

Social Return on Investment in Sport: *A participation wide model for England*

SUMMARY REPORT

FEBRUARY 2016

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Social Return on Investment in Sport: *A participation-wide model for England*

Summary Report

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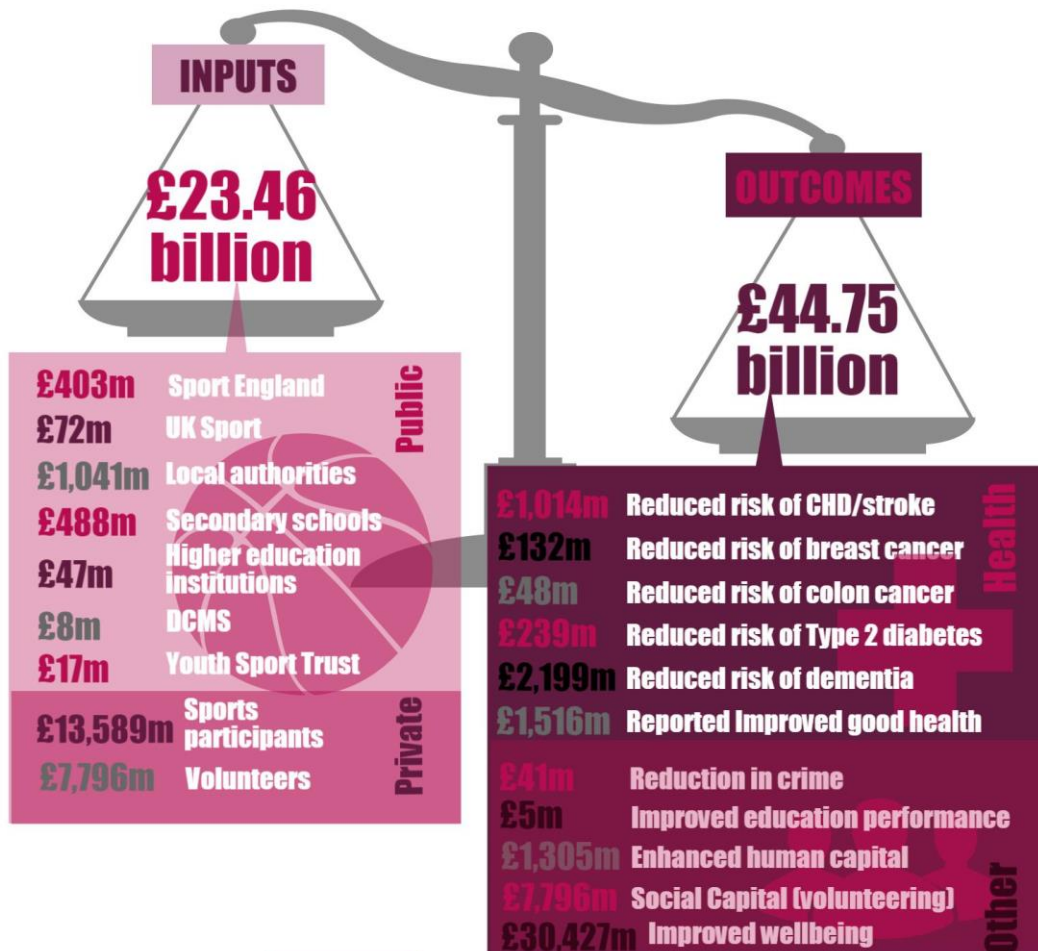
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Summary



SROI = 1.91 → For every £1 spent on sport, £1.91 worth of benefits are generated

1. Introduction

1.1 Background, rationale and aim of the research

A recent review of literature on the social impact of sport, carried out by the Sport Industry Research Centre (SIRC) and others (DCMS, 2015¹), found that sport might be seen to have 'turned a corner' from the previous state which was criticised by many academics as being under-researched. The report found that sport and exercise prevent or reduce physical and mental health problems and save on health care costs. Furthermore, it found evidence that sports participation improves pro-social behaviour and reduces crime and anti-social behaviour, particularly for young men; promotes bonding social capital and collective action, particularly volunteering; and has a positive effect on educational outcomes, including psychological and cognitive benefits and educational attainment. There is also evidence of a positive relationship between sport participation and subjective wellbeing i.e. life satisfaction or happiness for individuals. The review found that there are some negative effects from participation in sport. These include increased sports injuries, typically for younger people; increased violence and illegal (NB underage) alcohol consumption; and in some cases social exclusion in sports clubs.

