



Co-operative Group Limited – Estimating the social value created by the Local Community Fund

FINAL REPORT

29th January 2018

Contents

1. Executive summary.....	3
2. Introduction	7
3. Approach and methodology	8
4. Results of social value analysis.....	16
5. Community change analysis	18
6. Recommendations	22

Glossary

- Activity = A category used by the Co-op to classify the projects supported by the Local Community Fund. Grant recipients select one of 10 activities (including 'Other') when applying for a grant.
- LCF = The Local Community Fund is a charitable scheme administered by the Co-op and funded by its customers to support local causes.
- Service types = A sub-category used by PwC to break the 10 Co-op activities into more detailed themes representing the kind of service provided by the local cause; there are 19 service types in total.
- Social value = We define social value as the quantification, in monetary terms, of the effect on people's welfare that they experience from change in their lives.
- SROI = Social Return on Investment (SROI) is a framework for measuring and accounting for a broad concept of value, taking into account social, economic and environmental factors. SROI is about the measurement of value, rather than money; the latter is simply used as a common metric for conveying this value.¹
- SROI ratio = A ratio estimating how much social value (in £) is created for every £1 of investment.
- Intended beneficiary = The intended recipients of the services provided by the local causes supported by the Local Community Fund.

¹ *A guide to Social Return on Investment*, Cabinet Office, 2009, available at: https://www.bond.org.uk/data/files/Cabinet_office_A_guide_to_Social_Return_on_Investment.pdf

1. Executive summary

Scope and purpose of our work

The Local Community Fund (LCF) is a community funding scheme administered by the Co-operative Group Limited ('Co-op'), which provides grants to community organisations and projects, and is financed by proceeds from carrier bag sales and 1% of selected purchases made by Co-op members of own-brand products and services².

In April 2017, the LCF disbursed £9.2m grants to approximately 4,000 local causes. Co-op asked PricewaterhouseCoopers LLP ('PwC', 'us', 'we') to estimate the social value created by the LCF during the six months after its initial payout in April 2017. Due to the significant number and diversity of projects within the fund, the social value of the LCF was estimated by reviewing the existing literature on the social value created by similar projects in similar contexts.

This report summarises our approach and findings and provides recommendations to build on this work to improve the social impact assessment of the LCF in future. This report also provides essential context for understanding and interpreting a short summary of our work that has been published as part of Co-op's 2018 *Co-op Way Report*.

Key findings

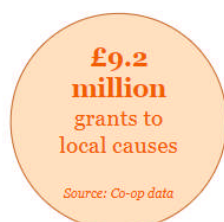
We estimated the social value created from the projects which were funded by the LCF in April 2017. Our analysis suggests that:

- On average, **each £1** invested in projects that are similar to those funded by the LCF **creates an estimated £2.8-£10.8** of value for society.
- We estimate that the **social value** created by the first round of LCF grants is **£18.3 - £70.7 million**, after considering recipients whose responses to an end of project survey identified outcomes within the scope of Co-op's theory of change.
- This is equivalent to an estimated **£2.0-£7.7 of social value created per £1** spent through the LCF.
- Most of this estimated value is provided by causes aligned to social inclusion, young people and community development, and driven by the level of LCF financial support in these areas.
- The social value per £1 spent tends to vary as much within LCF activities as between them, particularly for broad activity categories such as social inclusion and environment.

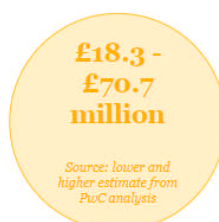
Figure 1 summarises the social value created by the first round of LCF grants, and how this compares to LCF spending.

Figure 1: Summary of findings

In the first round of LCF funding, Co-op provided...



Creating an estimated social value between...



Equivalent to, on average between...



² <https://www.coop.co.uk/membership/local-community-fund>

Table 1 summarises the social value created by each category within the LCF ('activity'). Further detail is provided in the main report.

Table 1: Summary of findings by activity

Activity*	Value of LCF grants (£m)**	Social value per £1 spent (Lower estimate)***	Social value per £1 spent (Higher estimate)***	Estimated social value (£m; Lower estimate)****	Estimated social value (£m; Higher estimate)****
Animal welfare	0.2	0.9	3.5	0.2	0.8
Art and Culture	0.3	1.6	6.5	0.5	2.1
Community Development	1.3	2.7	9.5	3.4	12.0
Education and Skills	1.1	1.6	3.9	1.7	4.2
Environment	0.2	2.4	9.0	0.6	2.2
Health	1.3	2.1	8.5	2.7	10.7
Other	0.7	1.9	7.2	1.4	5.3
Social Inclusion	1.7	2.1	9.5	3.6	16.6
Sport	0.3	1.4	4.3	0.4	1.3
Young People	2.0	1.9	7.6	3.8	15.3
Total	9.2			18.3	70.7
Weighted average		2.0	7.7		

Note: Due to rounding, some of the figures may not sum to the number in the Total row

*Defined by Co-op to describe the type of cause funded by the LCF

**Co-op data

***Social value created per £1 spent, based on estimated social value divided by LCF grant value as shown in the table

****Includes the effect of considering only those projects whose responses to an end of project survey identified outcomes within the scope of Co-op's theory of change.

Co-op's survey asked LCF grant recipients' views about outcomes and other changes due to the LCF across six dimensions: empowerment, infrastructure, participation, wellbeing and environment, connections and skills. To supplement the social value analysis, which only used responses relating to outcomes, we analysed the responses to other questions included within the survey.

Responses indicate that to date, of the changes which each project intended to create, the greatest change appears to have been in providing physical infrastructure (such as facilities and equipment) as well as increasing people's interaction with each other. Potentially longer term outcomes, such as improving skills, are less well evidenced. Some outcomes that are likely to be relevant to projects were not included in the survey.

Methodology used to estimate social value creation

Overview of approach

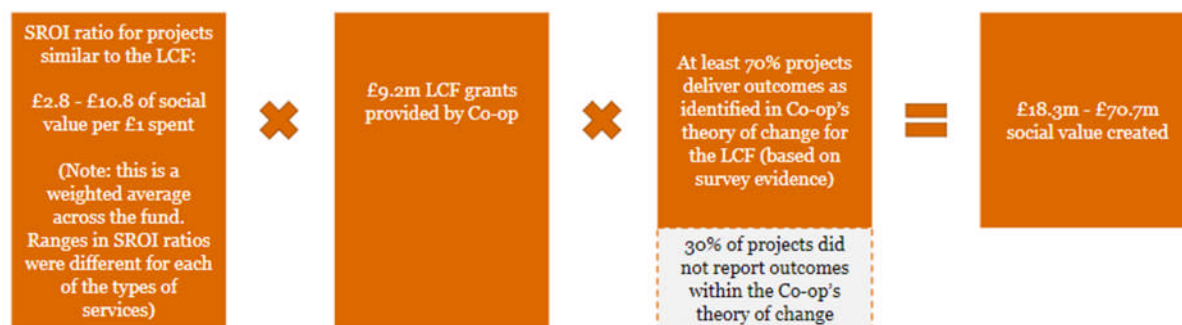
We estimated the social value created by the LCF based on the application of social return on investment (SROI) ratios from 74 existing studies that match the types of cause funded by the LCF³. These studies suggested that the range of social value created per £1 spent for comparable projects to those funded by the LCF is £2.8 - £10.8.

³ These ratios describe the value returned to society for every £1 spent, expressed in monetary terms. For example: £2.50 of social value created for every £1 spent on a project. Social value refers to changes in people's wellbeing and the monetary value reflects the amount of money that produces an equivalent change in people's wellbeing. For more information see: <http://www.socialvalueuk.org/>

We applied these SROI ratios to the £9.2m disbursed by the LCF in April 2017, to estimate the social value created. We excluded from our analysis the percentage of projects that did not identify outcomes within the scope of Co-op's theory of change, using the results from a survey Co-op had already designed and administered. It was not possible to account for outcomes not captured within this theory of change.

Figure 2 summarises how we applied this methodology to estimate the social value created in the first six months of the LCF. This is explained in more detail below.

Figure 2: Summary of approach used to estimate social value created by the LCF



Matching SROI studies to the LCF

We identified and characterised the types of projects funded by the LCF in April 2017 (the 'local causes') using information provided by Co-op about all of the local causes, each of which are classified by the grant recipients into 1 of 10 Co-op categories.

We characterised each of these 10 categories in terms of the types of service provided by the causes and their intended beneficiaries, using detailed information about the nature of each cause, and how they used the funds, from a sample of 200 of the causes spread across each category. We used a quota sampling approach to select the sample.

We reviewed the literature to identify SROI studies that best matched the types of service and beneficiary within each category that the sample indicated were funded by the LCF. In some cases, we were not able to identify studies that matched specific types of service or intended beneficiary. Where this occurred, we used studies that match the service type but not the specific beneficiary.

We aggregated the SROI ratios that we identified in the literature review for each of the types of service and beneficiary from the sample, based on their frequency within each category, and scaled up each category to the full LCF grant value.

Reflecting uncertainty in our analysis

Our approach relies on secondary data from existing studies and a survey that had already been carried out by Co-op, rather than conducting a new primary data-driven study of the social value of the LCF. This introduces uncertainty, particularly where there are differences between the available studies, and the LCF causes. We address this uncertainty in our estimates in two ways:

1. To reduce the risk of overestimating the social value created, we only included in our analysis the percentage of projects whose responses to an end of project survey identified outcomes within the scope of Co-op's theory of change. This was based on responses to a Co-op survey of LCF grant recipients. This is intended to avoid 'over claiming' and is also in line with Co-op's principle of 'credible reporting'.
2. To reflect the uncertainty inherent in an approach that relies on secondary data of this kind, and the variation in the SROI values we identified for causes similar to the LCF, we present our results as a range.

