

Catalysts for community action and investment:

A Social Return on Investment analysis of community development work, based on a common outcomes framework

A report by nef consulting on behalf of the Community Development Foundation

Foreword by Alison Seabrooke

So often I and others have witnessed how community development approaches empower communities to take control of the issues that affect their lives. However, the outcomes produced by community development can often be subtle, incremental and difficult to measure. For this reason, the Community Development Foundation (CDF) commissioned the new economics foundation (nef) to work with us and four local authority partners to produce evidence of a social return on investment (SROI) in community development activity.

What is striking in this report is the evidence of what we have always intuitively known – the value of investing in community development work. The report shows that for an investment of £233,655 in community development activity across four authorities the social return was approximately £3.5 million. This is an incredible return for statutory investment.

This study demonstrates that community development programmes in these communities translate to positive improvements in well-being. The SROI methodology allows us to understand the value of those improvements. We can be more confident that an investment in community development work today saves expenditure in palliative interventions tomorrow. It is an early intervention which reduces the burden on the public purse, from social services to policing costs.

This report tracks the cost benefit of the four local authority community development teams, identifying, supporting and nurturing volunteers within their areas to take part in local groups and activities, improving the lives of people in the wider community. It includes the real value of volunteering on the balance sheet. It also shows that for every £1 a local authority invests, £15 of value is created.

The report demonstrates the relationship between community development workers and community volunteers as co-producers of community well-being. Community development workers act as catalysts: they stimulate the investment of time and talent from the volunteering potential inherent in local communities.

Community development activities engage a community's biggest latent resource – its residents. And by building the capacity of these volunteers, community development increases the effectiveness and scale of local people's involvement in improving their communities. It is this capacity and the trusting, local level relationships that community development creates that will really deliver on the aspirations for a Big Society.

I commend this report to you and its subtle warning: without investment in community development we will pay the costs of lower levels of well-being and an inactive, disempowered population, which history tells us will be borne by our most deprived communities. I encourage all community development workers, their supporters and investors to use this evidence to further advocate for investment in community development in their area and the positive social change it will bring about.

Alison Seabrooke, chief executive, CDF

Introduction

This is the executive summary of a study to assess the impact of community development work. The study uses primary research in four communities in England: St. Giles (Lincoln), Brighton, Dewsbury

Moor (Dewsbury, West Yorkshire) and Cleobury Mortimer (Shropshire).

The study employs the SROI methodology to understand the social value created by community development work, using a common outcomes framework. This means that the study focuses only on the shared outcomes across the four local authorities, and it does not take into account the outcomes specific to individual authorities. It finds that for each £1 invested in community development activities, £2.16 of social and economic value is created. And that for every £1 a local authority invests in a community development worker, £6 of value is contributed by community members in volunteering time.

The context for this study

At the time of writing, the government is beginning to flesh out its ambitions for the Big Society and its drive for localism in the context of huge anticipated cuts in the public sector. At the 2010 Conservative party conference, the Prime Minister talked about his plan to shift power and responsibility from the state to the citizen, evoking the First World War general Lord Kitchener, stating 'Your country needs you.' The Big Society theme converges with that of a smaller yet more empowered state which is taking shape in the form of the decentralisation and localism bill and includes a range of proposed new powers to encourage communities to take action and responsibility for their local areas, whether that is through the running of local services or the ownership of land in the form of community land trusts.

Research into the impact of community development is pertinent to the vision of the current government of a society based on mutual responsibility. Community development workers can act as catalysts for grassroots community action, mobilising volunteers, building community based initiatives and encouraging local people to inform, design and in some cases deliver local services. The community development worker can act as a lever to engage the knowledge, energy and local innovation of communities to contribute to the tackling of local challenges.

What is Social Return on Investment?

