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economics as if people
and the planet mattered

SROI and Commissioning

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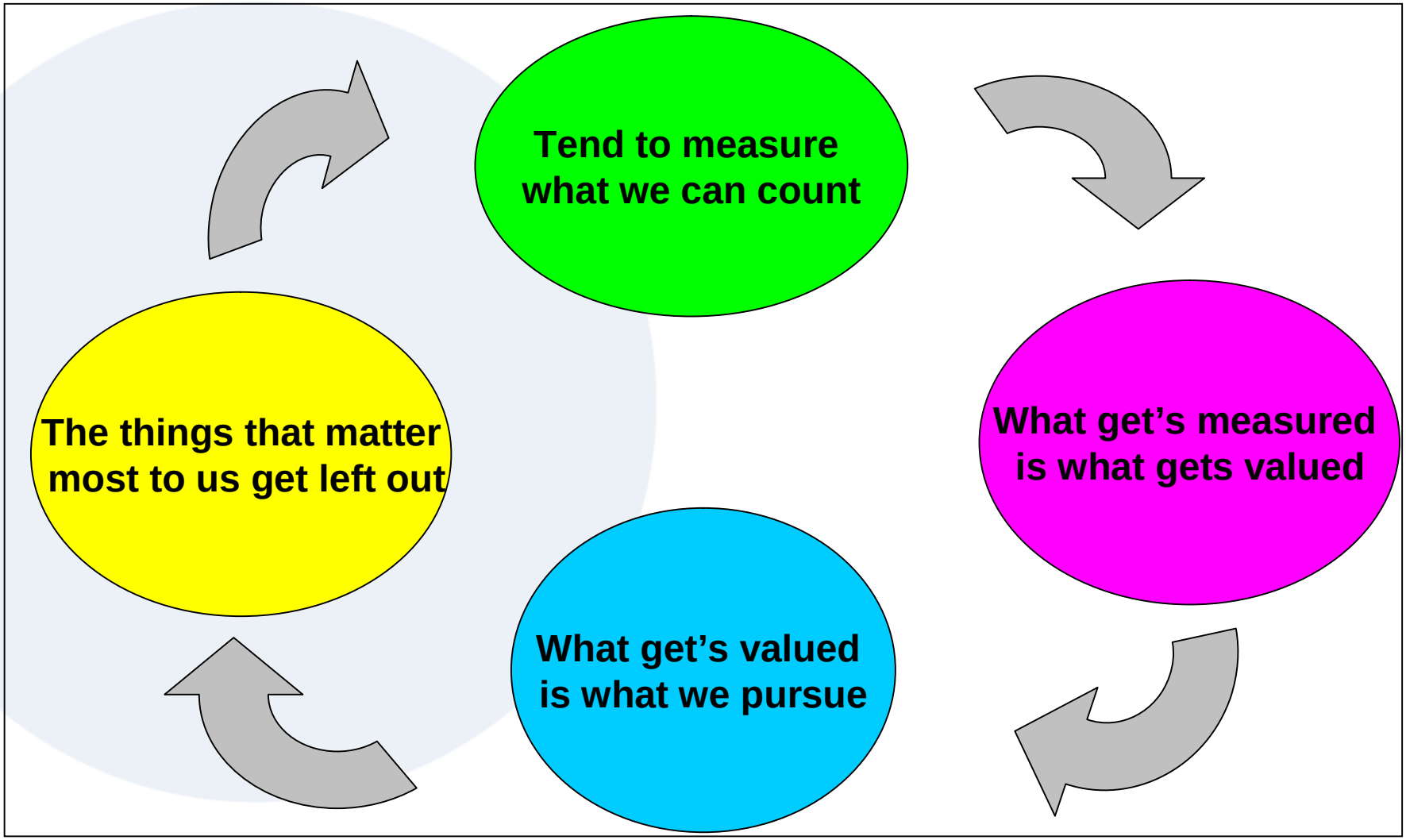
economics
real wealth
means well-being

environment
lifestyles must
become sustainable

society
communities need
power and influence

Problem 1

Problem 2


Tend to measure what we can count
What get's measured is what gets valued
What get's valued is what we pursue
The things that matter most to us get left out

Problem 3

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The result

- Poor management of resources → triple crunch:

The economy

The environment

People

In summary…

We are in danger of creating …

FALSE ECONOMIES

e.g. Investing in higher quality residential care for children

How does SROI help us?