Recommendations

In considering how Co-op further develops its measurement of the social value created by the LCF, it may wish to consider the following:

- **Embed project categorisation within application process:** Collect standardised information on the types of services and intended beneficiaries on a project level to map SROI studies to projects.
- **Develop impact maps for each category of service type:** Develop an impact map for the different service types delivered by the LCF projects.
- **Collect primary data:** Identify indicators that help evidence the outcomes and collect appropriate data through the existing Co-op survey.
- **Engage and educate stakeholders:** To improve the quality of survey responses, Co-op could engage with its grant recipients to establish the objective of the survey, which will help respondents to provide the right type of information.

2. Introduction

About the Local Community Fund

The Local Community Fund (LCF) is a community funding scheme administered by Co-op, which provides grants to community organisations and projects, and is financed by proceeds from carrier bag sales and 1% of selected purchases made by Co-op members of own-brand products and services⁴.

Members are able to choose which local cause receives their contribution. Where no cause is selected, any money raised from carrier bag sales and 1% of selected purchases is split equally between the causes in the local area. A new set of causes is chosen periodically; since September 2016, more than £20 million has been raised by the LCF⁵.

Scope and purpose of our work

In April 2017, the LCF disbursed £9.2m grants to approximately 4,000 local causes. Co-op asked PwC (“us”, “we”) to estimate the social value created by the LCF as a result of projects funded during its initial six month period. Due to the significant number and diversity of projects, and the time available to complete the analysis, it was agreed the social value of the LCF would be assessed on a portfolio level using secondary and existing data, rather than on a project level using primary data. Our analysis is based on a review of the existing literature on the social value created in similar contexts, together with the results of a survey that had already been carried out by Co-op of a sample of LCF grant recipients.

About this report

This report describes our approach and methodology and the results of our analysis. It provides recommendations to build on this work to improve the social impact assessment of the LCF in future. This report also provides essential context for understanding and interpreting a short summary of our work that is published as part of Co-op’s 2018 *Co-op Way Report*. We have not tested or audited any of the data provided by Co-op, or the data obtained from the studies used within our estimates. We provide no assurance over these data or any outputs based on these data.

⁴ <https://www.coop.co.uk/membership/local-community-fund>

⁵ Ibid.

3. Approach and methodology

Overview of approach

We estimated the social value created by the projects funded by the LCF after its initial payout in April 2017. To do this, we identified and characterised the types of projects funded by the LCF (the 'local causes') using information provided by Co-op about all of the local causes funded by the LCF in April 2017, each of which are classified by the grant recipients into 1 of 10 Co-op categories.

We characterised each of these 10 categories in terms of the types of service provided by the causes and their intended beneficiaries. For this characterisation, we used detailed information about the nature of each cause, and how they used the funds, from a sample of 200 of the causes spread across each category. We used a quota sampling approach to select the sample.

We reviewed the literature to identify Social Return On Investment (SROI) studies that best matched the types of service and beneficiary within each category that the sample indicated were funded by the LCF. In some cases, we were not able to identify studies that matched specific types of service or intended beneficiary. Where this occurred, we used studies that match the service type but not specific beneficiary.

We aggregated the SROI ratios that we identified in the literature review for each of the types of service and beneficiary from the sample, based on their frequency within each category, and scaled up each category to the full LCF grant value.

The section below outlines how we selected our approach, the key steps to our analysis, its limitations, and what this means for interpreting the results of our analysis.

Data sources & key steps to our approach

Our approach was driven by the data provided by Co-op about the number and diversity of LCF grant recipients (approximately 4,000); responses to a survey of grant recipients that was conducted by Co-op; and existing information from the literature.

For our study, the following data sources were used:

Provided by Co-op:

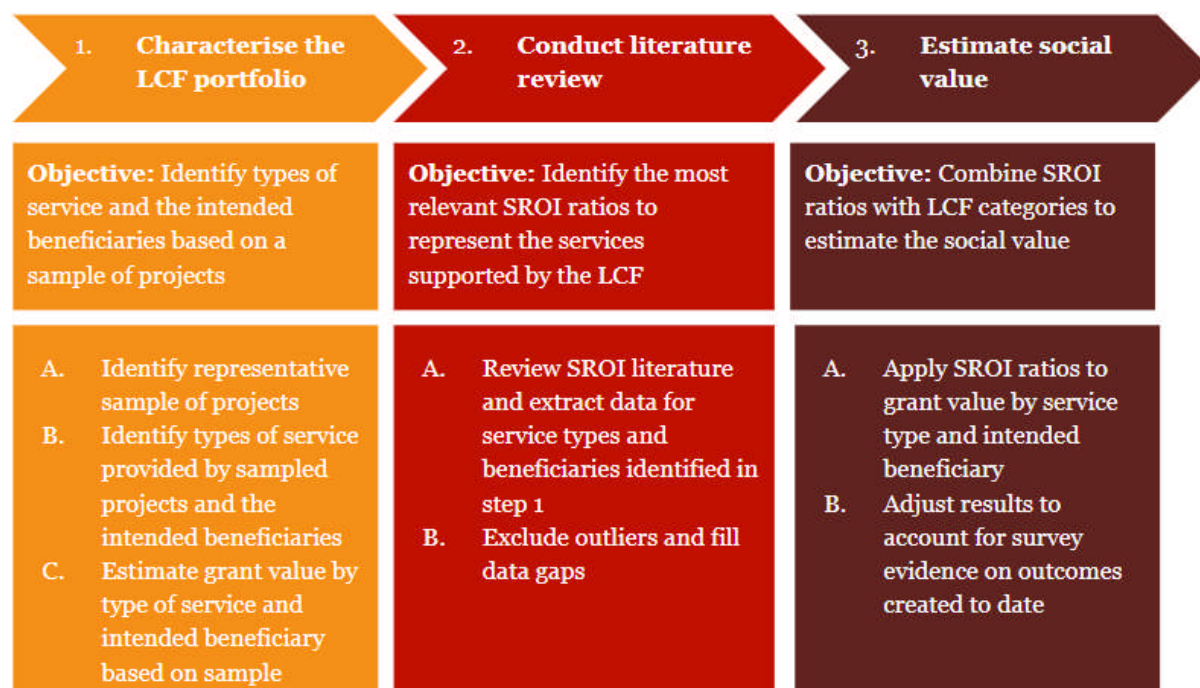
- *LCF grant information:* Grant-level data on the money provided to each local cause, a description of the cause, and how they planned to use the money. This includes an allocation of causes into 1 of 10 categories ('activities') defined by Co-op.
- *LCF survey results:* Responses to a survey designed and conducted by Co-op of local causes that received grants in April 2017, asking a number of questions based on a theory of change also designed by Co-op, including those about the difference that the money had made to the organisation and community.

Identified from the literature:

SROI studies: SROI studies that provided the best available match for each type of service, as well as beneficiary where possible. We extracted the estimates of the SROI ratio from these studies. Additional primary data collection was beyond the scope of this project, so we have relied on the data provided by Co-op and identified in the literature.

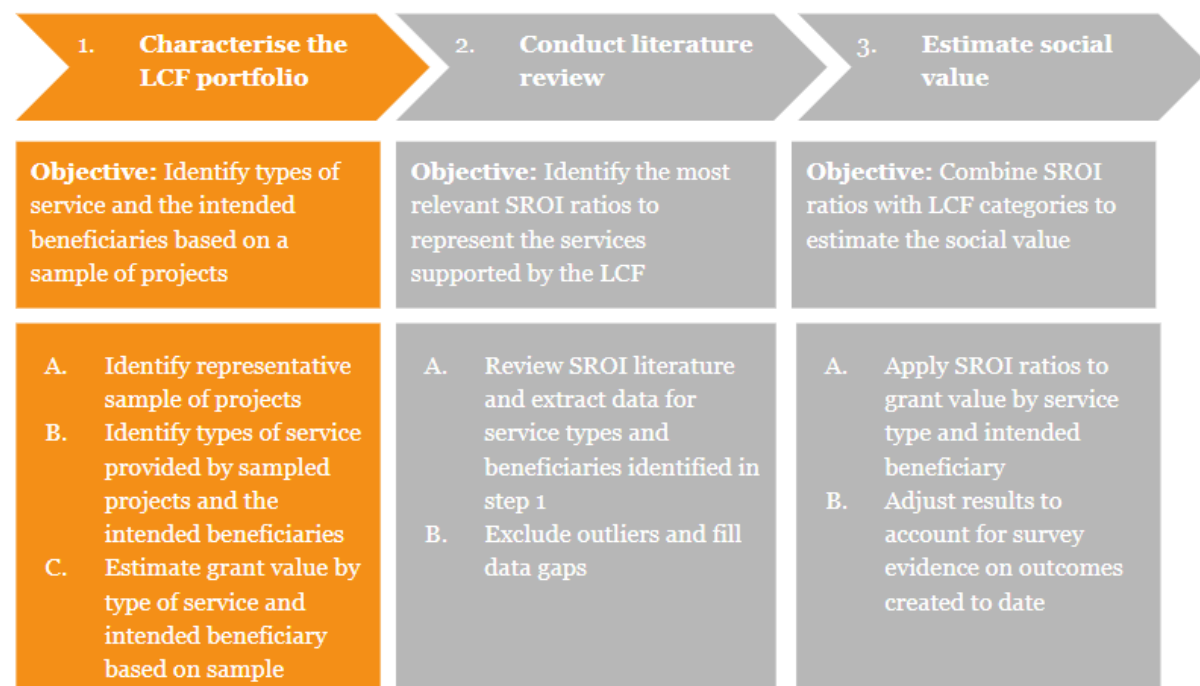
Figure 3 sets out the three key steps to our analysis. Each step is described in more detail below.

