and 4966 hours were given by volunteers to the project. 1391 women in total benefited from various exercise opportunities. These activities were free to the beneficiaries, and supported by subsidised childcare. As the project started full delivery, it experienced a very high demand from local women (in particular for netball and badminton), who appreciated the friendly atmosphere, and the lack of problems associated with being in a gym or competitive sport (e.g. feelings of inadequacy or reinforcing negative body image).

The contribution of volunteers was critical to the project, and project staff found that volunteer recruitment and retention had been critical to the successful implementation of the project. It may have helped that the project workers themselves used to be volunteers, allowing them to empathise with the volunteers that they mentored; the support from the CVS was also useful in ensuring that volunteers were motivated and had an interest in physical activity.

The project also aimed to provide accredited training to volunteers to improve their employability, and to increase the supply of qualified fitness and coaching staff that could deliver a range of activities in the local area. This was provided by Telford College, and in most cases included a generic Level 2 qualification, as well as sport-specific qualifications ranging from seated exercise for older people, to gym and circuit training, to the Community Sports Leadership Award. The Community Activators also completed a course in volunteer management.

The wider marketing and promotion effort, and community consultation, were also important components of the project's activity – ensuring that volunteers were able to attract local women from the target group to their classes.

3.1.3 Outcomes

Outcomes are the results or effects of the activities of the project. They may be immediate, or more long-term, and can be measured by the project, either by using questionnaires, surveys or interviews. As part of their Living Well monitoring, tools were provided to assist projects in collecting data about outcomes.

Women in Motion reported various outcomes that are important for this analysis, including increases in physical activity among volunteers and women that had attended their classes. In a survey given to a sample of volunteers, 33% of volunteers said that they had increased levels of physical activity (if the survey results were applied to all the volunteers, 25 people would have increased their activity). Among women attending exercise, a survey showed that 18% (250 women) were continuing to carry out recommended levels of exercise at the end of the project, while 69% (960, or an additional 710 women) increased their level of physical activity. Interviews with beneficiaries also showed that they thought that their level of fitness had increased as a result of the project.

The Women in Motion project found that their beneficiaries reported improved mental wellbeing, through socialising and making new friends. Volunteers increased their skills and confidence in leading exercise classes, and were therefore likely to have become more employable – with at least 12 volunteers to date entering employment in the sector as a result of the skills that they learned from Women In Motion (although it is not known how many were unemployed prior to volunteering).

There was also evidence that behaviour change would be likely to be sustained over time, such as progression to other activities (for example, some women entered 10k races). Signposting beneficiaries to other opportunities was an important part of the project design. In addition, 38 volunteers gained at least one accredited qualification, while 35% of surveyed volunteers (if the survey results were applied to all the volunteers, 27 people) said that they

were considering employment in the physical activity sector. Some volunteers went on to train in specialist falls prevention, offering a further benefit to local health services.

3.1.4 Impacts

Impacts represent the long term difference made by the project. These tend to be more difficult to measure accurately, as they may occur long after the project has ended. However, if there is evidence that outcomes are successfully achieved, it is likely that there will be a long term impact in the future.

The expected impacts of the project included sustained improvements in volunteers and participants' lifestyles; increased wellbeing for volunteers and participants; volunteers entering / change employment; increased levels of physical activity in targeted communities; reduced risks to health as a result of improved physical activity; and a contribution to wider local targets. Project staff reported that there were significant rises in physical activity in Telford & Wrekin in Active People surveys that took place during the project lifetime, in contrast to other parts of the West Midlands – which may be related to Women In Motion.

3.2 How were the costs measured?

The costs of the project are based on data provided by Women in Motion. The total spend was £159,706 over three years.

In-kind costs of volunteering amounted to £99,205 over three years (see section 3.1.1 above).

Therefore the total cost of the project was £258,911.

3.3 How were the benefits measured?

3.3.1 Choosing outcomes

Using the framework provided by the logic model and the evidence from management information from Women In Motion, measurable outcomes were defined. These outcomes have an impact on various stakeholders, as set out in Table 3.1, which include the state and beneficiaries.

Each outcome has an indicator which allows us to look up how many people in each year are likely to have benefited. This allows us to 'count' the benefits and the number of times they occur; in some cases, the same outcome can lead to multiple benefits for different stakeholders. This method allows us to assign, at a later stage, a total value per year for each of the reported benefits (expressed in monetary, i.e. £ terms), beside each outcome that they refer to.

The rationale for including each outcome is given in the tables below, in order to describe why we considered these outcomes to be material. It should be noted that we have only included the most important outcomes for which evidence was collected (or can reasonably be assumed) – therefore this is most likely a conservative (under)estimation of the value of all the outcomes.

Table 3.1 Outcomes and Indicators

Stakeholder	Outcome	Indicator	Rationale
State	Increased physical activity	Number of women doing 'more exercise'	The project has been shown to reduce physical inactivity, which is likely to lead to a lower burden on future health services, as beneficiaries increase their level of fitness. Based on the project's own data, we estimate that over three years, 985 women increased their exercise levels (960 participants + 25 volunteers). Because the project used mapping of existing services to target women who were not accessing physical activity, we can assume that in the absence of the project, many of the women would not have increased their physical activity without the intervention.
Beneficiaries (Participants and volunteers)	Increased mental wellbeing	Number of women reporting increased mental wellbeing	We have assumed that a third of the 1391 participants, as well as all of the 76 volunteers, gained a noticeable benefit through increased mental wellbeing (although all will have benefited, to some degree).
Volunteers	Increased employability	Number of volunteers with an accredited qualification seeking employment in the sector	38 beneficiaries gained qualifications related to exercise, fitness or coaching, helping them to seek employment or self-employment in promoting physical activity and good health. Evidence shows that many of these were considering employment in a related field, and at least 12 have already gained employment in the sector.

3.3.2 Valuing outcomes

Financial proxies were then used to value the gross benefit of each outcome, for each year of the project. Table 3.2 below shows why the financial proxies for each outcome were chosen, and the calculations for the number of times that each benefit occurred in each year.

Table 3.2 Outcomes and financial proxies used

Outcome	Indicator	Unit Value of Benefit	Source of financial proxy	Explanation	No. of occurrences of the benefit each year	Explanation	Gross value of benefit per annum (£, approx)
Increased physical activity	Number of women doing 'more exercise'	£372	Annual cost of joining a gym, taken from MSN Money (2010)	This source gives the average cost of gym membership for one year. Assuming that the beneficiaries would have received a similar boost to physical wellbeing by joining a gym, this seems a reasonable proxy to use to value this.	328	Over three years, we estimate that 985 women increased their exercise levels (960 participants + 25 volunteers). $985 / 3 = 328$ per annum	£122,000
Increased mental wellbeing	Number of women reporting increased mental wellbeing	£2,000	Gardner, J. and Oswald, A. J. (June 2006) "Money and Mental Wellbeing: A Longitudinal Study of Medium Sized Lottery Wins"	Windfall required to produce an increase of about one point in mental wellbeing on the General Health Questionnaire.	180	The total number of beneficiaries over three years was 1391 participants + 76 volunteers. If we assume that a third of participants had a mental health benefit of this scale, then $((1391 / 3) + 76) / 3 = 180$ per annum	£360,000
Increased employability	Number of volunteers with an accredited qualification seeking employment in the sector	£9,400	NEF (2004) Getting Out to Work on Merseyside: A Social Return on Investment Analysis	This source gives a value for reduced welfare expenditure and increased tax revenue as result of each client in sustainable employment – a proxy for reduced unemployment and increased employability.	13	38 beneficiaries gained qualifications over three years. $38 / 3 = \text{approx } 13$	£122,200

3.3.3 Attribution, deadweight and drop-off

The Social Return on Investment model takes account of attribution and deadweight for each benefit (see section 2.1 and the Glossary to this report). We have assumed a significant proportion of the outcomes can be attributed to Women In Motion physical activity interventions, because they were carefully targeted. However, we have also taken into account that some beneficiaries might have attended the gym or other facilities in the absence of Women In Motion.