While there is growing evidence that sport can create societal benefits, attempts at measuring and valuing these impacts have often been context-specific, for specific amenities or initiatives/programmes in specific locations. There has been little attempt to place a wider value on the social impact of sport to society. Social Return on Investment (SROI) is a framework for measuring and understanding the non-market economic, social and environmental value of an activity, intervention, policy or organisation. SROI is a technique that is gaining acceptance amongst social policy makers and is increasingly being used across a wide range of policy areas, especially by public agencies and third sector organisations, to measure social value and to justify public investment. However, to date, the application of SROI to sport has been limited. There are some examples of SROI being applied to specific sport interventions but the application of this technique is still quite new and it has not, until now, been applied more widely to the sports industry, particularly nationally.

¹ DCMS. (2015). *A review of the social impacts of culture and sport*. [online]. <https://www.gov.uk/government/publications/a-review-of-the-social-impacts-of-culture-and-sport>

The aim of this research is to measure the social impact of sport in England, using the SROI framework.

The purpose of the research is to enable policy makers to present a case for supporting investment in sport, by demonstrating its wider contribution and value to society.

Furthermore, from an educational perspective, it is to lay down the basis for a research programme in this area, and a platform upon which to build and improve estimates of social impact and value in the future.

1.2 Project outline and scope

The research attempts to value the social impacts of participation in sport in England. This study adopts economics definitions of social benefits and costs, which taken together are often termed social impacts. We include relevant benefits and costs which affect private individuals, because they are part of society; and we include benefits and costs which affect someone other than the direct beneficiary, which typically include:

- changes in health care costs, derived from health changes of individuals;
- changes in criminal justice system costs, derived from changes in crime and antisocial behaviour and in pro-social behaviour and citizenship;
- the value of changes in human capital and productivity for society, derived from education changes for individuals; and
- the value of changes in social capital, derived from bonding, bridging and linking capital changes, and changes in volunteering.

In addition, we have included consideration of subjective wellbeing, from both participation and volunteering in sport, as part of social benefit. This is therefore an inclusive definition of social impact.

The aim of SROI is to measure the quantities of social impacts and to place a monetary value on them. The SROI analysis expresses these values of outcomes in relation to the initial investment in sport, for example, for every £1 of investment, a value in the range from £x to £y is created. The SROI analysis also expresses the value of health, crime and education outcomes (i.e. those intended by government funding), in relation to public investment in sport. This will be referred to as a *societal SROI*. The purpose of expressing the SROI calculation in this way is to give government policy makers a clearer indication of public benefit generated from public investment. However, the societal SROI value is illustrative and should be viewed cautiously as it does not take account of the inter-relationships between public and private investment.

The parameters of the research are as follows:

- The target population is England; children aged 5-15 and adults 16+;
- The year of evaluation is 2013-14;
- We are guided by the definition of sport adopted in the Taking Part Survey and the Active People Survey '1x30 sport' indicator;
- We have included volunteering;
- We have excluded major events.

The aim of the project from the outset was to be as inclusive of as many social outcomes as possible. However, ultimately the scope is determined by those impacts where a clear link with sports participation is strongly and empirically evidenced. On this basis, the project aims to achieve a high level of academic rigour. Nevertheless, it should be noted that as a consequence of this decision, the scope of the project may ultimately be defined more narrowly than would ideally be the case, and as such the findings from this project may underestimate the actual social value of sport.

2. Methodology

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There are two types of SROI - evaluative and forecast. This project will be evaluative, meaning it will be conducted retrospectively and based on actual outcomes that have taken place.

There are six stages of a SROI model:



The key stakeholders represented in the analysis include relevant government departments and government-funded agencies, local authorities, secondary schools and universities, commercial sport providers, voluntary clubs, sports participants and sports volunteers.