Figure 3: Key steps to our analysis



Details of analysis

Step 1: Characterise the LCF portfolio



a. Identify representative sample of projects

When applying for the LCF, local causes classify themselves into one of 10 ‘activities’ (those shown in Table 2, plus ‘Other’). These activities provide a broad description of the types of local cause the LCF supports, but are not specific enough for identifying relevant studies from the SROI literature with confidence. In order to characterise more specifically how the grants were used, we selected a sample of projects from the LCF.

Table 2: Number of projects sampled, by activity

Activity	Number of projects sampled	Grant value (£)
Young People	45	113,333
Social Inclusion	33	90,634
Health	26	70,671
Community Development	30	57,268
Education and Skills	26	71,792
Art and Culture	10	26,063
Sport	10	24,557
Environment	10	25,194
Animal Welfare	10	26,869
Total	200	506,382

We determined a sample size of 200 projects, on the basis that this would provide a meaningful number of projects to reflect the variety within each of the 10 categories, while being also practical given constraints in the time available for field work. The final sample of 200 projects covered approximately 6% of the total LCF value of £9.2m.

To achieve a representative sample across all activities, we used a quota sampling approach, selecting projects proportionally to the total number of projects in each activity, subject to a minimum of 10 (Table 2)⁶. With the projects in the activity ordered by value, we systematically chose projects at regular intervals in the resulting list, based on the proportion of the targeted number of projects over the total number of projects in each activity. We excluded projects with the activity marked as ‘Other’ in Co-op’s dataset (accounting for 8% of the LCF by value), on the basis that there was likely to be less consistency in the projects within this category and hence that limited sampling would not be effective.

b. Identify types of service and intended beneficiaries

We reviewed the 200 projects and identified 19 types of service provided to the community (Table 3), which in turn also map to the activities described above (Table 2)⁷. Table 3 shows the contribution of the grant value for each activity and service type based on the sample. The service types provided a more specific basis for identifying relevant studies in the SROI literature. To further guide the literature review, we also identified 16 intended project beneficiaries where relevant (Table 4)⁸.

⁶ At the request of Co-op, grants to national charity partner British Red Cross were excluded, on the basis that these are accounted for separately.

⁷ Some service types map to multiple activities. Where this was the case, we used the low and high SROI ratio as weighted based on the sample in each activity.

⁸ Projects and studies with more than one beneficiary group were mapped to ‘all’ and are not included in this list

Table 3: Service types identified for each activity, with grant contribution

	LCF Activity								
	Animal Welfare	Art and Culture	Community Development	Education and Skills	Environment	Health	Social Inclusion	Sport	Young People
Adult literacy				0.3%					
Animal interaction		0.3%	0.3%						
Animal rehousing	0.2%	4.7%	0.2%						
Art, music and drama		0.2%	0.9%	2.4%	0.3%	0.2%	0.6%		0.5%
Career skills and training opportunities			0.2%	0.4%	0.6%		0.7%		
Childcare, education and play			1.0%	1.2%		0.2%	1.4%		2.3%
Community and cultural heritage	1.0%	0.4%	0.2%	1.6%	0.2%				0.9%
Foodbanks			0.9%				0.7%		1.6%
Health & safety training			0.8%					0.3%	0.8%
Healthcare						4.9%	3.2%		
IT skills			0.5%	1.1%					0.3%
Maintenance of outdoor community spaces	0.6%				0.2%	0.5%			0.2%
Nutrition						1.1%		0.2%	
Outdoor play, exercise and learning	1.0%	0.2%	1.2%	1.7%	0.3%				4.0%
Shelter							0.5%		0.3%
Social cohesion	0.8%		4.3%	2.0%	3.6%	3.4%	6.9%		6.9%
Sports and fitness			0.8%			2.0%	0.4%	3.6%	0.7%
Verbal advice and support	0.4%		1.1%	0.3%		1.1%	1.4%		3.4%
Volunteering opportunities			1.7%			0.3%	1.3%	0.6%	2.5%

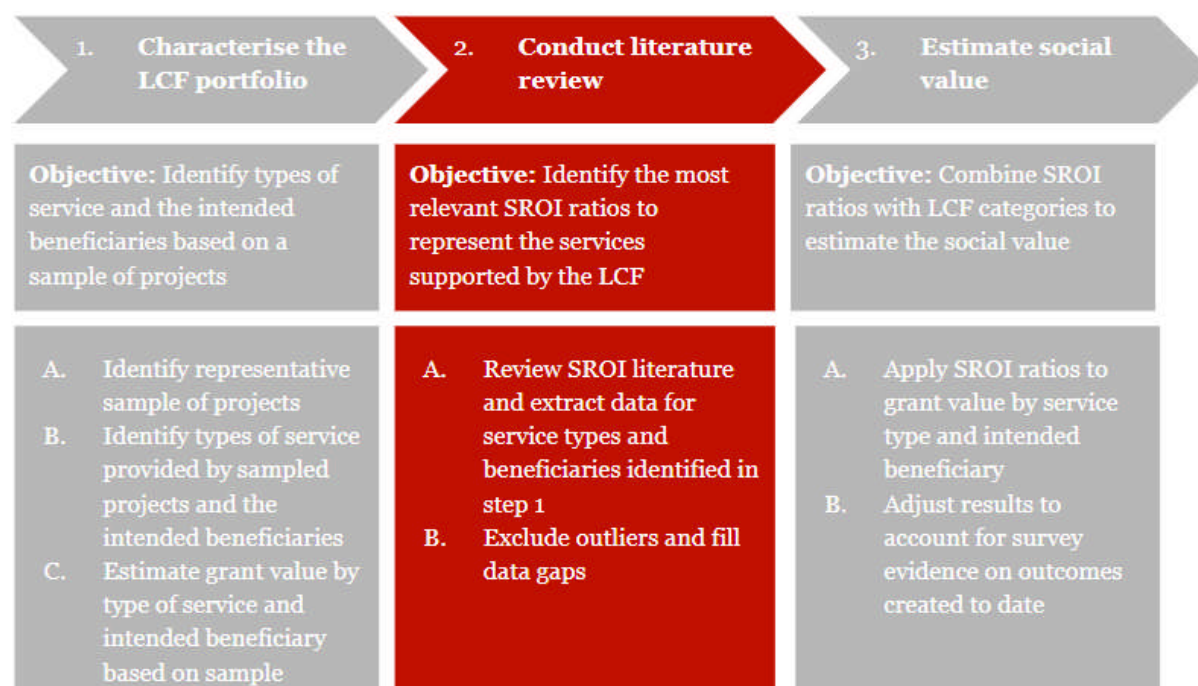
c. Estimate grant value by service type and beneficiary

We estimated the value of grants across the LCF portfolio that were attributable to each combination of service type and beneficiary within each activity category. This was based on the percentage of the sample described above identified as matching to each combination, scaled by the total grant value for each activity to the £9.2m total grant value for the first round of LCF funding.

Table 4: List of beneficiaries

Beneficiaries
Adult carers/parents
Elderly
Ethnic minorities/black, Asian and minority ethnic (BAME)
Families
Girls
Homeless
People with chronic, life-limiting conditions
People with dementia
People with life-threatening conditions
People with mental illness
People with physical disabilities
Rural isolated
Socially disadvantaged/vulnerable
Veterans
Young carers
Young people

Step 2: Conduct literature review



We reviewed the SROI literature to identify studies for projects and organisations that match the service types and/or intended beneficiaries identified above. We aimed to gather a number of studies for each service type in proportion to the number of projects, subject to a minimum of three. Before inclusion, each study was sense checked for transparency and consistency with good practice in social impact valuation⁹.

We identified 74 studies¹⁰, of which 66 matched to a specific service type and beneficiary group, and the remainder matched to a service type but not a specific beneficiary group identified from the sample of Co-op data described above.

We extracted SROI ratios, and identified the maximum and minimum SROI ratio for each combination of service type and intended beneficiary type to provide high and low estimates of SROI.

b. Exclude outliers and fill data gaps

It is well recognised that there is variation in SROI ratios between studies¹¹. To limit the effect of this variation, we excluded values that were more than one standard deviation from the mean value from all studies to avoid an undue influence on our analysis¹².

Where no studies were identified for a specific beneficiary group, a service type, or an entire activity, we used the nearest available data from our review as a proxy to fill data gaps and provide high and low SROI estimates:

- *Where we could not find studies for specific beneficiary groups:* We used the overall high and low SROI ratio from studies with the same service type, thereby including the remaining studies which did not match the specific beneficiary groups.

⁹ Including details of the methodological approach followed, impact mapping, references and explanations for financial proxies used, accounting for impact through measures such as attribution, deadweight, displacement and drop-off, impacts on indirect beneficiaries and a sensitivity analyses.