In establishing drop off we considered existing evidence provided by literature, project visits during the evaluation of Living Well and monitoring data from Women In Motion. These assumptions are shown in Table 3.3 below.

Table 3.3 Drop Off and Attribution

Outcome	Indicator	Drop off	Explanation	Attribution	Explanation
Increased physical activity	Number of women doing 'more exercise'	60%	Approximately a quarter of beneficiaries had increased their exercise to the increased level – and therefore, can be considered to be more likely to continue exercising. Therefore we have assumed a drop-off rate of 60%.	60%	We know that there were few other opportunities for women in the target areas to exercise. However, some of the women might have used the gym or other facilities in the absence of the project, hence we have assumed that 60% of the outcome can be attributed to the project.
Increased mental wellbeing	Number of women reporting increased mental wellbeing	60%	Data from NICE shows that risk of relapse to depression following CBT is high (0.636) so it is likely that improvements in mental health will have a similarly high drop off rate.	60%	We know that there were few other opportunities for women in the target areas to exercise (and through exercise, increase their mental wellbeing). However, some of the women might have used the gym or other facilities in the absence of the project, hence we have assumed that 60% of the outcome can be attributed to the project.
Increased employability	Number of volunteers with an accredited qualification seeking employment in the sector	60%	We have assumed that if the project ceases and volunteers are not supported, a relatively high number of volunteers would not be able to continue – hence a drop-off rate of 60%.	80%	We have assumed that in the absence of the project and without the project's support, it would have been difficult for volunteers to fund their own qualifications. Hence we have attributed a high proportion of this outcome to the project (80%).

3.4 Calculating the Social Return on Investment

Once net present value of the costs (over three years) and benefits (over a five year time frame) is taken into account, the Social Return on Investment can be calculated.

The formula for calculating the return on investment is:

$$\text{SROI Ratio} = \frac{\text{Discounted total benefits}}{\text{Discounted total costs}}$$

A value greater than 1 indicates a positive return on investment.

The approximate social return on investment generated by Women In Motion is **£7.10 for every £1 invested**.

It should be reiterated that these are estimates and had different proxies or assumptions been used, the outcome would have been different – there is no universally accepted way to value every outcome. Rather, the reader can engage with, and critique the choice of proxies and the assumptions, and use the same method to determine results – the key to this entire exercise is that it should be transparent and open to comment.

Neither should the SROI analysis be used as a way of planning operating costs or planning detailed returns on investment for specific commissioners – it takes a broad societal perspective of ‘value’ generated.

Nevertheless, it can be seen that the Women In Motion ‘model’ appears to give particularly good value for money, even when particularly conservative assumptions were used.

3.5 Sensitivity Analysis

Sensitivity analysis is important in order to test the findings of the analysis above (called a ‘base case’), and to examine which changes in our assumptions produce the greatest effects in the final result.

For example, we can test our assumptions about the number of beneficiaries. Given the delays in starting up Women In Motion, it is likely that a more smooth implementation process might have led to more beneficiaries. If we assume that the number of participants in physical activity were increased by 20% from the base case, we get a social return of 1:8. On the other hand, if we assume that the number of participants in physical activity were decreased by 20% from the base case, we get a social return of 1:6. Again, these are also excellent rates of social return.

The model is sensitive to assumptions on the attribution of the outcomes about employability and increased mental wellbeing (because in this model, the value of increased mental wellbeing accounts for more than half the project’s overall benefit to society over five years). If we assume that a lesser proportion of positive outcomes are due to Women In Motion (say, an attribution of 40% rather than the 60% in the base case) changing either of these values will reduce the overall ratio of social return to 1:4.

A technique used to test the sensitivity of findings that is frequently used in cost-benefit analysis (CBA) studies is to find how much the benefits would have to be reduced in order for the ratio to become 1:1, meaning the return on investment would be 0 (and therefore, the project would not be worth the investment). In the case of Women In Motion, the value of all the benefits would have to be reduced by more than 80% in order for the return on investment to be 0.

4 Priority Care

Priority Care delivered targeted support to those aged 64 and over with long term health conditions who were registered at a particular GP's surgery in Dudley. Older people may frequently become isolated within communities. As families become smaller and more mobile, and as peers and spouses pass away, older people can be left with little regular social contact and may suffer from poor mental and physical health as a result. The effects of these processes are also felt at a broader level as less social contact in neighbourhoods leads to reduced trust between neighbours - and increased fear of, and opportunity for, vandalism and crime. Effects at individual level may include worsening health and the increased use of restorative services (such as visits to the GP / stays in hospital), rather than taking more preventative action such as the independent management of care ('self-care').

The project aimed to reduce isolation and increase older people's opportunities to take part in community life; increase social contact; improve mental wellbeing and reduce anxiety; increase feelings of safety and security; reduce use of restorative services; and increase their ability to make independent choices. Following referral, beneficiaries were assessed by the Project Manager to gain an understanding of their individual health and social care needs. A Priority Carer was then assigned to each beneficiary, who provided individualised support and matched the needs of beneficiaries to preventative services.

In the future, Priority Care will continue, with Heantun Housing Association (HHA) funding it for the foreseeable future. However, there are changes in the wider social care context, with a shift towards self-directed care. Therefore, the Priority Care team will likely develop their service by raising their profile and engaging in more marketing activities to respond to people who have an individual care budget. It is also possible that Priority Care will be combined with a respite carers' project in Wolverhampton.