A framework for measuring what matters

- Triple bottom line
- Giving voice to those normally excluded from decision-making

- Basis for debating the allocation of (scarce) resources to maximise social, environmental and economic outcomes
  - Organisations
  - Society

Social Return on Investment

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SROI is a framework for measuring and accounting for this broader concept of value

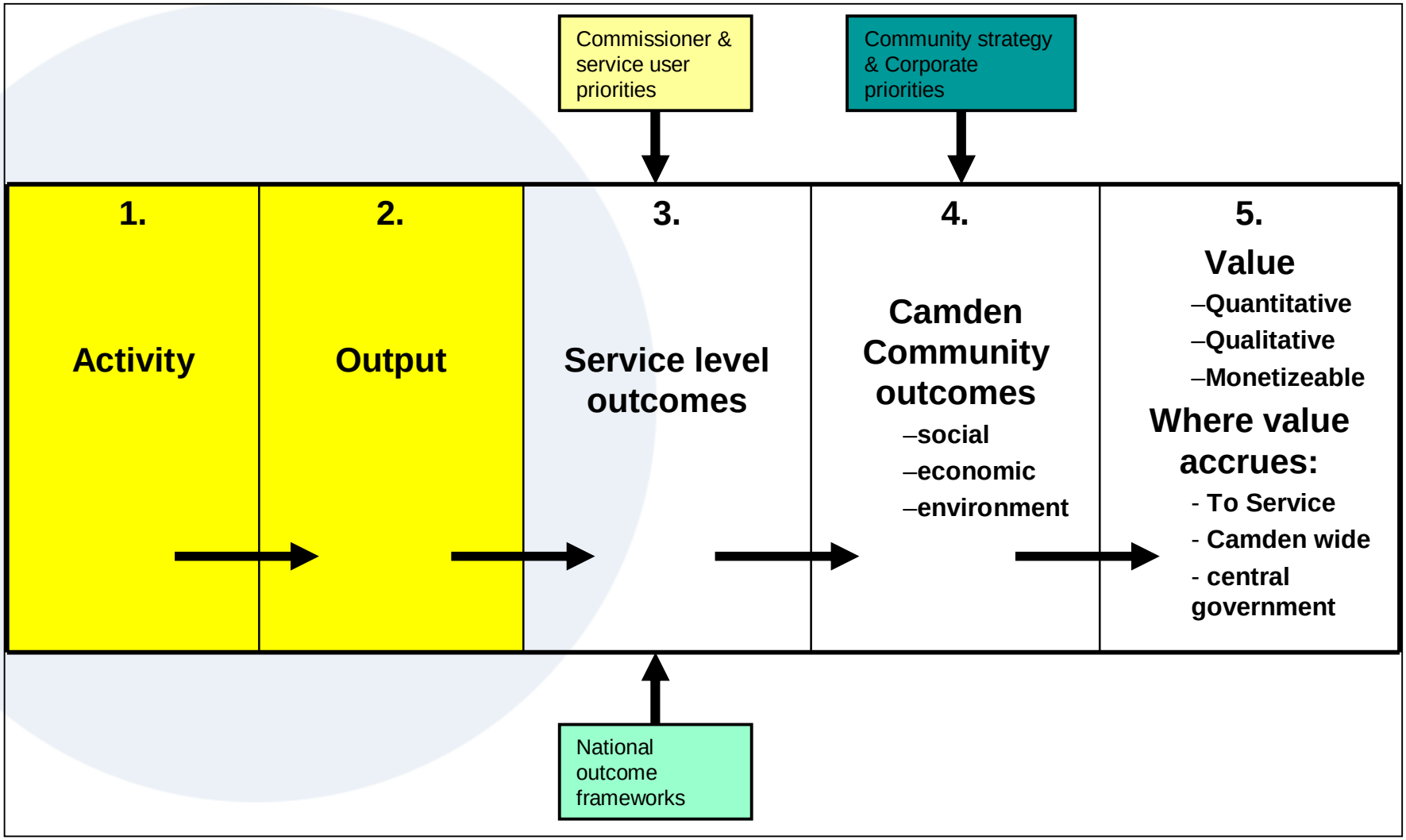
$$\text{SROI} = \frac{[\text{Value of benefits}]}{[\text{Investment}]}$$

Principles

1. Involve Stakeholders
2. Understand what changes
3. Value the things that matter
4. Only include what is material
5. Do not over claim
6. Be transparent
7. Verify the result

THE Camden MODEL

Sustainable Commissioning outcomes framework



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How does SROI help local authorities?

- bottom up approach to commissioning which fosters, rather than stifles, innovation.
- focus on outcomes, rather than narrow output targets, focuses investment on what matters.
- maximises every pound spent by the public purse by achieving wider social, economic and environmental outcomes and encouraging cross-departmental savings.
- levels the playing field between the third sector and other providers because effectiveness, rather than unit cost, becomes the key consideration.