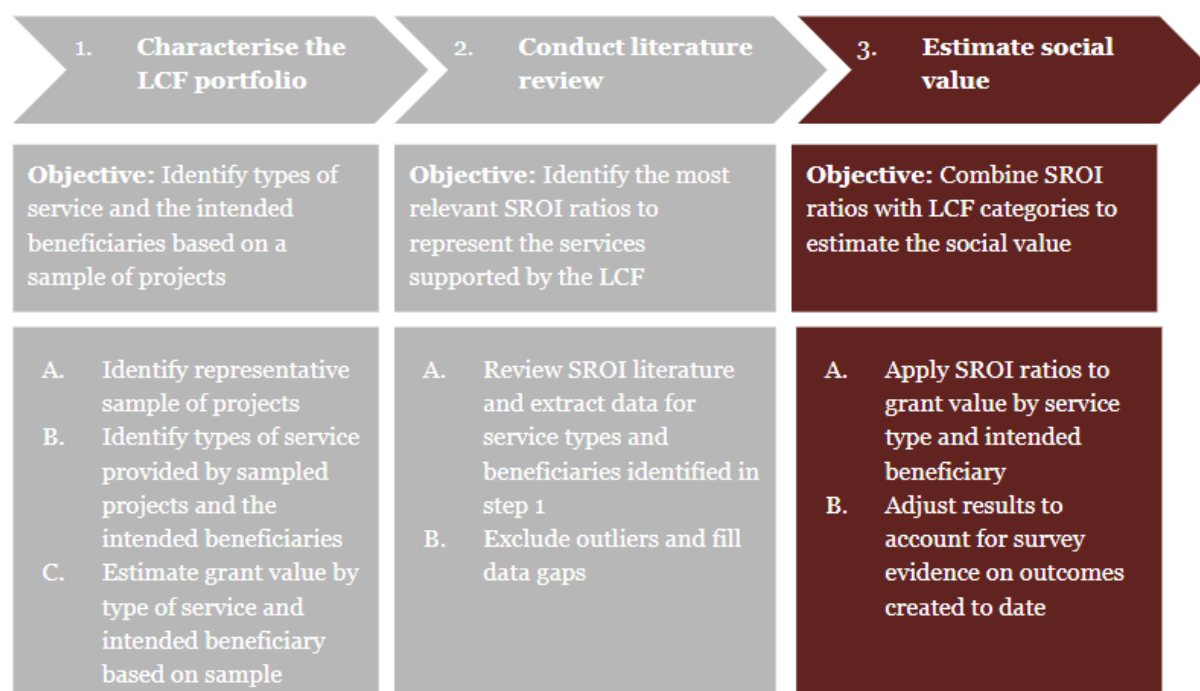
¹⁰ The majority of studies are from the UK; where studies from overseas were used, we reviewed to ensure the context is applicable and assumed that the relationship is the same as in the study country.

¹¹ See, for example, <http://www.socialvalueuk.org/what-ratios-are-telling-us/>

¹² Already excluded from the 74 studies described above

- *Where studies were unavailable for a specific service type:* The average high and low ratios from other studies used for the same activity (weighted by grant value) were applied.
- *Where no studies were found for an activity (e.g. Animal Welfare, Other):* We used the average high and low ratios from all other activities (weighted by grant value).

Step 3: Estimate social value



a. Apply SROI ratios to grant value

We multiplied the high and low SROI estimates (step 2, above) by the estimated grant values (step 1, above) for each unique combination of service type and intended beneficiary from Co-op's LCF dataset. This provides an estimate of the social value created for each of these combinations, which we aggregated for each activity (as defined in the LCF dataset provided by Co-op). Where a project description clearly referred to one or more service types or beneficiaries we applied an average SROI value for each combination. In the absence of more detailed information about whether projects focussed on one beneficiary group more than others, these averages were not weighted.

b. Adjust results to account for survey

Co-op's recent survey of LCF grant recipients asks questions related to whether the funds provided have helped create specific outcomes in the community. These outcomes have been determined by Co-op as part of its theory of change for the LCF. Not all outcomes created by individual projects may be included in this theory of change.

We only included in our analysis those projects whose responses to an end of project survey identified outcomes within the scope of Co-op's theory of change¹³. More specifically, we calculated the percentage of survey respondents from each activity category who did not respond 'yes' to any of the questions listed in Table 5. The resulting adjustments broken out by LCF activity are presented in Table 6 (showing the % of projects that were removed).

¹³ It is possible that other outcomes, outside of Co-op's theory of change, may have been created by projects funded by the LCF. However, the Co-op's survey did not include questions that covered every potential outcome or impact, so it was not possible to obtain evidence of this. To provide a conservative estimate and avoid over-claiming, only the projects that reported outcomes were included in our analysis.

Table 5: List of survey questions used for social value calculations

Survey questions
<i>As a result of the money received from the LCF, did you...</i>
Increase the number of local people participating in the sports/arts/cultural activities offered by our organisation?
Assist local people to find new/different employment?
Increase the number of local people receiving our skills-based training or opportunities?
Increase or create new opportunities (e.g. meetings, events, workshops) for local people to meet and interact?
Increase the number of local people who can access these well-being services?
Increase the number of people who can attend and use our services, as a result of the improved facilities or equipment?

Table 6: Social value adjustment based on survey results, by activity and overall

Activity*	LCF social value adjustment
Animal welfare	67%
Art and Culture	32%
Community Development	22%
Education and Skills	45%
Environment	31%
Health	31%
Other	33%
Social Inclusion	21%
Sport	39%
Young People	24%
<u>Total**</u>	30%

*Defined by Co-op to describes the type of local cause funded by the LCF

**Average adjustment, weighted by grant value per activity

Limitations of our approach and what this means for interpreting the results

This purpose of this study was to use existing data to estimate the social value created by the LCF. It is not itself an SROI analysis, and it is not intended to be. However, it does use the results of existing SROI studies to estimate a range for the social value created by the fund. The following limitations should be noted:

- **Analysis at portfolio level:** Our study uses existing data at the portfolio level of the LCF. Because individual data about the specific outcomes and impacts of each individual project funded by the LCF was not available, we take a sample-based approach to identifying these, and use this sample to represent the LCF portfolio. Our estimates represent social value creation at the level of the LCF portfolio, and the 10 categories of local causes. Direct comparisons of the cost effectiveness of different LCF activity categories should be made with caution.
- **Use of existing survey:** We use an existing survey of fund recipients to estimate which of the projects across the portfolio have led to outcomes, to date, in order that the approach incorporated some form of outcome assessment based on stakeholder engagement. However, this survey was administered to grant recipients six months after receiving the grant and did not directly target those benefitting from services, and so may not capture outcomes that could occur beyond this time or that were not observed by grant recipients. The survey did not capture information about outcomes that are not identified in Co-op's theory of change for the LCF.
- **Reliance on existing SROI ratios to estimate social value:** We have used a large number of SROI studies that have been identified for their similarities with LCF projects. This has some similarities with the widely adopted non-market valuation technique of 'Benefit Transfer'. However, there will be differences between the activities represented by these SROI ratios and the LCF projects. We have attempted to reflect this uncertainty by reporting our estimates as a range.

4. Results of social value analysis

We estimate that the LCF is likely to create £18.3 to £70.7 million in benefits to society from grants provided in April 2017¹⁴. Based on the £9.2m grant expenditure, this is equivalent to between £2.0 and £7.7 of social value creation for every £1 spent by the LCF. Taking the lower bound of this range, we estimate that the LCF creates at least £2.0 social value per £1 spent.

Figure 4: Summary of calculations and results

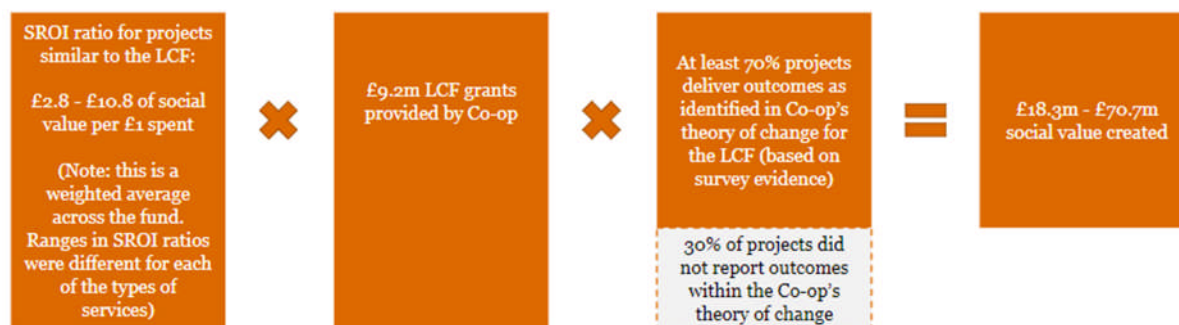
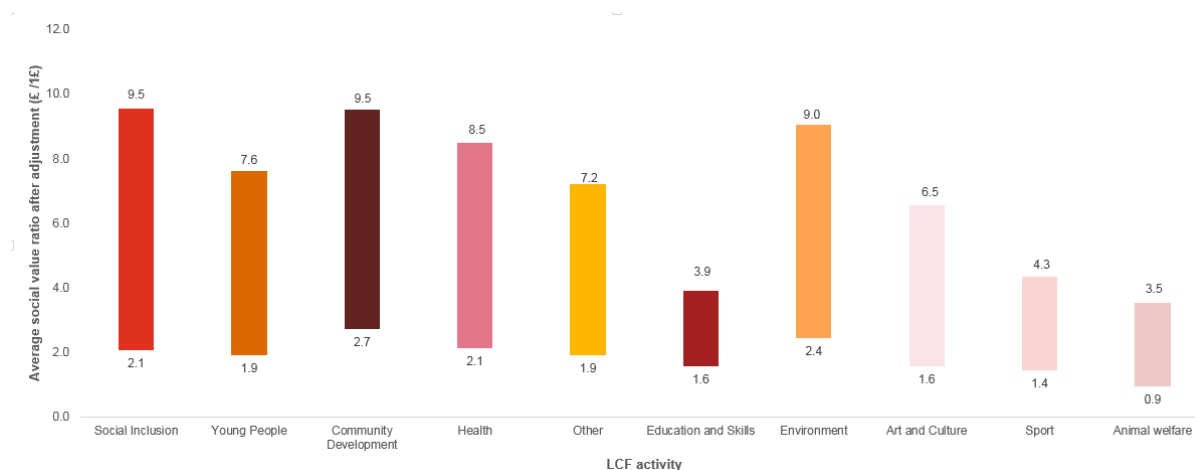


Figure 5 shows the average low and high estimates of the amount of social value created per £1 spent in each category¹⁵.

Figure 5: Average low and high estimates of the amount of social value created per £1 spent in each category



The wide range in SROI ratios for each activity reflects the differences in the social impact of different types of activity; for example, food banks, overnight shelters for homeless people, and organising weekly social activities for the elderly. Furthermore, the baseline for different beneficiaries can vary as well as the duration of impacts assessed. Therefore, the additional social value created will differ for similar types of services. Due to the variety of different approaches used within the SROI studies identified in the literature review, and because this analysis has used secondary data, direct comparisons of the cost effectiveness of different LCF activity categories should be made with caution.