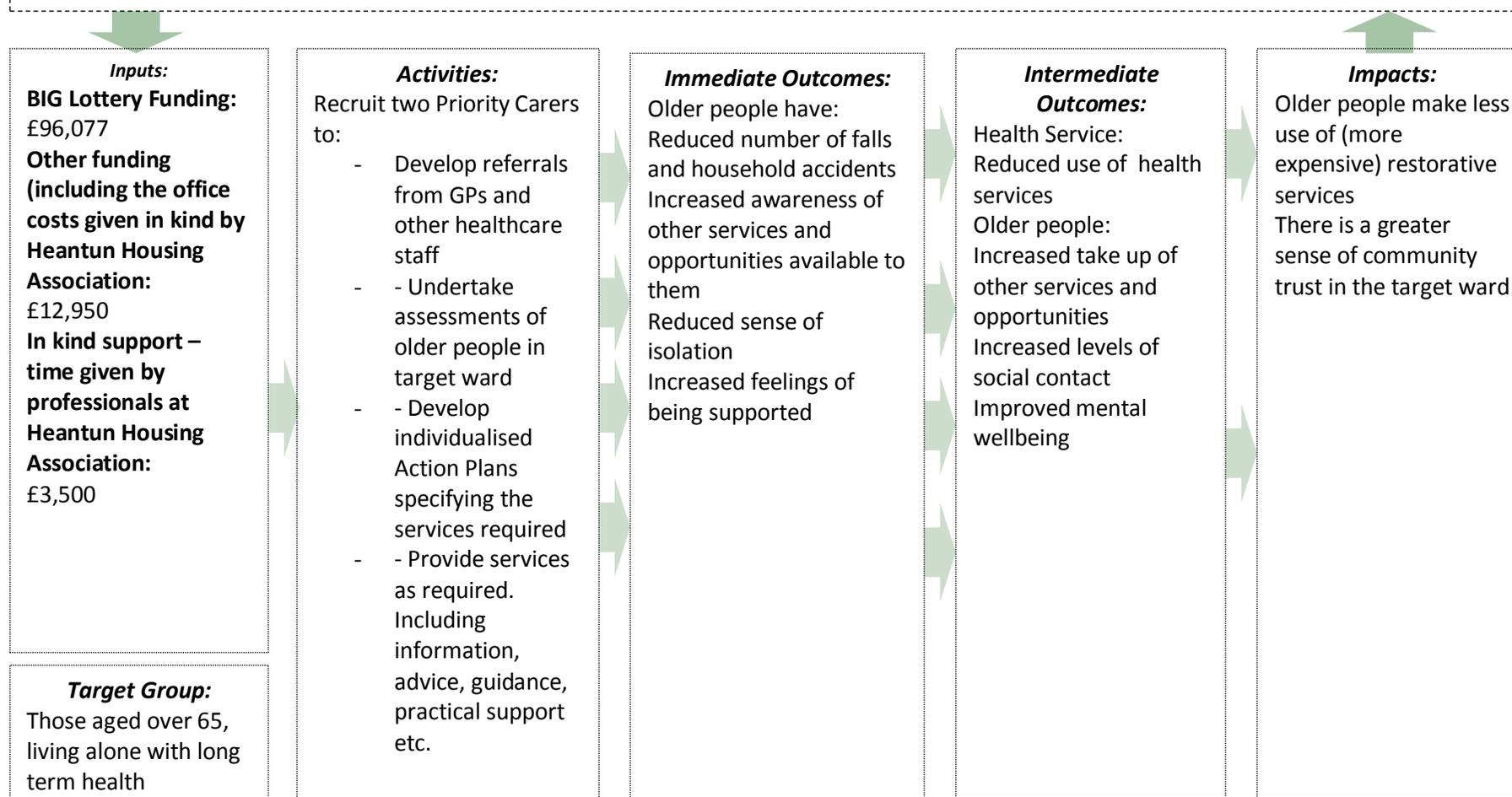
4.1 Logic Model

At the start of the Living Well programme, GHK worked with each local project to develop monitoring and evaluation plans, including a logic model (Figure 4.1). This shows how the inputs were intended to lead to outcomes and longer-term impacts on beneficiaries' wellbeing. The logic model also provides the basis for measuring outcomes, through the use of indicators against which each local Living Well project was asked to provide evidence. The Social Return on Investment analysis that follows is based on these indicators, and the data provided by the projects.

Figure 4.1 Logic Model – Priority Care

Priority Care Dudley

Context: Older people may become frequently isolated within communities. As families become smaller and more mobile, and as peers and spouses pass away, older people can be left with little regular social contact and may suffer from poor mental and physical health as a result. The effects of these processes are also felt at a broader level as less social contact in neighbourhoods results in reduced trust between neighbours - and increased fear of, and opportunity for, vandalism and crime. Effects at individual level may include increased worsening health and the use of restorative services (such as visits to the GP / stays in hospital), rather than taking more preventative action and the independent management of



4.1.2 Inputs

The inputs to the project comprise the actual spend of the project as reported by Priority Care in their financial returns. This was reclaimed from the BIG Lottery (£92,727). Over the lifetime of the project, an underspend was reported during our second evaluation visit. However, by the end of the project the expected level of spending had been met.

The project budget paid for 2 Priority Carers, and project management time.

In addition to spending funds from the BIG Lottery, Priority Care attracted in-kind support from Heantun Housing Association (HHA). HHA provided office space (£12,950) and support from professionals (valued at £3,500 in Priority Care's own report on costs and benefits).

4.1.3 Activities

As part of their Living Well monitoring, projects were asked to provide quarterly evidence about their activities and the number of beneficiaries that the project reached.

The project recruited 2 Priority Carer posts to provide tailored support and appropriate signposting to other services to older people with long term health conditions. The Priority Carers were managed by a project manager from HHA. In total 96 older people were supported by the project. 46 older people went on to take up other services (such as attending community centres) and 4 beneficiaries reported regularly meeting up. During the second evaluation visit it was reported that there had been enquiries from older people in the area who were not registered at the particular GP surgery that the project was working within. Unfortunately it was not possible for the project to support these people; however the expressions of interest in the service highlighted the high demand for such a service in the local area.

4.1.4 Outcomes

Outcomes are the results or effects of the activities of the project. They may be immediate, or more long-term, and can be measured by the project, either by using questionnaires, surveys or interviews. As part of their Living Well monitoring, tools were provided to assist projects in collecting data about outcomes.

Priority Care reported various outcomes that are important for this analysis, including increased social contact. In a survey filled out by 64 of the beneficiaries, 70% (45 older people) of beneficiaries reported that they had achieved this outcome. In addition, 83% (53 older people) said that the work of the Priority Carer had given them more options and choices to get the support they needed. The project also found that 84% (54 older people) of their beneficiaries reported improved mental wellbeing.

A further outcome achieved through the project was the reduction in the use of restorative health services. Priority Care carried out an assessment of beneficiaries' risk of having an emergency admission to hospital, using the EARLI tool, and established that 37 of the 96 older people that were supported were at a high or very high risk of emergency admission. Only two instances of hospital episodes were reported by the project. It is therefore reasonable to assume that about 10 instances of non elective inpatient admissions to hospital were prevented through the work of the project each year. These figures correspond with the earlier evaluation of the Priority Care model in Wolverhampton⁹.

4.1.5 Impacts

Impacts represent the long term difference made by the project. These tend to be more difficult to measure accurately, as they may occur long after the project has ended. However, if there is evidence that outcomes are successfully achieved, it is likely that there will be a long term impact in the future.

⁹ Bond and Dyson (2008) *An Impact Evaluation of The Priority Care Project Led By Wolverhampton Primary Care Trust*. Wolverhampton: University of Wolverhampton.

The expected impacts of the project included older people making less use of (more expensive) restorative health services and a greater sense of community trust in the target ward. There were significant examples of savings arising from the reduced use of restorative health services, as suggested by the logic model shown in Figure 4.1 above.

4.2 How were the costs measured?

The costs of the project are based on data provided by Priority Care. Annual spend on the project was reported in annual financial monitoring returns. The total spend was £105,677:

- £1,860 in year one (£1,860 BIG, £0 'other')
- £36,507 in year two (£28,357 BIG, £8,150 'other')
- £62,510 in year three (£62,510 BIG, £4,800 'other')

Additional in-kind support was provided by professionals from HHA; the cost for the time that they gave to the project (£3,500) was estimated in a cost/benefit report that was produced by Priority Care.

4.3 How were the benefits measured?

4.3.1 Choosing outcomes

Using the framework provided by the logic model and the evidence from management information from Priority Care the following measurable outcomes were defined. These outcomes fall to various stakeholders, as is set out in Table 4.1, which include the state and beneficiaries.

Each outcome has an indicator which allows us to look up how many people are likely to have had gained an outcome. This allows us to assign, at a later stage, a total value per year, for each outcome.

The rationale for including each outcome is given in the tables below, in order to describe why we considered these outcomes to be material. Outcomes that were included are shown in bold; those that were excluded are shown in normal text.

Table 4.1 Outcomes and Indicators

Stakeholder	Outcome	Indicator	Rationale
State	More appropriate use of health services	Reduced number of 'did not attend' at GP services due to project	It was reported that 36 people were supported to attend appointments at the GP. In general those who were supported to attend appointments had histories of missing booked appointments.
	More appropriate use of health services	Reduced use of acute services	It was reported in monitoring data, and by both beneficiaries and project staff, that use of hospital services had reduced due to the work of Priority Care.
Beneficiaries	Increased take up of other services		Though this outcome (beneficiaries taking up other services as a result of Priority Care) is likely to be a valuable, we do not know the number of beneficiaries taking up additional services, or what services these might be. We have

			therefore not included an indicator for this outcome.
	Increased levels of social contact and autonomy	Reduction in social isolation	Data provided by the project showed that beneficiaries reported increased levels of social contact.
	Improved mental wellbeing	Increase in level of wellbeing	Data provided by the project showed that beneficiaries reported improvements in wellbeing.

4.3.2 Valuing outcomes

Financial proxies were then used to value the gross benefit of each outcome, for each year of the project. Table 4.2 below shows why the financial proxies for each outcome were chosen, and the calculations for the number of times that each benefit occurred in each year.

It is likely that the total value of outcomes is higher than the sum of the values outlined below, as our assumptions are conservative. There are also potential outcomes for relatives – such as increased mental wellbeing through reassurance that their relatives are well cared for – but this has been excluded from the analysis below, as multiple assumptions would need to be made in order to calculate the value of such a benefit.