The Valuing Model

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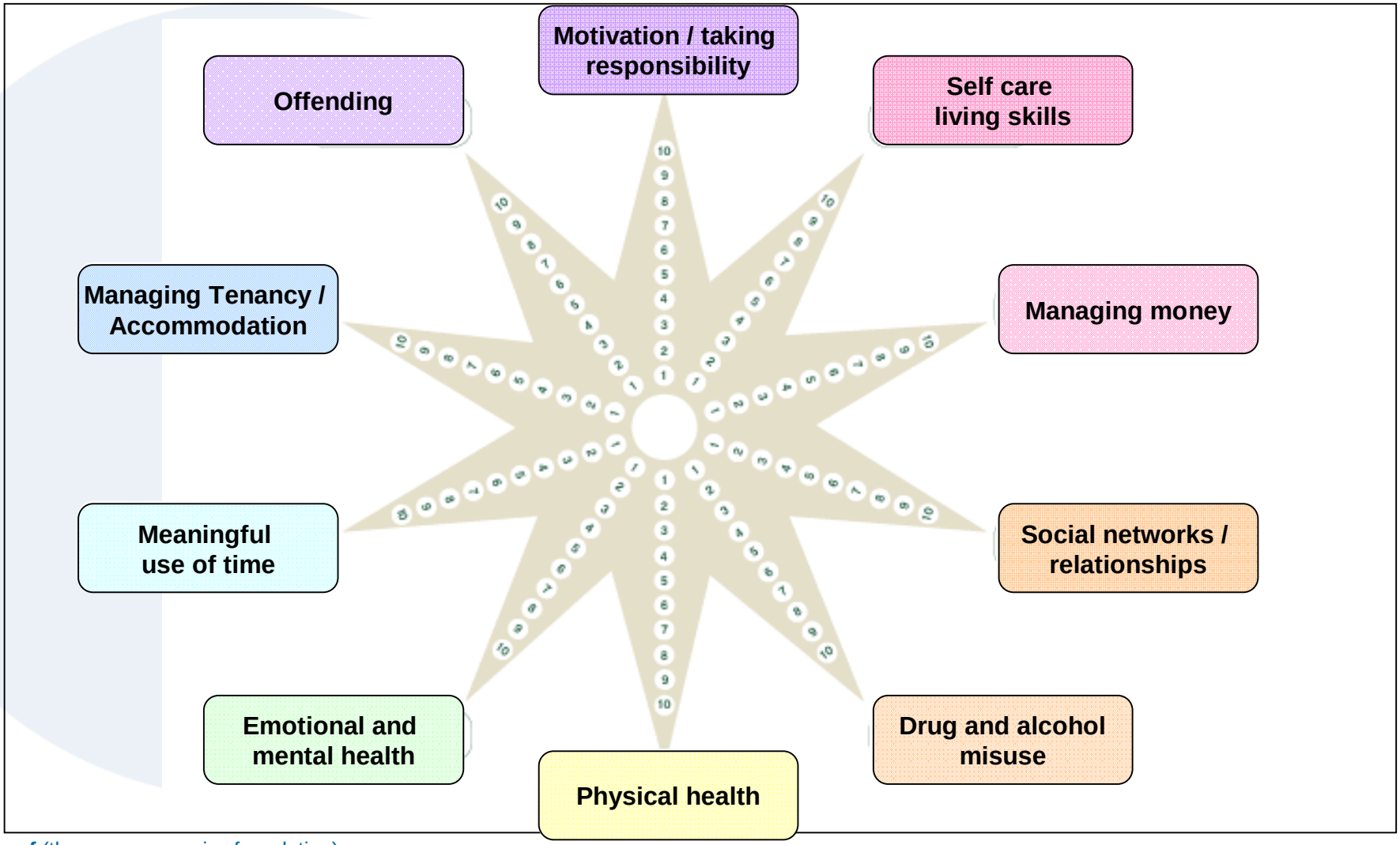

Next steps at nef

Devolving youth justice budgets on the basis of social value creation
Piloting using SROI for large infrastructure projects (e.g. Heathrow)
Work with CLG to pilot using SROI to look at the value of spending on housing
Developing the ‘valuing model’
Working with the Cabinet Office and SROI Network to complete Measuring Social Value project, particularly indicator and proxy bank
Roll-out, training and consultancy through nef Consulting

Further information

- Sustainable Commissioning: susan.steed@neweconomics.org.org
- SROI: eilis.lawlor@neweconomics.org

- www.neweconomics.org.uk
  - *A Better Return: Setting the foundations for intelligent commissioning to achieve value for money* – I&DeA & OTS Third Sector Commissioning Programme
  - *A Guide to Social Return on Investment*
  - *Unintended Consequences: How the efficiency agenda erodes local public services and a new public benefit model to restore them*

- www.procurementcupboard.org.uk
- www.proveandimprove.org