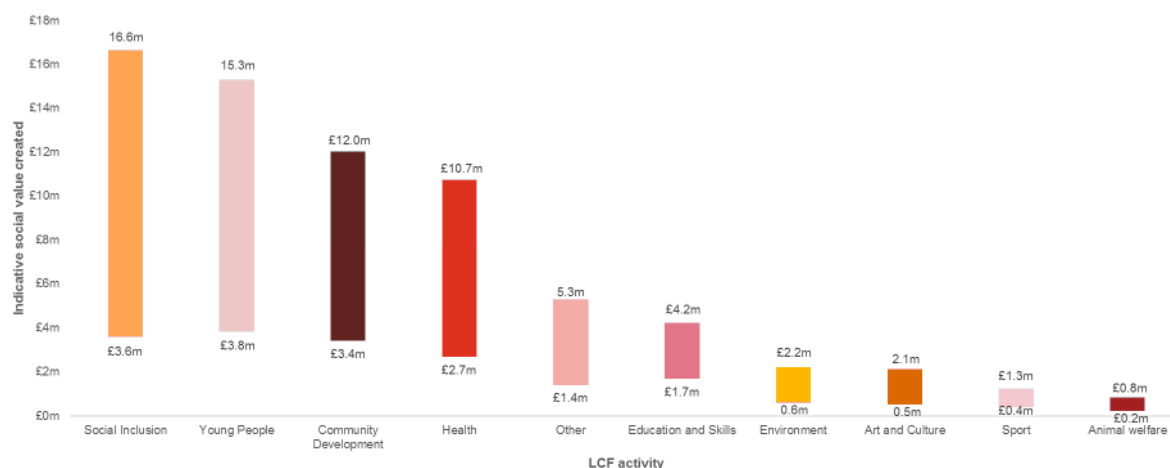
¹⁴ Results refer to benefits for society created as a result of LCF funds provided in April 2017. The benefits themselves are likely to accrue over time.

¹⁵ Due to the adjustment based on the LCF survey, these figures are lower than the unadjusted ratios found in the literature.

Figure 6 shows the breakdown of social value created by activity. Differences in social value estimated for each activity is due to:

1. The total value of grants given to local causes in each activity category,
2. The range of SROI ratios identified for different types of activities, and
3. The scale of adjustment applied based on the Co-op LCF survey data.

Figure 6: Social value estimates by activity



The overlap between social value estimates for different activities suggests that there may be as much variation in the ratios, identified for each of the activity categories identified by Co-op, as there is variation between them. This is supported by our characterisation of the LCF portfolio (see Table 3, above), which suggested that there are common services provided to the community under multiple activity categories.

It is, therefore, difficult to definitively conclude which activities created the greatest social value. However, comparing the high estimates and the low estimates suggests that projects related to social inclusion, young people and community development may create the most social benefit. Animal welfare and sport projects are likely to create the least social value overall – in a large part because these projects received amongst the lowest value of LCF grants during the time period we analysed.

5. *Community change analysis*

In addition to our analysis of social value, Co-op asked us to calculate a ‘community change score’ based on their LCF survey data, in order to show the change created by the LCF in relation to six types of community change. This section presents the results of this analysis.

Survey data

The Co-op’s LCF survey included questions grouped around six categories, which described outcomes, outputs and activities. These categories and questions were defined by Co-op after the initial round of funds had been disbursed, at the same time as they developed a theory of change for the LCF. These categories are: empowerment, participation, infrastructure, connections, wellbeing and environment, and skills. Other changes that may result from LCF activities that fall outside of these categories are not included in the analysis.

The survey received responses from 2,530 grant recipients, of which 1,244 responded to all the questions used in the community change scores (see Table 7). Responses to the survey were provided to Co-op by recipients, based on their own self-assessment. We, in turn, received these 1,244 completed survey responses directly from Co-op. We have not reviewed the accuracy of this data and provide no assurance over it.

Calculation of community change scores

We have used Co-op’s survey responses to calculate a ‘community change score’ for each type of activity supported by the LCF, using the following approach, which was agreed with Co-op:

1. Calculate the number of ‘true’ responses as a percentage of the ‘true and ‘false’ responses together. Any ‘not applicable’ responses for individual questions were excluded from the calculation as it was reported this was the response provided where projects did not intend to create this change.
2. Calculate the average of these percentages for the questions aligned to each of the dimensions of community change defined in Table 7.

The community change score can be understood as representing the percentage of intended change that was delivered by projects up to the survey date, for the specific indicators identified by the Co-op.

Limitations and intended use of this analysis

The survey provides a snapshot of how the funds have been used and a self-assessment by grant recipients of the key changes they have brought about so far, according to specific dimensions of community change. As such, it may not capture all longer term aspects of change. The outcomes identified in the survey are those defined by Co-op’s theory of change for the LCF, and outcomes created through LCF funds that don’t align to this framework are not captured by the survey.

In interpreting the results, it is important to recognise that responses were provided by the same organisations that received the funds, rather than their beneficiaries, and as such there is an element of subjectivity in the results. The results therefore depend on the extent to which respondents were able to accurately and reliably identify and record the effects of the LCF funds on their projects.

Table 7: Survey questions used to calculate community change score

Type of change	Survey question
Participation	Maintain the number of local people volunteering or participating at our organisation (i.e. without the grant we would have had to stop part of our activity)
	Increase the number of local people volunteering for our organisation
	Increase the number of local people participating in the sports/arts/cultural activities offered by our organisation
	Allow a more diverse range of local people to participate (through volunteering OR attending) in the sports/arts/cultural activities we offer
Skills	Assist local people to find new/different employment
	Offer a new skills-based training session or opportunity to the community (e.g. First Aid Training, Cadets etc.)
	Increase the number of local people receiving our skills-based training or opportunities
Connections	Develop new or improved mutually supportive partnerships with other local community organisations (and, if Yes, how many?)
	Increase or create new opportunities (e.g. meetings, events, workshops) for local people to meet and interact
	Obtain further funding to support our organisation
Wellbeing and Environment	Create or improve community green spaces (parks, fields, meadows, allotments)
	Start or improve activities or initiatives which support green energy and/or conservation of the natural world
	Create or improve services for local people which provide help or support for their mental and/or physical well-being
	Increase the number of local people who can access these well-being services
Infrastructure	Create or improve local facilities or amenities
	Purchase new equipment or improve existing equipment
	Increase the number of people who can attend and use our services, as a result of the improved facilities or equipment
Empowerment	How much did it matter to your organisation that your grant was raised by local people?
	How much more connected to your local community do you feel since taking part in Co-op's Local Community Fund?
	Have you received any offers of support from individuals or groups in your local community, as a result of taking part in Co-op's Local Community Fund?
	Since taking part in Co-op's Local Community Fund, has your organisation offered support or help to other local organisations as a result of being more aware of your community?

Key findings

Figure 7: Community change score by activity and type of community change

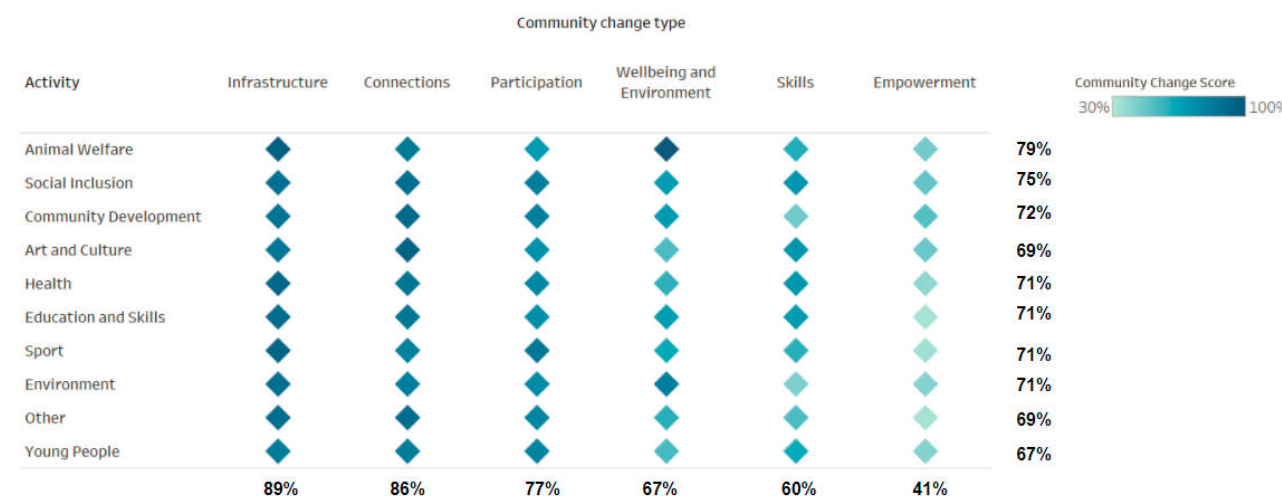
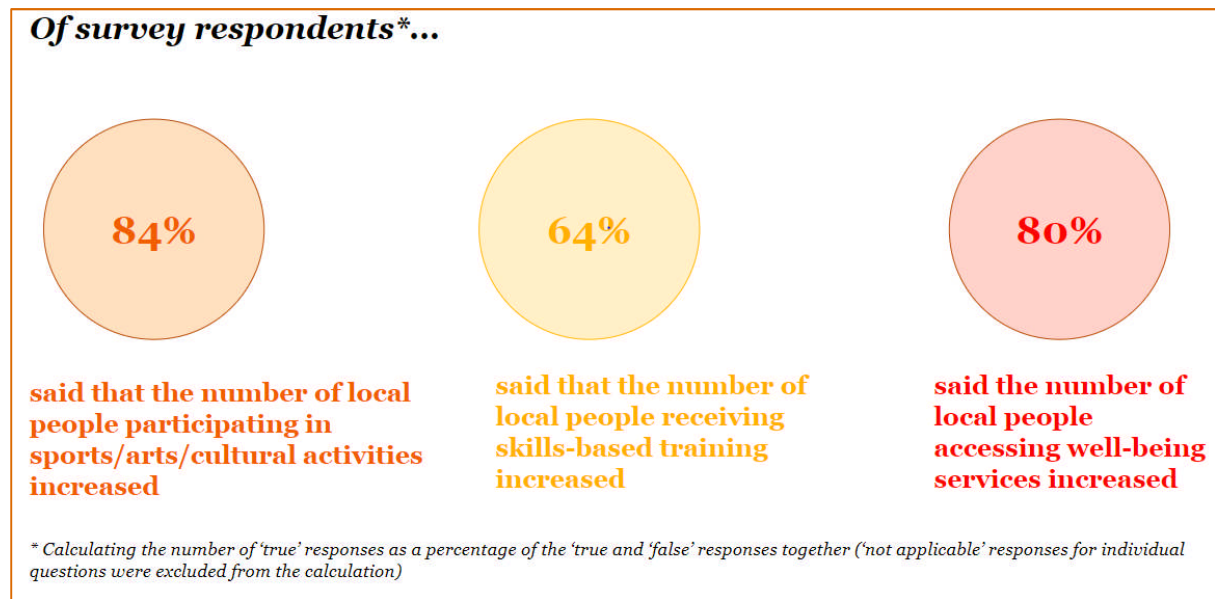