Table 4.2 Outcomes and financial proxies used

Outcome	Indicator	Unit Value of Benefit	Source of financial proxy	Explanation	No. of occurrences of the benefit each year	Explanation	Gross value of benefit per annum (£, approx)
More appropriate use of health services	Reduced number of 'did not attends' at GP services due to project	£48	Cost of missed appointment – Notts PCT ¹⁰	Cost of missing a GP appointment (£48)	12	The project reported that beneficiaries were supported to attend 36 GP appointments over the lifetime of the project. An average of 12 per year.	£580
More appropriate use of health services	Reduced use of acute services	£443	DCSF (2010) Evidence for Think Family Toolkit Guidance Note 03 ¹¹	Cost of an inpatient day	100	Priority Care carried out an assessment of people's risk of emergency admission to hospital found 47 older people were at a high or very high risk. If we assume that these people had a 70% risk of being admitted to hospital we would expect 33 admissions. Only 2 instances of hospital episodes were reported over the lifetime of the project. Therefore, over the 3 years of the project we would assume that 31 admissions were avoided. It is therefore reasonable to suggest that about 10 instances of non inpatient admissions to hospital were prevented each year (30 admissions avoided / 3 years = 10). An evaluation of Priority Care in	£44,300

¹⁰ <http://www.nottspct.nhs.uk/news-archive/618-play-your-local-nhs-right.html>

¹¹ <http://publications.everychildmatters.gov.uk/eOrderingDownload/Think-Family03.pdf>

						Wolverhampton found that beneficiaries who had hospital admissions had average stays in hospital of about 10 days. Occurrence is the number of inpatient days avoided in each year (10 admissions x average of 10 inpatient days per admission = 100 inpatient days avoided, per year).	
Increased levels of social contact and autonomy	Reduction in social isolation	£520	Taken from the Food and Expenditure Survey ¹²	Average spend on social activities	22	In a survey of Priority Care beneficiaries 70% responded that they had increased levels of social contact, The occurrence of this benefit is found by applying this proportion to the total number of beneficiaries and then dividing by 3 to give an average over the lifetime of the project.	£7,800
Improved mental wellbeing	Increase in level of wellbeing	£2,000	Gardner, J. and Oswald, A. J. (June 2006) "Money and Mental Wellbeing: A Longitudinal Study of Medium Sized Lottery Wins"	Windfall required to produce an increase of about one point in mental wellbeing on the General Health Questionnaire.	27	In a survey of Priority Care beneficiaries 83% responded that they had improved wellbeing. The occurrence of this benefit is found by applying this proportion to the total number of beneficiaries and then dividing by 3 to give an average over the lifetime of the project.	£36,000

¹² found at <http://www.sroiproject.org.uk/sroi-database/proxy-information.aspx?id=2326&from=1608>

4.3.3 Attribution, deadweight and drop-off

The Social Return on Investment model takes account of attribution and deadweight for each benefit (see section 2.1). In most cases, we have assumed a large proportion of the outcomes can be attributed to Priority Care. However, there was another relatively similar project being run in the area at the time. This similar project, run by Age UK, did not specifically target those with long term conditions but it is reasonable to assume that had Priority Care not existed, at least a small number of its beneficiaries may have been referred to the Age UK project.

In establishing drop off we considered existing evidence provided by literature, project visits during the evaluation of Living Well and monitoring data from Priority Care. These are shown in Table 4.3 below.

Table 4.3 Drop Off and Attribution

Outcome	Indicator	Drop off	Explanation	Attribution	Explanation
More appropriate use of health services	Reduced number of 'did not attends' at GP services due to project	80%	It is assumed that when the project finishes then people are no longer supported to attend the GP. Consequently, drop off is likely to be very high but some may continue to attend their appointments after the lifetime of the project.	80%	Though there was a similar project being run in the area, it did not specifically target those with long term health conditions and so a high level of attribution is assumed with regard to supporting people to attend GP appointments.
More appropriate use of health services	Reduced use of acute services	20%	It is assumed that fittings and strategies have been established that make accidents in the home less likely and that these will sustain beyond the life of the project.	80%	Though there was a similar project being run in the area, it did not specifically target those with long term health conditions and so a high level of attribution is assumed with regard to reducing the use of acute services.
Increased levels of social contact and autonomy	Reduction in social isolation	40%	Whilst some social contact would cease if the project was removed our fieldwork identified that through the project some older people had re-entered friendships with people that they hadn't been in contact with for many years.	80%	A similar project was being run in the same area but was not targeting those with long term conditions and so a high level of attribution is assumed with regard to reducing the use of acute services.
Improved mental wellbeing	Increase in level of wellbeing	60%	Data from NICE shows that risk of relapse to depression following CBT is high (0.636) so it is likely that improvements in mental health will have a similarly high drop off rate.	80%	A similar project was being run in the same area but was not targeting those with long term conditions. It is reasonable to assume that this, similar, project may have come into contact with and addressed the needs of some beneficiaries with regard to improving their mental health had Priority Care not existed

4.4 Calculating the SROI

Once net present value of the costs (over three years) and benefits (over a five year time frame) is taken into account, the Social Return on Investment can be calculated.

The formula for calculating the return on investment is:

$$\text{SROI Ratio} = \frac{\text{Discounted total benefits}}{\text{Discounted total costs}}$$

A value greater than 1 indicates a positive return on investment.

The approximate social return on investment generated by Priority Care is about **£5.50 for every £1 invested**.

It should be reiterated that these are estimates and had different proxies or assumptions been used, the outcome would have been different – there is no universally accepted way to value every outcome. Rather, the reader can engage with, and critique the choice of proxies and the assumptions, and use the same method to determine results – the key to this entire exercise is that it should be transparent and open to comment.

Neither should the SROI analysis be used as a way of planning operating costs or planning detailed returns on investment for specific commissioners – it takes a broad societal perspective of ‘value’ generated.

Nevertheless, it can be seen that Priority Care provides good value for money even when taking a particularly conservative approach to the valuing of its outcomes. Indeed, some outcomes remain beyond the scope of the analysis as it was not possible to attach a financial value to them (e.g. increased take up of other services, reassurance given to relatives) and so the ratio provided is most likely to be an underestimation of the value for money provided by the project.

4.5 Sensitivity Analysis

Sensitivity analysis is important in order to test the findings of the analysis above (called a ‘base case’, and to examine which changes in our assumptions produce the greatest effects in the final result.

We can test our assumptions regarding the attribution of outcomes to the project. Whilst there was a similar project operating in the area, it was less targeted and a recent report made to Dudley MBC Cabinet identified the need to extend befriending projects in order to tackle the problem of social isolation among older people in the area. If we increase the attribution for the outcome of improved social contact by 20 percentage points, the social return increases slightly but remains at around £5.50 for every £1 invested. In relation to other SROI studies, the analysis displays quite a low sensitivity to change. As a result, the figures given here for social return are likely to be reliable.

The largest benefit attributed to the project regards non elective inpatient admissions to hospital. If we reduce the occurrence of this benefit by 20 percentage points (8 admissions per year rather than 10, resulting in 80 inpatient bed days instead of 100), the value of the outcome is reduced to around £4.50 for every £1 invested. If we assume a drop off rate that is 20 percentage points higher for non elective inpatient admissions to hospital than that used in the model results in a return of about £4.50 for every £1 invested.

One of the benefits most sensitive to change is improved mental wellbeing. If we assume drop off rate for improved mental wellbeing is 20 percentage points lower, the return increases to around £6.00 for every £1 invested. On the other hand, increasing the drop off by 20 percentage points reduces the rate of return to about £5.00 for every £1 invested. Again, in relation to other SROI studies the sensitivity to changes seen here is relatively small.

A technique used to test the sensitivity of findings that is frequently used in cost-benefit analysis (CBA) studies is to find how much the benefits would have to be reduced in order

for the ratio to become 1:1, meaning the return on investment would be 0 (and therefore, the project would not be worth the investment). In the case of Priority Care, the value of all the benefits would have to be reduced by just over 80% in order for the return on investment to be 0.

5 Wellness Works

Wellness Works in Worcestershire delivered tailored support to employers in the voluntary and community sector (VCS), public and private sectors, offering free consultancy and training that covered a wide range of working practices from recruitment to quality standards. The project aimed to convince employers of the business case for improving wellbeing in the working environment and the role played by improved wellbeing, in contributing to sustainable growth and achieving performance targets.