SROI is a measurement framework that helps organisations to understand and manage the social, environmental, and economic value that they are creating. It takes into account the full range of social benefits to all stakeholders, rather than simply focusing on revenue or cost savings for one stakeholder. SROI enables a ratio of benefits to costs to be calculated. For example, a ratio of 3:1 indicates that an investment of £1 delivers £3 of social value.

What is community development?

Community development is a way of working with local communities, to achieve change within communities to problems that they themselves identify. It is a collective process, not a one-off intervention, co-produced with, not for communities.

Community development work is fundamentally about enabling, facilitating and building capacity for a community to address its own needs. Community development workers catalyse change in the communities they work in by helping people to contribute their own time and talent to a wide range of activities.

Community development levers in the unique knowledge and skills of local people to address the challenges faced by themselves and their community. In this way, community development work has the potential to be more sustainable, effective, and less burdensome on the public purse harnessing the potential and energy of local people. Community development work seeks to build a sustainable culture in a place whereby a community is a partner with governmental and statutory agencies and authorities in identifying the needs, and contributing where appropriate to meet these needs.

Successful community development is able to build an infrastructure of support and cooperation which allows for the resources to provide a community development intervention – primarily embodied in a community development worker – to be redeployed in response to the evolving needs of different localities.

The practice and purpose of community development sits centrally within an agenda of Big Society and localism; its core purpose is to engage local people in community based activity to improve their local areas.

The research challenge

This study seeks to measure the hard-to-measure outcomes of community development work. To apply the SROI methodology to community development, we adopted a common outcomes framework for analysing the impact of community development work on different stakeholders. In adopting this approach, we have included, in the quantitative analysis, only those outcomes shared across the four local authority case studies.

We organised four workshops (one in each local authority) with stakeholders to explore how they were impacted by the activities of the community development workers: a theory of change for how community development work creates outcomes. In arriving at a set of common outcomes, we have utilised nef's (the new economics foundation's) research around the definition and measurement of well-being. Each outcome identified by the stakeholders was mapped to its relevant component of well-being.

Once the well-being outcomes were established, indicators were selected and data collection tools created for each of the material stakeholder groups. The indicators used are based on questions from existing established national surveys, including the European Social Survey and the Department for Communities and Local Government's (CLG's) Place Survey.

Data collection tools and a data collection strategy were developed in partnership with community development workers to investigate the extent to which the outcomes identified in the theory of change were being achieved. The data collection took place in July/August 2010 with 451 research participants. The majority of questions drafted were identical to questions asked in either the European Social Survey (2006) or Place Survey (2008), allowing for national and local benchmarking. The results were analysed and modelled to understand the 'distance-

travelled': the extent to which outcomes were being achieved.

The outcomes were measured as indicator composites, drawing together results for multiple indicators: two for personal well-being (Resilience and self-esteem, and Positive functioning) and two for social well-being (Supportive relationships, and Trust and belonging). Results were interpreted against a national benchmark.

A cost benefit analysis model was employed in the calculation of the SROI ratio. The model accounts for distance travelled towards the achievement of outcomes, rather than a binary achievement or non-achievement of an outcome. Impact considerations are integrated into the modelling to understand the extent to which the distance travelled would have occurred without community development activity (the 'deadweight') and the extent to which changes in well-being outcomes for individuals can be attributed to community development. All input costs and outcome benefits, both financial and non-financial were placed on a net present value basis; a number of established approaches were used to create financial values for those outcomes for which there is no market traded price – for example, the value of self-esteem – and benefits were modelled as diminishing over time at a drop-off rate based on primary research. Sensitivity analysis was performed on a number of assumptions within the model to test its robustness.

Key issues

- Participants in our research noted that a key outcome of community development work is to create a positive image for a place: a benefit to the entire wider community of a place which is poorly regarded in the mainstream public perception. The link between positive place identity and self-esteem at the scale of the individual was investigated in further depth.
- A number of outcomes were identified for individual case studies which were not common to all four case studies, and are therefore excluded in the SROI analysis.