Figure 7 summarises the results of our calculations – the depth of colour indicates strength of response against a given community change type or activity, calculated as described above. The key findings from these results are summarised below:

- The community change type ‘Infrastructure’ has the highest score:** The community change type ‘Infrastructure’ has the highest score at 89%, which is 18% above the average score. ‘Skills’ and ‘Empowerment’ have the lowest community change scores at 60% and 41%. This suggests that survey respondents have, so far, been relatively successful at using LCF funds for improving facilities and equipment where this was their aim. The score for ‘Connections’ is also relatively high, suggesting that LCF grant recipients see a relatively immediate benefit in terms of, for example, creating new opportunities for people to meet and interact in the community.
- Potentially longer term and indirect changes score less well:** Potentially longer term and indirect changes, such as associated with ‘Education and Skills’, score less well. This could also be related to the relatively small size of grants provided as well as the short time span since the LCF was launched. It is therefore possible that more long-term changes such as skills may become more prominent when observed over time.
- The activity ‘Animal Welfare’ had the highest community change score:** On an activity level, causes in ‘Animal Welfare’ had the highest community change score at 75%, closely followed by ‘Community Development’. This suggests that where animal welfare projects had objectives aligned to the Co-op’s theory of change, these projects were amongst the most effective. However, in interpreting this result, we note that animal welfare projects had a relatively high number of ‘not applicable’ responses, which are not included in our calculation (see above). This suggests that many of the planned outcomes from animal welfare projects fall outside Co-op’s current theory of change for the LCF. As a result, the score here is driven by a relatively small number of survey responses and should be interpreted with care.
- The activity ‘Social Inclusion’ has one of the highest community change scores:** ‘Social Inclusion’ also has a relatively high community change score, driven by high scores in Connections and Infrastructure. The types of changes driving community change in Connections includes developing partnerships with other community organisations and increasing opportunities for local people to interact.

Figure 8 highlights three community changes created by the local causes as reported by grant recipients.

Figure 8: Highlights from the survey results



6. Recommendations

As part of the scope of this project, Co-op asked us to provide recommendations for use of the methodology for similar impact assessments in the future. This section provides recommendations about how to develop the Co-op's estimation of the social value created by the LCF, building on the analysis we have conducted and on what represents good practice in this area. We focus, in particular, on SROI assessment and the principles of social value; and on the Social Capital Protocol.

What does good practice look like?

Impact measurement (and, more generally, evaluation) are well established disciplines in the public and private sectors (see, for example, the UK Government's 'Guidance for evaluation'¹⁶ and the World Business Council for Sustainable Development's guide to measuring socio-economic impact¹⁷).

Over recent years, more and more organisations have begun to measure impact in terms of value; specifically in terms of the monetary value of those impacts, so that different impacts can be directly compared with one another, and with the financial costs of the activities that drive them. This allows the estimation of the social value created or destroyed by an organisation's activities.

We have identified two sources of good practice for the estimation of social value (which can also be described as social impact valuation or social capital valuation) that are relevant to the context to the LCF:

- The **SROI Guidelines**¹⁸ first published in 2009 by The Cabinet Office, are a well-established approach for valuing impacts. They have been widely adopted within the charity sector and are being increasingly used by the corporate sector (see, for example, recent SROI analyses published by BT¹⁹ and Skanska²⁰).
- The **Social Capital Protocol**²¹ published in 2017 by the World Business Council for Sustainable Development, provides a framework for corporates to identify, measure and value their impacts on social capital²² and has already been piloted by 25 companies²³.

What is an SROI assessment?

Social Return on Investment (SROI) is a framework for measuring value that is broader than simply financial, helping organisations to understand and quantify the social, environmental and economic value they are creating. An SROI analysis measures how organisations both create and destroy value in the course of their activities, as viewed through the lens of the people or organisations that experience or contribute to these changes.

A key output from SROI analysis is often an SROI ratio, which is used to illustrate how much social value (in £) is created for every £1 of investment. So, a ratio of 3:1 indicates that an investment of £1 delivers £3 of social value. Although it is expressed in monetary terms through the use of financial

¹⁶ *The Magenta Book, Guidelines for evaluation*, Her Majesty's Treasury, 2011, available at:

<https://www.gov.uk/government/publications/the-magenta-book>

¹⁷ *Measuring socio-economic impact: A guide for business*, World Business Council for Sustainable Development, 2013, available at: <http://www.wbcsd.org/Clusters/Social-Impact/Resources/WBCSD-Measuring-Impact>

¹⁸ *A guide to Social Return on Investments*, Cabinet Office, 2009, available at:

https://www.bond.org.uk/data/files/Cabinet_office_A_guide_to_Social_Return_on_Investment.pdf

¹⁹ *SROI Caste Study: BT*, Social Value UK, 2015, available at: <http://www.socialvalueuk.org/resource/bt-case-study/>

²⁰ *Using Skanska's Accounting for Sustainability methodology to build real value*, Skanska, 2014, available at: <http://social-capital.org/case-studies/using-skanska%E2%80%99s-accounting-sustainability-methodology-build-real-value>

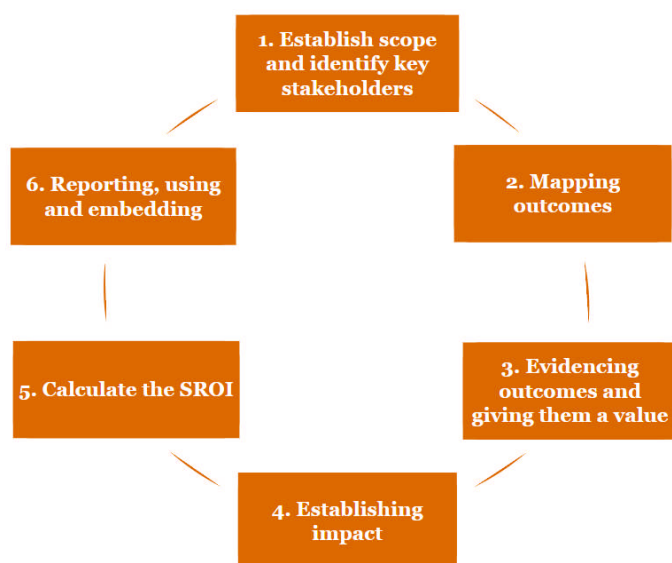
²¹ <http://www.social-capital.org/>

²² Defined as the "Resources and relationships provided by people and society".

²³ Case studies can be found here: <http://social-capital.org/case-studies>

proxies, SROI deals with the creation of value, rather than money; the latter is simply used as way of expressing this value. Figure 9 outlines the six steps required as part of an SROI analysis²⁴.

Figure 9: Six steps of SROI analysis



Each step is set out in detail in the SROI guide²⁵, but they include the following key activities:

- Mapping outcomes: Using an impact map to identify and articulate how the inputs (resources) that go into providing activities produce outputs, and how these lead to outcomes.
- Evidencing outcomes: Evidence-based measurement of inputs, outputs and outcomes to demonstrate they occur and to what extent they do.
- Valuing inputs and outcomes: Quantifying the value of the inputs used to support the activities being examined; and that of the outcomes measured. Where these are not already measured in a monetary value, this is done by identifying an appropriate proxy value.
- Establishing impact: To ensure a robust set of results, those aspects of change that would have happened anyway or are a result of other factors are eliminated from consideration²⁶:
 - Deadweight – the proportion of outcomes that, in the absence of the intervention, would have happened anyway;
 - Displacement – whether the outcomes displaced other outcomes from being experienced by stakeholders;
 - Attribution – the extent to which other organisations or individuals contributed to the impact;
 - Drop-off – the duration the outcomes last for, and proportion of impacts that will continue into future years.
- Stakeholder engagement: Throughout the SROI process, importance is placed on obtaining information and feedback from stakeholders; specifically those identified as benefitting from the activities i.e. who experience the outcomes and impacts.

Once the above considerations are taken into account, the total social value is calculated and divided by the value of inputs, to understand the social return on investment ratio (£ social value per £1 input).

²⁴ Adapted from *A guide to Social Return on Investment*, Cabinet Office, 2009, available at: https://www.bond.org.uk/data/files/Cabinet_office_A_guide_to_Social_Return_on_Investment.pdf

²⁵ Ibid.

²⁶ Adapted from Ibid.