The project aligned itself with recent developments in national policy which highlight the need to support people suffering from mental health problems to either remain in the workplace or (re)enter their workplace. Research has shown that stress, depression and anxiety are the cause of more working days lost than any other work-related illness¹³. Research conducted locally in Worcestershire and Herefordshire by Community First had also demonstrated that employers' lack of knowledge / the stigma around mental health was one of the main barriers for mental health service users to entering and retaining employment.

If not recognised and supported effectively, mental health issues can lead to significant periods of absence from work, with implications for both employers and employees. Not only does absenteeism impact on an employer's productivity levels, but periods of absence from the workplace can also compound an individual's mental health problems and potentially add to the stigma experienced if, and when, they return to work. As well as absences from work, stress leads to lower productivity for employees that continue to work; this is known as 'presenteeism'. Research has also demonstrated that a satisfying and stimulating working life has a positive impact on emotional wellbeing and mental health, thereby reinforcing the case for workplaces to put in place measures to protect and support the mental health of their employees.

Wellness Works delivered learning opportunities within the workplace to both managers and staff regarding peer support/mentoring and understanding bullying and harassment. As the project developed, the cascading of knowledge became identified as an important need, so managers were able to attend training and pass knowledge on to colleagues. This occurred in the final year of BIG funding.

5.1 Logic Model

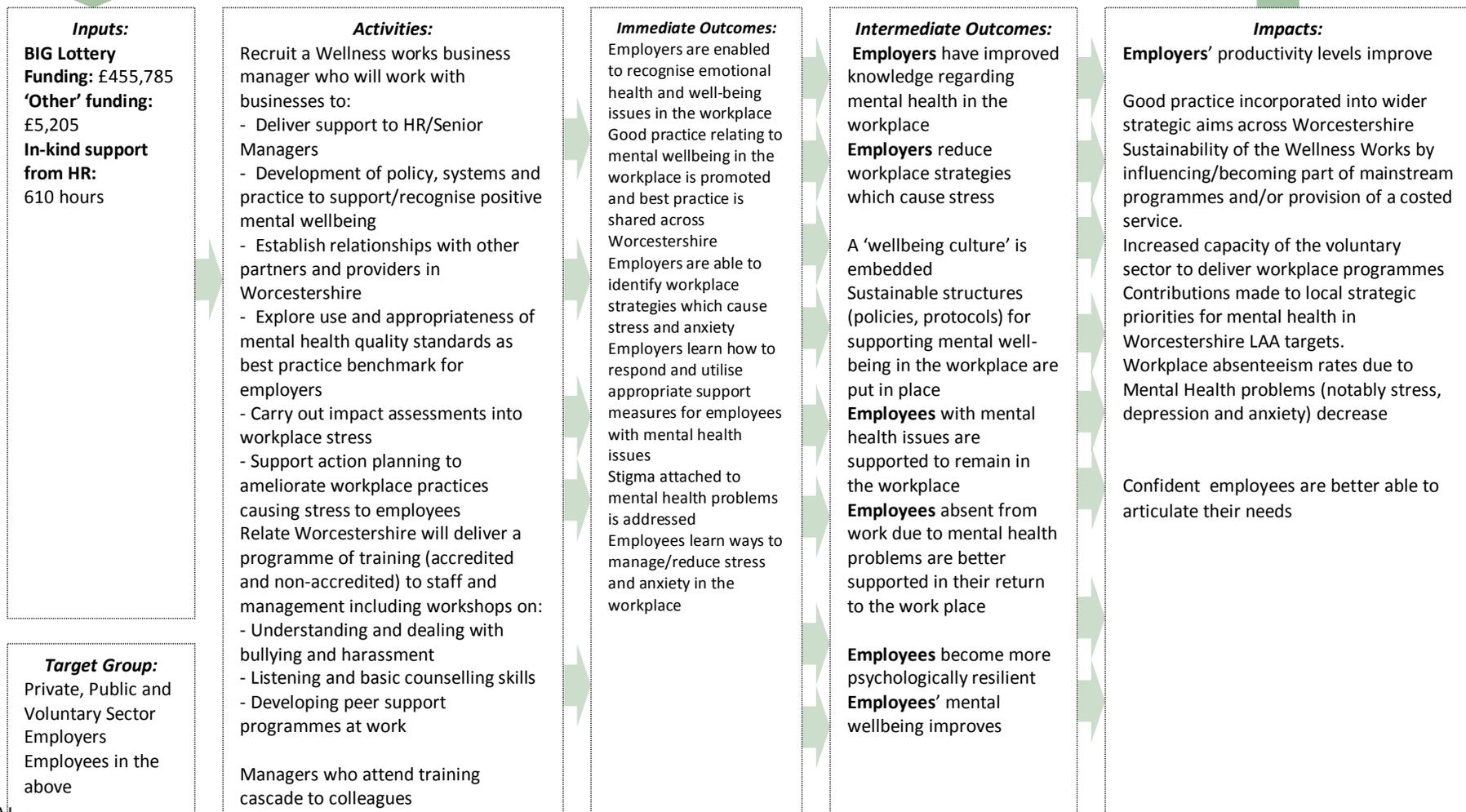
At the start of the Living Well programme, GHK worked with each local project to develop monitoring and evaluation plans, including a logic model (Figure 5.1). This shows how the inputs were intended to lead to outcomes and longer-term impacts on beneficiaries' wellbeing (including both employers and employees). The logic model also provides the basis for measuring outcomes, through the use of indicators against which each local Living Well project was asked to provide evidence. The Social Return on Investment analysis that follows is based on these indicators, and the data provided by the projects

Figure 5.1 Logic Model – Wellness Works

¹³¹³ *Health and Safety Statistics Highlights 2005/06*. See also Dame Black's recent review 'Working for a Healthier Tomorrow'

Wellness Works Worcestershire

Context: The project aimed to convince employers of the business case for improving wellbeing in the working environment. Recent developments in national policy highlight the need to support people suffering from mental health problems to either remain in the workplace or (re)enter their workplace. Research conducted locally in Worcestershire and Herefordshire by Community First had also demonstrated that ignorance / prejudice was one of the main barriers for mental health service users to entering and retaining employment. If not recognised and supported effectively, mental health issues can lead to significant periods of absence from work, with implications for both employers and employees. Absenteeism impacts on productivity levels and periods of absence from the workplace can also compound an individual's mental health problems.



5.1.2 Inputs

The inputs to the project comprise the actual spend of the project as reported by Wellness Works in their financial returns. This was reclaimed from the BIG Lottery (£455,785). In the second year, the project reported an underspend. However, by the end of the project, the project spent more than the amount allocated under BIG funding; this shortfall was covered by funding from other sources.

The project budget paid for a small team of part time staff:

- Contract Manager (approximately 10 hours per week)¹⁴;
- Business Advisor (approximately 32 hours per week);
- Partnership Manager (approximately 5 hours per week); and
- An admin post (approximately 14 hours per week).

As noted above, Wellness Works received funding from 'other' sources (£5,205). The project also received in kind support from HR professionals, who provided 610 hours of their time to the project. This can be valued by applying the median UK hourly wage (£13.49), giving a total figure of £8,229 for this support.

5.1.3 Activities

As part of their Living Well monitoring, projects were asked to provide quarterly evidence about their activities and number of beneficiaries that the project reached.

The programme recruited a Business Manager. In order to fill this key position, it was necessary to advertise externally. The post was filled in March 2008, and this resulted in a delay in delivery. Despite this, the expected number of employers engaged with by the project (40) was significantly exceeded (67). Over the lifetime of the project, 34 workplace impact assessments were carried out, 36 action plans were written by employers, 109 sessions were delivered by Relate, and 1775 people were reported as benefiting directly from the project.

The activities that took place over the life of the project remained very close to those set out in the original logic model in 2007. However, it was identified in GHK's second evaluation visit that there was a need and demand for the cascading of training, with managers attending training and then passing on the knowledge that they gained to colleagues. This change took place in the latter part of the project and the logic model (Figure 5.1) has been adjusted from the original in order to take account of that change.

5.1.4 Outcomes

Outcomes are the results or effects of the activities of the project. They may be immediate, or more long-term, and can be measured by the project, either by using questionnaires, surveys or interviews. As part of their Living Well monitoring, tools were provided to assist projects in collecting data about outcomes.