We have estimated the values of sport's impact on improving six health outcomes, reducing criminal incidences, improving educational attainment and the return from higher education (enhanced value of human capital), volunteering, and improving subjective wellbeing. We have provided estimates of values where there is sufficient empirical evidence on which to base these estimates. Unfortunately this is not the case for some relevant effects, including primary school sport; targeted sport programmes for specific parts of the population; effects on musculoskeletal health, depression/anxiety, and sports injuries.

The inputs which generate sports participation, from which social benefits are derived, are largely continuing operating costs for facilities and services which are repeated each year, i.e. a continual input process, rather than a one-off investment which yields returns over a period of future years. We therefore considered an *annual* estimate the most appropriate method for calculating national level outcomes and values of social benefits from sport: i.e. comparison of a year's input with the value of the social benefits (minus social costs) generated by a year's participation in sport.

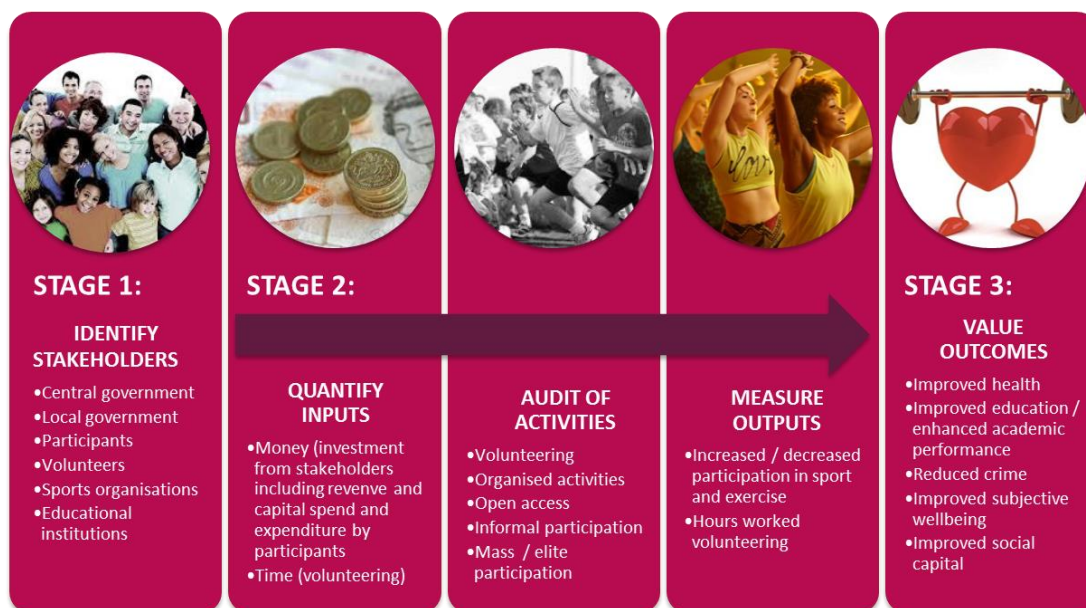
2.1 Assumptions

As with any SROI estimates, certain assumptions are necessary to generate the final values. Key assumptions in this study include:

- sports participation can be represented by those who participate at least once a week for 30 minutes;
- evidence for other advanced economies can be applied to England;
- evidence for physical activity which includes sport can be applied to sport;
- evidence for non-sport volunteers can be applied to sport volunteers;
- a variety of findings on the same effect can be averaged for the sake of our aggregate estimation; where such averaging is not possible, a cautious but generalised assumption of the effect can be derived from the literature.

3. Key findings

The impact map below outlines the first three stages of the SROI analysis.



Inputs are those things that stakeholders contribute in order to make activities possible. The inputs to the sports industry are primarily money (financial) and time (non-financial).

- Total inputs to sport in 2013/14 are calculated to be £23.46 billion.

Outputs are a quantitative summary of an activity. In this study, the primary output is participation in sport by the general population. The other main output is participation in sports volunteering.