The social value principles

The organisation responsible for developing the SROI Guidelines, Social Value International, has set out seven principles of social value that are “drawn from principles underlying social accounting and audit, sustainability reporting, cost benefit analysis, financial accounting, and evaluation practice”²⁷.

When applied, such as through the SROI approach, the principles are intended to “create a consistent and credible account for the value that is being created or destroyed [...] that recognises that the level of rigour required depends on the needs of the audience and the decisions that will be taken”²⁸.

The principles are:

1. Involve stakeholders: *Inform what gets measured and how this is measured and valued in an account of social value by involving stakeholders.*
2. Understand what changes: *Articulate how change is created and evaluate this through evidence gathered, recognising positive and negative changes as well as those that are intended and unintended.*
3. Value the things that matter: *Making decisions about allocating resources between different options needs to recognise the values of stakeholders. Value refers to the relative importance of different outcomes. It is informed by stakeholders’ preferences.*
4. Only include what is material: *Determine what information and evidence must be included in the accounts to give a true and fair picture, such that stakeholders can draw reasonable conclusions about impact.*
5. Do not over-claim: *Only claim the value that activities are responsible for creating.*
6. Be transparent: *Demonstrate the basis on which the analysis may be considered accurate and honest, and show that it will be reported to and discussed with stakeholders.*
7. Verify the results: *Ensure appropriate independent assurance.*

What is the Social Capital Protocol?

The Social Capital Protocol aims to mainstream the measurement of social impacts for business - shifting the consideration of social performance from an optional extra to a core part of business decision-making²⁹. Published by the World Business Council for Sustainable Development, the Protocol provides a guide to measure, value and manage social capital, as well as a framework for collaboration towards standardised approaches.

In the Protocol ‘social capital’ refers to the resources and relationships provided by people and society, including skills, knowledge and wellbeing, as well as relationships, shared values and institutions.

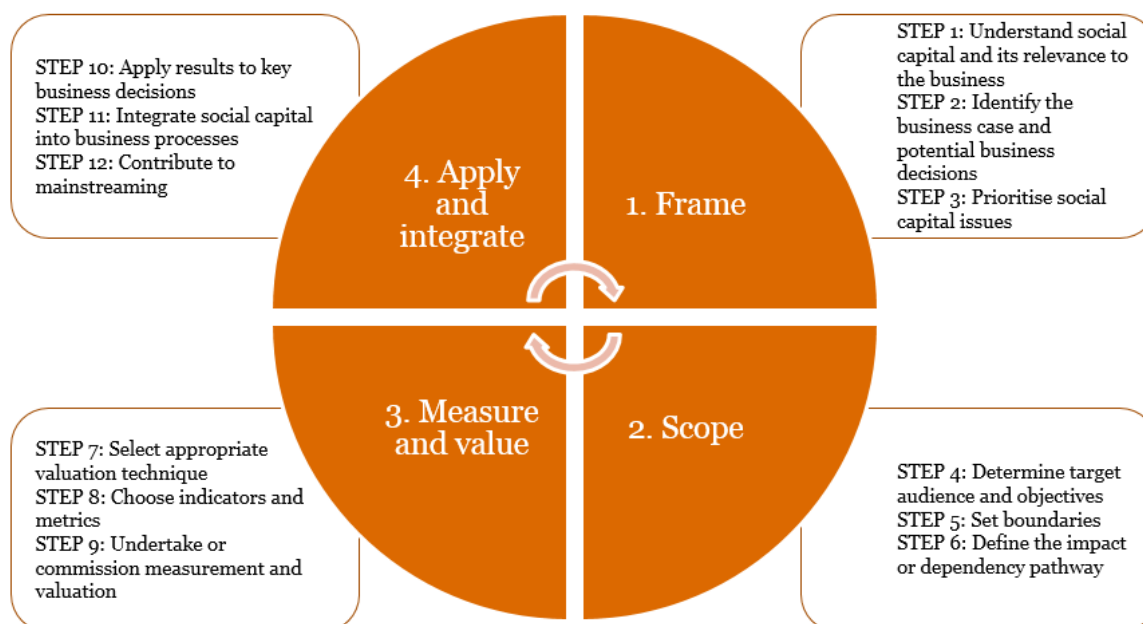
The Protocol sets out four stages which are each underpinned by three steps. These are set out in Figure 10.

²⁷ <http://www.socialvalueuk.org/what-is-social-value/the-principles-of-social-value/>

²⁸ Ibid.

²⁹ <http://social-capital.org/introducing-protocol/what-protocol>

Figure 10: Twelve steps of the Social Capital Protocol³⁰



Whilst framed in the context of business decision making, the Social Capital Protocol process includes much in common with SROI, the social value principles and, with the exception of monetary valuation, impact assessment more generally.

Within the four stages (comprising 12 steps) the following activities are key:

- Determine purpose of analysis and target audience: Agree why the analysis is being carried out, what information needs to be produced, and who will use this information. This provides a foundation on which to make key judgements about the social capital valuation approach.
- Define the impact or dependency pathway: Understand key activities and how these impacts on, or are associated with dependence on, social capital.
- Undertake measurement and valuation: Identify approach metrics to evidence, measure and place a value on impacts.
- Apply results of analysis: Make use of the social capital valuation. This could be for external reporting or internal decision making, and the approach followed should be appropriate for this use.

³⁰ Adapted from *Social Capital Protocol: Making companies that truly value people more successful*, 2017, World Business Council for Sustainable Development

Social impact valuation in the context of the LCF

The Local Community Fund (LCF) provides grants to local organisations and projects that benefit communities across the UK. Member participation is an important aspect for Co-op and the LCF. Therefore, members can choose which local cause receives their contribution to the LCF³¹. The LCF is able to distribute a significant amount of financial support among a large number of causes. In April 2017, the LCF disbursed £9.2m grants to approximately 4,000 local causes. However, the significant number and diversity of the projects within the LCF pose challenges for estimating its social impact and the associated social value it creates.

The examples of good practice outlined above raise the following key issues that need to be considered in the context of the LCF. These are discussed in further detail in the remainder of this section.

What is the intended purpose of the social impact assessment?

As emphasised by the Social Capital protocol, any evaluation exercise should begin by carefully considering what the purpose of the analysis is, and for whom; so that the approach followed and outputs produced are fit for this purpose.

For the LCF, there may be any number, including the following:

- Supporting learning (e.g. about the design of LCF-funded interventions);
- Accountability (i.e. by the Co-op to its members about how effectively the funds have been disbursed; or by grant recipients to the Co-op about how funds have been used);
- Decision-making (i.e. about which projects are funded in future).

Where the focus is intended to be more than one of these, then trade-offs may need to be made between different approaches.

For example, if the purpose of an analysis is principally learning about the design of LCF funds, for use by fund managers, outputs may be technical and focussed on lessons learned. However, if the purpose is to communicate the impact of the fund to Co-op's members and its other stakeholders, outputs may need to be accessible to the general public and consistent with leading practice in reporting. If the purpose is principally to make specific decisions about which projects to allocate resources to, based on their effectiveness, then more detailed project level data may be required to ensure data is granular enough to justify these kinds of decisions.

Challenge for the LCF: What is the principle purpose of the impact assessment of the LCF, and what level of time and resources is proportional to this purpose?

Identifying the activities, outcomes and impacts associated with LCF projects

Both SROI and the Social Capital Protocol advocate some kind of mapping of impact pathways³² in order to understand and articulate the causal relationship between activities and the impact they have on those that are affected by them. This requires understanding those activities at an appropriate level of detail.

Given the volume of grants (over 4,000 in the first round of the fund) and the variety of activities supported (due to these being chosen by Co-op members in local communities) it is impractical to carry out this mapping for each project receiving a grant.

Challenge for the LCF: How can outcomes and impacts, which are representative of the projects funded across the LCF portfolio, be identified with limited resources?

³¹ <https://www.coop.co.uk/membership/local-community-fund>

³² A process variously described as impact mapping, theories of change, or logic modelling

Evidencing outcomes and impacts arising from LCF projects

Both SROI and the Social Capital Protocol place importance on collecting evidence to validate and quantify that outcomes and impacts that have been identified have occurred. This requires the identification of measures to indicate whether change has occurred, and by how much.

Again, given the number and variety of LCF funded projects, it is challenging to define measures that are a) sufficiently representative of the various outcomes and impacts resulting from projects; and b) feasible to collect data on at the project level without becoming too burdensome for grant recipients.

Challenge for LCF: How to meaningfully validate and, if possible, measure the extent of, change that results from LCF funded projects?

Valuing outcomes and impacts from LCF project

A central part of both SROI and the Social Capital Protocol is valuing the outcomes of impacts that have been articulated and measured. Indeed, “Value the things that matter” is one of the seven principles of social value.

Valuation can be qualitative, quantitative or in monetary terms; so long as it measures the relative importance of a change, with respect to the other changes that have been identified. Monetary valuation is most commonly used in SROI, as it allows direct comparison with financial costs in the form of an SROI ratio.

However, given the challenges already discussed around articulating and measuring changes at a meaningful level of detail given the breadth and size of the LCF portfolio, valuation will also prove difficult.

Challenge for the LCF: How to meaningfully value the changes that result from LCF funded projects?

Stakeholder engagement

Stakeholder engagement is widely advocated in evaluation, and particular importance is placed on it within SROI and the social value principles (‘Involve stakeholders’ is the first of the principles).

With over 4,000 LCF funded projects in the first round of LCF grants, the number of people affected by those projects is likely to be very large. The likely scale of projects and recipient organisations will mean that they are unlikely to have sufficient time or resources to design and administer a bespoke survey to engage with beneficiaries.

Challenge for the LCF: How to engage with stakeholders in a way that is not too administratively cumbersome and expensive in time and resources.

Practical considerations

Any evaluation will take place in a practical context, where factors such as existing conditions, time constraints and the nature of the activities will influence the approach taken. These conditions, and their effect on the approach taken, should be acknowledged and managed where feasible and appropriate, based on professional judgement.