Wellness Works reported various outcomes that are important for this analysis, including reductions in employee absence. Seven employers reported that rates of absence due to mental health problems (stress, depression, anxiety) had decreased. We have assumed that the project was able to target the intervention towards employees at greatest need. We suggest that for an employer to recognise lower absentee rates there must have been a noticeable reduction in staff absenteeism and so an average of 2 employees per employer with reduced levels of absence is assumed. Therefore, we assume that over the lifetime of the projects about 14 employees that would have had stress had reduced their absence from 23 days per year to 6 days per year (see Table 5.2). The project also found that employees reported that they had been supported to stay in (or return to) the workplace – therefore, the cost to society of treating employees for mental health problems has been avoided. 43 employees were reported to have achieved this outcome in the project's monitoring returns.

¹⁴ Hours per week are taken from information provided on the first of GHK's three evaluation project visits.

Data from the project showed that 19 employers reported improved productivity. We can combine this figure (19) with the average (mean) number of employees per employer that engaged with Wellness Works (26) and the estimated prevalence of presenteeism¹⁵ in the workplace¹⁶. The Sainsbury Centre for Mental Health (SCMH) estimates that just under 17% of employees have reduced productivity in the workplace due to stress, depression, and anxiety. Therefore we can assume that 82 employees are less productive than they would be because of poor mental health. SCMH give a cost per employee for this loss in productivity (see Table 5.2).

Data from the project was also available on a range of outputs and outcomes which indicate that outcomes may be sustained in the future. Data from Wellness Works showed that employers reported that:

- Sustainable structures (policies and protocols) for supporting wellbeing had been put in place (23);
- Stigma attached to mental health problems in the workplace had reduced (26);
- Employers' ability to identify causes of stress and anxiety had been increased (72);
- Knowledge to put in place support measures for employees was improved (72); and
- Strategies that cause stress had been reduced (21).

5.1.5 Impacts

Impacts represent the long term difference made by the project. These tend to be more difficult to measure accurately, as they may occur long after the project has ended. However, if there is evidence that outcomes are successfully achieved, it is likely that there will be a long term impact in the future.

Impacts expected by Wellness Works include: employers' productivity levels improve; workplace absenteeism rates due to mental health problems decrease; good practice regarding mental health in the workplace is included into wider strategic aims across Worcestershire; employees are better able to articulate their needs; the capacity of voluntary sector to deliver workplace programmes is increased; Wellness Works influences mainstream services. Many of these impacts are very closely linked to outcomes (e.g. a decrease in workplace absenteeism rates due to mental health problems is very closely linked to reductions in absence due to stress). It can therefore be seen that progress towards impacts is very clearly illustrated by the achievement of outcomes.

5.2 How were the costs measured?

The costs of the project are based on data provided by Wellness Works. The total cost (including spend and in-kind support) was £469,219 over three years.

5.3 How were the benefits measured?

5.3.1 Choosing outcomes

Using the framework provided by the logic model and the evidence from management information from Wellness Works, measurable outcomes were defined. These outcomes have an impact on various stakeholders, as set out in Table 5.1, which include the state and beneficiaries.

Each outcome has an indicator which allows us to look up how many people in each year are likely to have benefited. This allows us to 'count' the benefits and the number of times they occur; in some cases, the same outcome can lead to multiple benefits for different stakeholders. This method allows us to assign, at a later stage, a total value per year for

¹⁵ Essentially the notion of presenteeism is that people attend work despite illness, resulting in losses in productivity.

¹⁶ http://www.centreformentalhealth.org.uk/pdfs/mental_health_at_work.pdf

each of the reported benefits (expressed in monetary, i.e. £ terms), beside each outcome that they refer to.

The rationale for including each outcome is given in the tables below. It should be noted that we have only included the most important outcomes for which evidence was collected (or can reasonably be assumed) – therefore this is a conservative estimation of the value of all the outcomes.

Table 5.1 Outcomes and Indicators

Stakeholder	Outcome	Indicator	Rationale
State	Employees absent from work due to mental health problems are supported in their return to the work place	Reduced need for health services	We assume that if employees that would otherwise be absent are supported to remain in the workplace, they are less likely to use health services to treat poor mental health, thus creating a saving for the state.
Employers	Employers improve knowledge regarding workplace wellbeing	Improved ability to recognise emotional and mental wellbeing issues in the workplace	Data from the project showed employers reported that their knowledge of wellbeing in the workplace had improved.
	Employers eliminate workplace strategies which cause stress	Reduction in presenteeism ¹⁷	This indicator assumes that eliminating workplace strategies that cause stress will lead to fewer members of staff experiencing stress in the workplace, which in turn will lead to reduced rates of presenteeism.
	Employers eliminate workplace strategies which cause stress	Reduction in absence due to stress	This indicator assumes that eliminating workplace strategies that cause stress will lead to fewer members of staff experiencing stress in the workplace, which in turn will lead to reduced rates of absenteeism. If fewer employees are absent then there will be a benefit to the employer.
	Sustainable structures for supporting mental wellbeing in the workplace are put in place	Reduction in staff turnover resulting from bullying	As part of the workshops and training provided by the project, Relate delivered courses on understanding and dealing with bullying and harassment, listening and basic counselling skills and the development of peer support programmes. If these workshops lead to a reduction in bullying, then staff turnover as a result of bullying is also likely to be reduced.

¹⁷ Essentially the notion of presenteeism is that people attend work despite illness, resulting in losses in productivity.

	Sustainable structures for supporting mental wellbeing in the workplace are put in place	Improved productivity due to no bullying	Similar to the above, if these workshops lead to a reduction in bullying, then workplace productivity is likely to increase.
Employees	Employees become more psychologically resilient	Improved ability of employees to manage stress in the workplace	If employees have the skills to deploy strategies to cope with strains on mental health in the workplace, then they will be more resilient to stress, depression and anxiety. We can place a value on the increased resilience of employees by examining the cost savings to employers.
	Employees' mental wellbeing improves	Increased level of mental wellbeing	If employees have less stress in the workplace, they are likely to have improved mental wellbeing as well. We can also value general increases in mental wellbeing at the individual level.

5.3.2 Valuing outcomes

Financial proxies were then used to value the gross benefit of each outcome, for each year of the project. Table 5.2 below shows why the financial proxies for each outcome were chosen, and the calculations for the number of times that each benefit occurred in each year

Table 5.2 Outcomes and financial proxies used

Outcome	Indicator	Unit Value of Benefit	Source of financial proxy	Explanation	No. of occurrences of the benefit each year	Explanation	Gross value of benefit per annum (£, approx)
Employees absent from work due to mental health problems are supported in their return to the work place	Reduced number of people accessing health services	£750	London School of Economics (June 2006) "The Depression Report A New Deal for Depression and Anxiety Disorders"	This is the 'avoided cost' of a course of cognitive behaviour therapy.	14	Data from Wellness Works indicated that over the lifetime of the project 43 people reported that they were supported to remain in, or return to, the workplace following Wellness Works intervention. These people might otherwise have had to seek help for mental health problems. Therefore 43 / 3 years = 14.	£10,500
Employers improve knowledge regarding workplace wellbeing	Improved ability to recognise emotional and mental wellbeing issues in the workplace	£500	http://www.precioushealth.org.uk/workplacehealthpromotion/PreciousHealth.html	Cost of a wellbeing workshop for one employer	24	72 Employers reported that they had improved ability to recognise emotional and mental wellbeing issues in the workplace. Therefore 72 / 3 years = 24.	£12,000
Employers reduce workplace strategies which cause stress	Reduction in presenteeism	£605	The Sainsbury Centre for Mental Health (2007) "Mental Health at Work: Developing a	Cost of presenteeism per employee each year.	27	The number of occurrence is arrived at by multiplying the number of employers reporting improved productivity (19) by the average number of employees per employer engaged with Wellness Works (26), giving a figure of	£16,600