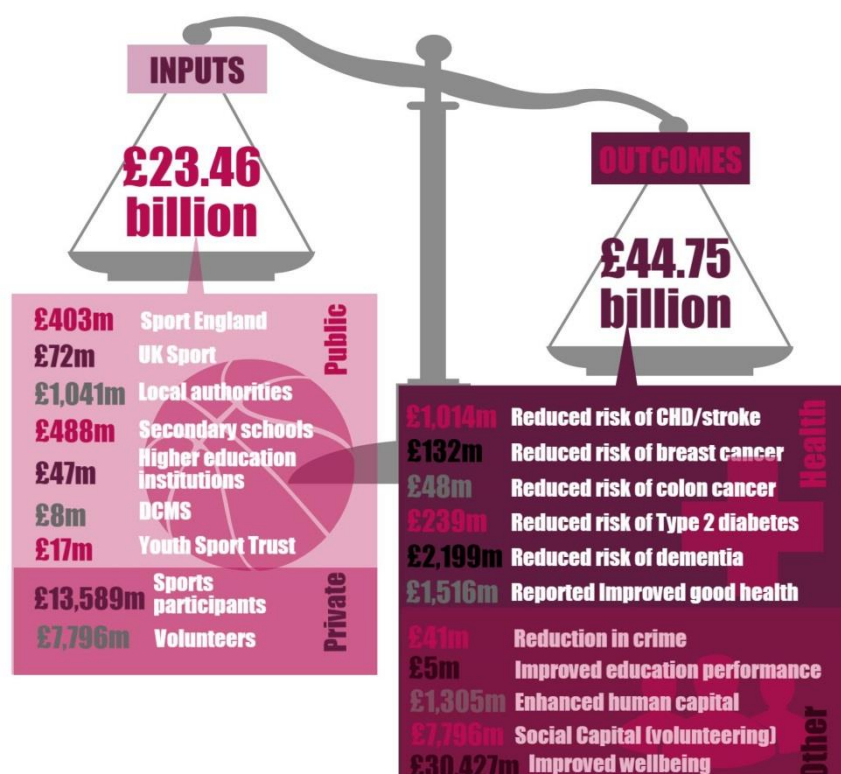
Outcomes are identified through a systematic review of literature and consulting academic experts in the field of health, crime, education and social capital. Six health outcomes, two education outcomes and three other social outcomes were identified as having a strong relationship with sports participation as follows:

- Participation in sport and exercise at moderate intensity in adults reduces risk of CHD and Stroke in active men and women by an average of **30%** (range 11%-52%);
- Participation in sport and exercise at moderate intensity in adults reduces risk of breast cancer in active women by **20%** (range 10%-30%);
- Participation in sport and exercise at moderate intensity in adults reduces risk of developing colon cancer by **24%**;
- Participation in sport and exercise at moderate intensity in adults reduces risk of Type 2 diabetes by **10%**;

- Participation in sport and exercise at moderate intensity in adults reduces risk of developing dementia by **30%** (range 21%-52%);
- Sports participants are **14.1%** more likely to (self) report good health than non-participants²;
- Sports participation leads to a **1% increase** in educational attainments (aged 11-18);
- Graduates who participate in sport at university earn an average of **18%** more per year than their non-sporting counterparts³;
- Sports participation leads to a **1% reduction** in criminal incidents for males aged 10-24 years;
- Sports participation is found to be associated with higher subjective wellbeing⁴;
- Volunteering is found to be associated with improved individual subjective wellbeing and greater life satisfaction⁵;
- Volunteers create social capital to the organisations they give their time to. Volunteer time is worth at least the equivalent value of average hourly earnings.

The outcomes were valued through literature, secondary data and financial proxies, sometimes with the help of assumptions.

- Total outcomes from sport in 2013/14 are estimated to be £44.75 billion.



² Fujiwara, D., Kudrna, L. and Dolan, P. (2014a). *Quantifying the social impacts of culture and sport*. DCMS.

³ Allen, K., Bullough, S., Cole, D., Shibli, S and Wilson, J. (2013). *The impact of engagement in sport on graduate employability*. [online]. http://c1593.r93.cf3.rackcdn.com/BUCS_Employability_Research_Report.pdf

⁴ Fujiwara, D., Kudrna, L. and Dolan, P. (2014b). *Quantifying and valuing the wellbeing impacts of culture and sport*. DCMS.