Often these outcomes involved impacts outside the well-being framework, such as financial impacts for individuals helped into employment. The impact of this methodology is that the SROI ratio for common outcomes produced by community development work is likely to be significantly lower than an SROI ratio which could be modelled for an individual case study of community development activity, or a specific community group.

- Community well-being is produced through a collective process of social interaction in a place. However, it is measurable most readily at the scale of the individual. Familiar community development objectives, such as community cohesion, are measured in this study through the lens of personal well-being.
- A community development activity intrinsically works through co-production: volunteers from the community jointly produce the outcomes from which they benefit and which extend out to others in the community. Therefore, this study considers volunteers alongside local authority expenditure as comprising the investment in community development activity.
- Community development workers told us that their jobs involved a significant number of tasks, for example engaging in advocacy within the local authorities in which they are employed. This study focuses on the well-being outcomes for individuals supported by community development workers. The input of community development workers is considered holistically, extending beyond the direct support they provide to volunteers from the community. However, it should be noted the many tasks undertaken by community development workers have an impact which is undoubtedly greater than that which this study models.

Key findings

Our research identified outcomes for three types of beneficiaries:

- 1) individuals who volunteer to deliver community projects
- 2) those who participate in the activities of community projects
- 3) members of the wider community who do not participate.

Our research also identified and modelled benefits for local authorities and government agencies.

The results indicate that community development creates £2.16 of social and economic value for every £1 invested; an SROI of 2.16:1. This shows that for an investment of £233,655 in community development activity across four authorities the social return was approximately £3.5 million. It also shows that for every £1 a local authority invests, £15 of value is created. Furthermore:

- The time invested by members of the community in running various groups and activities represents almost £6 of value for every £1 invested by a local authority in employing a community development worker.
- 36 per cent of the value created by community development work is manifested in the form of an improvement to the supportive relationships enjoyed by volunteers, participants in community activities, and the wider community. This equates to £1,273,215 in terms of the value of improved relationships. This is a cumulative value created across all four authorities for the improvement to supportive relationships (see table overleaf).
- 28 per cent of the value created by community development work is manifested in the form of an improvement to the feelings of trust and belonging fostered among volunteers, participants in community activities, and the wider community. This

equates to £992,213 in terms of the value of trust and belonging. This is a cumulative value created across all four authorities for feelings of trust and belonging (see table overleaf).

- The greatest changes in well-being are evidenced for those who volunteer to deliver community projects, worth £395,358 in social value.
- For those either delivering or participating in community development projects and activities, the biggest impact on well-being is in relation to positive functioning: feeling competent, engaged and living life with meaning and purpose.
- The element of well-being most impacted for those in the wider community is around personal resilience, optimism and self-esteem.

These findings support the conclusion that community development is meeting the needs it has identified, namely:

a need for social and organisational structures in a locality which allow for residents to engage with one another, trust and respect each other, and effectively influence the provision of services, facilities and activities to their community.

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Value created by community development work, by stakeholder

Stakeholder		Value created (£)	%
1 – Volunteers delivering a project	Resilience and self-esteem	15,893	0.4%
	Positive functioning	52,261	1.5%
	Supportive relationships	257,718	7.3%
	Trust and belonging	69,486	2.0%
Sub-total stakeholder 1			11.2%
2 – Community group participants	Resilience and self-esteem	21,263	0.6%
	Positive functioning	75,207	2.1%
	Supportive relationships	88,389	2.5%
	Trust and belonging	102,119	2.9%
Sub-total stakeholder 2			8.1%
3 – Local community	Resilience and self-esteem	350,860	9.9%
	Positive functioning	576,759	16.3%
	Supportive relationships	927,108	26.2%
	Trust and belonging	820,608	23.2%
Sub-total stakeholder 3			75.5%
Local authorities		111,385	3.1%
Government statutory agencies		72,873	2.1%
TOTAL		3,451,929	100.0%