			Business Case" http://www.scmh.org.uk/pdfs/mental_health_at_work.pdf			494. Based on the prevalence of presenteeism described by SCMH, we assume 1 in 6 ¹⁸ of these employees (82) has reduced presenteeism over the lifetime of the project (82 employees over 3 years = 27 per year).	
Employers reduce workplace strategies which cause stress	Reduction in absence due to stress	£80	NICE (November 2009) "Promoting mental wellbeing at work Business Case"	Cost of employee absence	79	7 employers reported that there was a reduced absence. We assume that at least 2 employees for each reporting employer have reduced absence (14) over three years (about 5 per year). HSE ¹⁹ statistics show that 23 days is the average number taken as absences by people reporting stress. Around 6 days is the average rate of absence for an employee that is not suffering from stress (CIPD ²⁰). Therefore 17 days is the difference between an average employee and a stressed employee. The number of days of reduced absence is therefore (14 employees x 17 fewer days absent) / 3 years = 79 days per year	£6,300
Sustainable structures for supporting mental wellbeing in the workplace are put in place	Reduction in staff turnover resulting from bullying	£11,625	Sainsbury Centre for Mental Health (2007) "Mental Health at Work: Developing a Business Case" http://www.scmh.org.uk/pdfs/mental_health_at_work.pdf	Cost of recruiting, selecting and training a replacement worker	5	1164 employees attended workshops run by Relate. The source for this proxy estimates an 11% prevalence of bullying in the work place. We assume that those engaging with the workshops are doing so as they recognise that there is a particular problem in their organisation. Therefore, we assume a higher rate of prevalence of 22%. If we apply this rate (22%), we can assume that 256 employees	£62,000

¹⁸ The report from SCMH identifies this prevalence rate of presenteeism

¹⁹ <http://www.hse.gov.uk/statistics/causdis/stress/days-lost.htm>

²⁰ <http://www.cipd.co.uk/news/articles/uks-sickness-absence-rates-are-below-european-average.htm>

						would have been targets of bullying. The source of this proxy also estimates that around 6% of those who are bullied change their job. Applying this turnover rate we assume 15 employees would be expected to change their job over the life of the project due to bullying. As a result we would expect 5 employees to change job each year.	
Sustainable structures for supporting mental wellbeing in the workplace are put in place	Improved productivity due to no bullying	£100		Median daily salary in the UK.	294	<p>Targets of bullying have reduced productivity of about 1.5%; we assume a prevalence of bullying of 22% (see above). 256 employees who benefited from Wellness Works would otherwise have suffered from bullying.</p> <p>Between them, these employees work 58,880 working days in total per year (taking account of leave).</p> <p>If 1.5% of those working days are lost due to reduced productivity caused by bullying, we can assume that Wellness Works led to 883 working days being gained over the three years of the project.</p> <p>Therefore 883 / 3 years = 294 days gained per year.</p>	£29,400
Employees become more psychologically resilient	Improved ability of employees to manage mental health in the workplace	£250	NICE (November 2009) "Promoting mental wellbeing at work Business Case"	Saving due to improved management of mental health in the workplace (per employee)	257	NICE use unit benefits from SCMH (2007) to identify the effect of improved management of mental health to a typical workplace with 1000 employees. The value of improved management of mental health in such a workplace is £250,000. By dividing the value given by NICE by 1000, we identify a unit benefit per employee (£250). This can then be multiplied by the number of people that have	£64,300



						reported that they have improved their knowledge of strategies for managing mental health in the workplace as a result of Wellness Works (770 people over 3 years, or 257 per year).	
Employees mental wellbeing improves	Value of improved mental health	£2,000	Gardner, J. and Oswald, A. J. (June 2006) "Money and Mental Wellbeing: A Longitudinal Study of Medium Sized Lottery Wins"	Windfall required to produce an increase of about one point in mental wellbeing on the General Health Questionnaire.	40	Data was not available on the number of people reporting improved mental wellbeing. We assume that 10% of all reported direct beneficiaries (1775) experienced an improvement in mental wellbeing (around 40 people each year)	£80,000

5.3.3 Attribution, deadweight and drop off

The Social Return on Investment model takes account of attribution and deadweight for each benefit (see section 2.1). In most cases, we have assumed a large proportion of the outcomes can be attributed to Wellness Works because there were no other similar services in the area that beneficiaries could have accessed. For, improved productivity due to reductions in bullying, we have assumed that a lesser amount of bullying will continue, and have thus adopted a lower level of attribution.

In general, we have assumed low drop-off rates for the benefits because the project worked with employers to establish policies, protocols and strategies that will become embedded in the workplace. The monitoring data and the evaluation of Wellness Works (as part of the wider evaluation of Living Well) indicated that the benefits of such actions were likely to be sustained.

Table 5.3 Drop Off and Attribution

Outcome	Indicator	Drop off	Explanation	Attribution	Explanation
Employees absent from work due to mental health problems are supported in their return to the work place	Reduced number of people accessing health services	20%	Drop off is assumed to be low as the project supported employers to install sustainable policies and procedures into the workplace	80%	We have assumed a high rate of attribution to the project as it is there were no similar interventions taking place at the same time.
Employers improve knowledge regarding workplace wellbeing	Improved ability to recognise emotional and mental wellbeing issues	20%	We assume some deterioration of knowledge over time, however, drop off here is likely to be relatively low. Most drop off is likely to occur in the first three months following training, with retention of knowledge remaining reasonably consistent following this initial decline ²¹ .	80%	We have assumed a high rate of attribution to the project as it is there were no similar interventions taking place at the same time.
Employers reduce workplace strategies which cause stress	Reduction in presenteeism	20%	Drop off is assumed to be low as the project supported employers to install sustainable policies and procedures into the workplace	80%	We have assumed a high rate of attribution to the project as it is there were no similar interventions taking place at the same time.
Employers reduce workplace	Reduction in absence due	20%	Drop off is assumed to be low as the project supported employers to install sustainable	80%	We have assumed a high rate of attribution to the project as it is there were no similar

²¹ <http://www.abe.sju.edu/proc2003/kamucho.pdf>

strategies which cause stress	to stress		policies and procedures into the workplace		interventions taking place at the same time.
Sustainable structures for supporting mental wellbeing in the workplace are put in place	Reduction in staff turnover resulting from bullying	20%	Drop off is assumed to be low as the project supported employers to install sustainable policies and procedures into the workplace	80%	We have assumed a high rate of attribution to the project as it is there were no similar interventions taking place at the same time.
Sustainable structures for supporting mental wellbeing are put in place	Improved productivity due to no bullying	20%	Drop off is assumed to be low as the project supported employers to install sustainable policies and procedures into the workplace	20%	This proxy assumed the removal of all bullying from the workplace. We assume that it is unlikely that bullying would be totally removed from the workplace through attending a Relate workshop. Therefore, we assume a relatively low rate of attribution.
Employees become more psychologically resilient	Improved ability of employees to manage mental health in the workplace	20%	As with the improved knowledge of employers regarding workplace wellbeing, we assume some deterioration of knowledge over time, however, drop off here is likely to be relatively low. Most drop off is likely to occur in the first three months following training, with retention of knowledge remaining reasonably consistent following this initial decline.	80%	We have assumed a high rate of attribution to the project as it is there were no similar interventions taking place at the same time.
Employees mental wellbeing improves	Value of improved mental health	60%	Data from NICE shows that risk of relapse to depression following CBT is high (0.636) so it is likely that improvements in mental health will have a similarly high drop off rate.	80%	It is possible that individual employees could have improved their mental health through other interventions or activities outside the workplace.

5.4 Calculating the SROI

Once net present value of the costs (over three years) and benefits (over a five year time frame) is taken into account, the Social Return on Investment can be calculated.

The formula for calculating the return on investment is:

$$\text{SROI Ratio} = \frac{\text{Discounted total benefits}}{\text{Discounted total costs}}$$

A value greater than 1 indicates a positive return on investment.

The **approximate** social return on investment generated by Wellness Works is **around £3.00 for every £1 invested**.

It should be reiterated that these are estimates and had different proxies or assumptions been used, the outcome would have been different – there is no universally accepted way to value every outcome. Rather, the reader can engage with, and critique the choice of proxies and the assumptions, and use the same method to determine results – the key to this entire exercise is that it should be transparent and open to comment.