In addition to our professional experience, our current approach was shaped by the following key factors:

- **First ever analysis of the LCF:** As this is the first ever analysis of social value created by the LCF, no primary data was available on the social value created by the individual projects that received funding.
- **Limited timescale:** With limited time available, collecting primary data on a project level was beyond the scope of this project and we have instead placed reliance on the data already collected by Co-op and identified in the literature.

- **Availability of SROI studies:** The analysis was based on available literature on the social impact valuation of the service types and beneficiaries identified for the LCF project sample. Where no studies were identified for a specific beneficiary group, a service type, or an entire activity, we used the nearest available data from our review as a proxy to fill data gaps and provide high and low social value estimates.
- **Pre-existing theory of change for the LCF and accompanying survey:** Co-op has developed a theory of change for the LCF that outlines six types of outcomes. Co-op's survey of grant recipients was developed to gain further insights in regards to these outcomes. Both, the theory of change and the survey were developed prior to the scoping of the social value assessment of the LCF; meaning that the objectives of these different exercises, and the approaches followed, were different in places. While not being used for a project level social impact valuation, the survey results were used to estimate which of the projects across the portfolio have led to the six outcomes to date, and to adjust the social value of the LCF accordingly. This assessment of outcomes and subsequent adjustment is limited to the outcomes identified in Co-op's theory of change, which may not be comprehensive of all the possible outcomes created by the diverse projects in the LCF.
- **Timing of survey:** The survey assessed the outcomes as identified in Co-op's theory of change for the LCF after six months of receipt of the grant. This was a useful time point in order to collect early data about the first round of funding, in time for the *Co-op Way Report*. One disadvantage is that this time point may not permit the evidencing of longer term outcomes, which are commonly measured in social impact valuations.

Responding to these challenges

Table 8 summarises how the current approach addressed each of the key issues, as well as the practical considerations, outlined above; and how it could be built on in future.

Table 8: Key challenges

Key challenge	Current approach	Limitation	Recommendations for future development
What is the intended purpose of the social impact assessment?	<ul style="list-style-type: none"> • The principle purpose was agreed to be reporting to Co-op stakeholders about the social value created by the LCF and the portfolio level. 	<ul style="list-style-type: none"> • Due to there not being exhaustive data available about the specific outcomes resulting from all projects, there is limited ability to compare the performance of specific projects with one another. 	<ul style="list-style-type: none"> • Consider whether impact assessment of the LCF is required for other purposes, and the likely impact this may have on the approach. • Where / if data is required to allow decision making: embed a consideration of expected outcomes or impacts (be this at the project or portfolio level) during individual project inception. This will allow a more nuanced understanding of the likely changes resulting from projects and how they compare with one another, to help allocate funds based on their ability to create optimum impact in areas of focus for the LCF.

<i>Identifying activities, outcomes and impacts associated with LCF projects</i>	<ul style="list-style-type: none"> • Project activities were categorised based on service type and beneficiary, using a sample of 200 projects. • Outcomes and impacts associated with these categories were identified from SROI literature. 	<ul style="list-style-type: none"> • Project activities may exist that were not identified and categorised from sampling. • Differences may exist between the activities funded by the LCF, and those analysed in the SROI literature 	<ul style="list-style-type: none"> • In order to capture a broader range of activities than from sampling, grant recipients could be asked to self-categorise their community projects to service types and beneficiaries. • Consider use of a larger sample size of projects. • Develop specific impact maps for the service types and beneficiaries, using existing SROI literature as a guideline, to capture a broader range of outcomes.
<i>Evidencing outcomes and impacts arising from LCF projects</i>	<ul style="list-style-type: none"> • Outcomes and impacts associated with LCF project categories were evidenced in SROI literature. • Co-op's survey of grant recipients was used to evidence six outcomes as identified in Co-op's theory of change. 	<ul style="list-style-type: none"> • Differences may exist between the outcomes and impacts from LCF projects and those analysed in the SROI literature. • The outcomes assessed in the survey only assess the six outcomes identified in Co-op's theory of change of the LCF. • The survey only assessed a six month period and long-term outcomes may not have been captured. 	<ul style="list-style-type: none"> • Align the survey questions with a broader understanding of the expected outcomes (see recommendation above) • Include follow-up surveys after a longer period (such as one year) to allow more time for outcomes to have occurred and to be evidenced.
<i>Valuing outcomes and impacts from LCF projects</i>	<ul style="list-style-type: none"> • Outcomes and impacts associated with LCF project categories were valued in SROI literature. • Based on the evidence on outcomes found in Co-op's survey, the social value was adjusted. 	<ul style="list-style-type: none"> • The survey questions to establish outcomes, and subsequently the adjustment of which projects to apply these ratios to, do not comprehensively establish the change created at the project level. 	<ul style="list-style-type: none"> • Adapt the survey questions to assess the scale of change created by the LCF projects (such as using a Likert scale), rather than asking binary questions.
<i>Stakeholder engagement</i>	<ul style="list-style-type: none"> • Through the survey, Co-op engaged its grant recipients and collected information on the status and outcomes of the projects. 	<ul style="list-style-type: none"> • The survey does not capture the changes experienced by the direct beneficiaries of the community projects. 	<ul style="list-style-type: none"> • On a sample basis, engage with grant recipients to help them collect specific information from grant beneficiaries where this is useful to improve learning or impact measurement.

What are the next steps for Co-op?

Due to the size and diversity of the LCF fund, a project level social impact valuation was not, and may not be in the future, feasible and appropriate due to the significant resource requirements. However, there are opportunities for Co-op to align the approach for estimating the social value with the changes created by the projects funded, in line with good practice. The development opportunities identified in Table 8 can be summarised into the following recommendations and next steps:

- **Embed project categorisation within application process:** Collect standardised information on the types of services and intended beneficiaries on a project level to map SROI studies to projects.
- **Develop impact maps for each category of service type:** Develop an impact map for the different service types delivered by the LCF projects.
- **Collect primary data:** Identify indicators that help evidence the outcomes and collect appropriate data through the existing Co-op survey.
- **Engage and educate stakeholders:** To improve the quality of survey responses, Co-op could engage with its grant recipients to establish the objective of the survey, which will help respondents to provide the right type of information.

Embed project categorisation within application process

Our social value estimate of the LCF was based on the project categorisation and the mapping to service types and intended beneficiaries. The social value created by these combinations were scaled from the sample that was used to identify service types and beneficiaries, to the full LCF grant value. The sample is therefore assumed to be representative of the whole LCF.

In order to match each project to a service type and beneficiary and apply the appropriate range of SROI ratios³³ to the project grant, we recommend embedding a standardised list of service types and beneficiaries in the application form so that grant recipients can select from these from the outset.

This would improve the robustness of the results as the social value assessment would be based on self-reported categorisations and not on a scaled sample. While collecting this information from grant recipients, new types of services and groups of beneficiaries may be identified. The standardised lists and the database of relevant SROI studies should therefore be maintained and updated accordingly.

Develop impact maps for each category of service type

Impact maps (or ‘theories of change’) are developed to identify outcomes and impacts associated the activities of a project. The impact map shows the short- and long-term changes (outcomes and impacts) in the wellbeing of beneficiaries. Examples are improved confidence or improved writing skills as a result of a training course provided, that could help in turn improve the employability of a course attendant (beneficiary). The Co-op has already developed a theory of change at the portfolio level for the LCF.

Currently, the social value estimate for the LCF relies on the impact maps identified in the individual SROI studies. Furthermore, Co-op’s survey used to adjust the social value only focusses on evidence of six outcome types identified in the LCF theory of change.

Developing more specific impact maps for each service type category would help strengthen Co-op’s reporting of impacts and provides a more complete understanding of the outcomes created by the projects in the LCF.

Collect primary data on a broader set of outcomes

Co-op is already collecting primary data and using its survey to help understand which outcomes (as identified in its theory of change) were created by the projects. However, the questions currently do not

³³ As identified by SROI studies conducted for similar service types and beneficiaries

comprehensively assess the breadth and scale of change created. We therefore recommend aligning the questions with a broader understanding of the potential impacts that may result from each service type.

Co-op could use the survey to ask grant recipients to report their intended or most relevant outcomes as part of the grant application form (see above). Collecting this information through the survey could lead to the following:

- Understand which outcomes the projects are creating to further inform the impact map and support outcome reporting.
- The intended outcomes that a recipient indicates at the time of their grant application could be assessed through the survey after a sufficient time lapse. Further customisation of survey questions by likely outcomes per project category could also be considered.
- Understand which outcomes are material, by category and the whole LCF. This may inform initial project screenings to align intended outcomes with targeted outcomes for the LCF.

Grant recipients responded to the survey after six months of receiving the grant. However, some outcomes may only be evident beyond this timeframe. Conducting the survey after a longer period (for example a year) may help to capture more evidence of change and therefore provide a more complete understanding of the social value created.

Engaging and educating stakeholders:

To ensure that grant recipients understand the context to the survey questions, Co-op may wish to engage with the grant recipients on the background and purpose of the social value assessment of the LCF. Considering the practicalities of engaging with projects within the LCF, engagement may be limited to webinars, workshops or electronic information distribution. This could help ensure that survey respondents provide the right type of information and hence improve the quality of the survey responses.

As the surveys are completed by the grant recipients, the data collected through the survey is limited to the knowledge of the grant recipients of the change created. Collecting data directly from the primary beneficiaries of the grants will provide additional insights about the changes resulting from the LCF. This would require additional resources and may not be feasible to administer across the portfolio but could be considered for material project types or for a sample of projects.

Overall, there are opportunities for Co-op to further enhance the analysis of the social value created by LCF, in line with good practice. Improvements to the robustness of the results may be integrated over time, as its reporting develops. We encourage Co-op to continue reporting transparently on its methodology and any changes to its methodology, in particular where these changes may influence the comparison of year on year results.

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