⁵ Join in. (2014). *Hidden diamonds: Uncovering the true value of sport volunteers*. <https://www.joininuk.org/hidden-diamonds-true-value-of-sport-volunteers/>

⁶ Fujiwara, D., Leach, M., Trotter, L. and Vine, J. (2014). *Measuring the social impact of community investment: A guide to using the Wellbeing Valuation Approach*, HACT: ideas and innovation in housing.

3.1 Calculating the SROI value

The SROI value is calculated by dividing the value of outcomes (£44.75 billion) by the value of inputs (£23.46 billion). This gives a SROI of 1.91.

- **For every £1 invested in sport in 2013/14, £1.91 worth of overall social impact is generated.**

For indicative purposes, the SROI estimates can be broken down into societal and individual elements. Assuming that government funding of sport is aimed at generating health, crime and education benefits, then £2.01 billion of government spending on sport in 2013/14 is associated with £6.53 billion worth of benefits for health, crime and education - a societal SROI of 3.15.

- **For every £1 invested in sport by government in 2013/14, £3.15 worth of social impact is generated.**

The individual SROI, which is calculated by dividing the benefits participants receive individually through subjective wellbeing and social capital (volunteering) by the expenditure of participants (sport participants and volunteers), is 1.79. Subjective wellbeing is by far the largest component of social impact, generating £30.43 billion, or 68% of overall social impact from sport.

- **For every £1 invested in sport by sports participants and volunteers in 2013/14, £1.79 worth of social impact is generated.**

From a public sector perspective, although presenting the SROI value as societal and individual is a useful way of viewing the SROI analysis as it has a sharper focus on the things that matter most to government policy makers and is the focus of public policy, care should be taken in interpreting the SROI values in this way. It is based on the implicit assumption that the impacts generated from societal and individual investment operate independently. However, this assumption is untested and not based on evidence or research undertaken as part of this project. It is highly likely that without the inputs and actions of individuals, societal impacts would not be realised (i.e. individual and societal impacts are interdependent).

3.2 Sensitivity analysis

One of the key components of a SROI analysis is to test the sensitivity of the SROI to variations in data used e.g. outcome measures, financial proxies etc. If we use the more conservative and more generous values for health, crime and education outcomes found in the literature, then the overall SROI moves down to 1.84 or up to 1.98, compared with the headline figure of 1.91 given above. This indicates that the SROI is not overly sensitive to variations in the key assumptions for health, crime and education. However, adopting a higher value for improved subjective wellbeing (which is suggested by one reference in the literature we reviewed) leads to the overall SROI increasing to from 1.91 to 19. Therefore the only factor which the SROI is particularly sensitive to is the subjective wellbeing valuation. This confirms our judgement to use the more conservative values derived from the Wellbeing Value Approach in the final SROI model.

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4. Conclusions and further research

There are two important principles that underpin a SROI-based analysis. The first principle is **transparency**. We have been transparent in the manner in which we estimate the costs and benefits for key stakeholders associated with sport by providing an audit trail of assumptions and the data sources from which they were obtained. The second principle is **challenge**. To this end, we welcome challenges (or indeed reinforcement) from key stakeholders in sport and other experts within and beyond academia on any of the estimation procedures. This will only help to refine the figures and improve our confidence in them.

Overall, the research presented in this report shows that it is possible to apply SROI measurement to sport at the national level and that the 2013/14 social value of sport in England is positive. Nevertheless, it is clear from the research that the SROI analysis is only partial and the value of the social impacts reported is likely to be underestimated. We have knowingly excluded several health, crime and education impacts (positive and negative) from this study, through a lack of sufficient empirical evidence on the effect of sport on social outcomes and/or the value of such effects.

This research is the start of a journey, providing a platform for improvement in evidence on the social impacts of sport. It represents a first attempt to use a SROI analysis to value the sports industry and it is one of only a few studies that attempt to apply the method at a sector wide level more generally. As such, the application of the SROI approach to sport is in its infancy, and although it provides a potentially useful tool for measuring the wider benefits of sport to society in the future, further research is required to improve its measurement accuracy. Most importantly, future research should focus on improving the quality of evidence that is used in the SROI, primarily the empirical evidence to demonstrate the relationship between sport and social outcomes. We would welcome discussions with interested parties in how this research agenda can be taken forward.

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