Neither should the SROI analysis be used as a way of planning operating costs or planning detailed returns on investment for specific commissioners – it takes a broad societal perspective of ‘value’ generated.

Nevertheless, it can be seen that Wellness Works provides value for money even when taking a conservative approach to the valuing of its outcomes.

5.5 Sensitivity Analysis

Sensitivity analysis is important in order to test the findings of the analysis above (called a ‘base case’) and to examine which changes in our assumptions produce the greatest effects in the final result.

One way in which we can test the sensitivity is to alter the assumptions that we make regarding the level of attribution to the project. If we were to reduce the amount of improved mental wellbeing attributed to the project by 20 percentage points, we would see a very small reduction in the return on investment (less than 20 pence) with the ratio remaining around £3.00 for every £1 invested. Doing the same with the outcome that accounts for the largest financial benefit (improved psychological resilience) there is a similar change to the final outcome (a reduction of just over 20 pence) and the ratio remains around £3.00 for every £1.00 invested. If we carry out the same test with regard to reductions in staff turnover due to bullying, the final outcome changes similarly (the social return is reduced by just over 20 pence and the ratio remains at around £3.00 for every £1 invested).

We can also test our assumptions about the number of beneficiaries achieving an outcome. If we assume that just 5% (rather than the 10% assumed in the base case) of the project’s beneficiaries improved their mental wellbeing, then the return on investment is reduced by just over 30 pence. If this benefit was to be removed totally from the analysis, the return on investment would be £2.50 to every £1 invested.

The base case also displays low sensitivity to changes in drop off. Increasing the rate of drop-off for the largest financial benefit (improved psychological resilience) reduces the return to around £2.50 for every £1 invested.

A technique used to test the sensitivity of findings that is frequently used in cost-benefit analysis (CBA) studies is to find how much the benefits would have to be reduced in order for the ratio to become 1:1, meaning the return on investment would be 0 (and therefore, the project would not be worth the investment). In the case of Wellness Works, the value of all the benefits would have to be reduced by around 66% in order for the return on investment to be 0.

6 Conclusions

This section examines the main conclusions from the SROI analysis of the three Living Well projects. As well as our main findings on social return, we can also comment on the benefits of using SROI as a methodological approach to evaluation – and how it is capable of bringing a different kind of insight on the value of such work to society as a whole.

The analysis shows that investment in ‘preventative’ services such as Women In Motion, Priority Care and Wellness Works generates substantial benefits for individuals and society.

We have examined the SROI arising from three distinct services in the Living Well portfolio. Although each of the three projects had different aims, they are united by the common aim of improving beneficiaries’ wellbeing in the widest sense – whether by creating a network of volunteers to promote physical activity among disadvantaged communities, befriending isolated older people and helping them to manage their own care, or training employees and employers in order to tackle the causes of stress and poor mental health in the workplace.

However, it can be difficult for funders and commissioners to recognise the value of such projects to the wellbeing of society as a whole. Because it takes this wider perspective, SROI can help to bridge this gap by showing the value of all the different social outcomes created by each project, in monetary terms. The results of the analysis showed that the approximate social return on investment for every £1 invested is:

- **£7 for Women In Motion;**
- **£5.50 for Priority Care;** and
- **£3.00 for Wellness Works.**

These figures show that these projects do have a positive impact on their beneficiaries that outweighs the cost of investing in them. The slightly higher figure for Women In Motion largely reflects the mental wellbeing benefits for a much higher number of beneficiaries than the other two projects. Although they do not represent savings to the state or the NHS alone, they do show that the work of the projects is valued by a wide range of stakeholders.

The analysis shows that many different stakeholder groups benefit from the projects.

The three SROI case studies also show that the projects have a wide range of stakeholders that benefit from their work, and that these stakeholders value the outcomes from the projects. Stakeholders that benefit include:

- The state or the public purse, who benefits when people are able to use health services more appropriately, or when reduce their use of more expensive treatment services;
- Volunteers, who benefit by gaining new qualifications and becoming more employable, as well as increasing their own mental or physical wellbeing (for example, in the Women In Motion project);
- Employers, who benefit from increased productivity and reduced absence when their employees are more mentally resilient and aware of looking after their own mental health (for example, in the Wellness Works project); and
- Beneficiaries, who benefit from having higher levels of physical fitness (so are less likely to have poor health in future), or from being less socially isolated (so having greater mental resilience), or from having less stress (and therefore less likely to use mental health services).

The SROI approach is beneficial because it ensures that the value generated for all these stakeholders is captured and monetised.

The analysis is able to project benefits into the future.

The figures that we have given not only include the benefits that occur over the lifetime of the project; they also take future benefits into account. By using data from the projects and the wider evaluation of Living Well, we can not only look at the value of benefits that occurred during the lifetime of the programme, but also the value of benefits that are likely to extend into the future. The added value of SROI is that it can show how benefits can extend into the future, in monetary terms.

Finally, by making sure our assumptions are conservative and cautious, we can be sure that our claims of the social value generated are robust and defensible.

For this analysis, we have been conservative and cautious in our assumptions. For example, we have taken attribution and drop-off (see the Glossary) into account in our calculations for the final social returns for each of the projects. We have also used a five year period for the duration of benefits.

However, it is likely that certain benefits (such as employers putting policies in place that reduce stress and mental ill health) may extend even further into the future. We have also excluded outcomes where a wider group of people who may experience an indirect benefit from the projects (for example, the families of beneficiaries that are less socially isolated, in the Priority Care example). This makes it more likely that we are not 'over claiming' and that the figures that are given here may even be underestimates.

We have also carried out sensitivity analyses on the calculations. These also allow us to show that even when our assumptions are changed or if certain benefits are left aside, the projects still generate a social value greater than the original amount invested.

Glossary

This annex draws on the SROI Guide 2009 which can be found here

(http://www.thesroinetwork.org/component/option,com_docman/task,cat_view/gid,29/Itemid,38/)

Activities	The actions / services provided by a project
Additionality	The extent to which something happens <i>as a result of</i> an intervention
Attribution	How much of the outcome was caused by an intervention (closely related to Additionality)
Avoided Cost	What might have been paid had an intervention not taken place (e.g. the cost of treatment for an old person admitted to hospital if a fall had not been prevented)
Base Case	The findings of an analysis before variables and assumptions are tested for their sensitivity (see sensitivity analysis below)
Deadweight	The amount of the outcome that would have happened even if the activity had not taken place (opposite of Additionality / Attribution)
Discounting	A process in which future financial costs and benefits are recalculated to present day values through the use of a discount rate (see Net Present Value)
Discount Rate	An interest rate used to discount future costs and benefits to find their present value (see Net Present Value). In the UK, the HM Treasury Green Book guidance suggests a rate of 3.5%
Drop-off	The deterioration of an outcome over time
Duration	How long an outcome lasts following an intervention
Impact	Impacts represent the long term difference made by the project
Indicator	A defined measure of an outcome
Inputs	Resources used for activities (the costs of an intervention)
Logic Model	An illustration of how the impacts of a project or programme are achieved. Logic Models show the links between inputs, activities, outcomes and impacts within the context in which the project or programme operates.
Monetise	To assign a financial value to something
Net Present Value (NPV)	The value of an investment in today's prices. Net Present Value is found by taking the total value of benefits and costs now and in the future. Future benefits and costs are then adjusted to today's value by applying a discount rate. The costs are then subtracted from the benefits to give the value of an investment in today's prices.
Outcome	The changes that result from an activity
Outputs	A description of activities in quantitative terms
Proxy	An approximation of value where an exact measure cannot be obtained
Scope	The boundaries of an analysis
Sensitivity Analysis	A process in which the effect of changes to variables and assumptions used in a base case are assessed
Shadow Pricing	A method of placing a monetary value on a given outcome by using regression analysis.
Social Return Ratio	The total present value of outcomes divided by the total investment
Stakeholders	People, organisations or entities that experience a change as a result of a given activity
Willingness to Pay	A method of placing a monetary value on a given outcome by asking people how much they would be willing to pay in order to achieve that outcome