

Social Return on Investment (SROI) analysis of CEME



July 2020

Executive Summary

The CEME campus is a world class business park for training and education to manufacturing, engineering and technology businesses. Based in Rainham, East London, CEME was conceived as part of the London Riverside Programme in 2001/2 and the Mayor of London's *London Plan*, approved in 2004.

CEME commissioned Envoy Partnership to conduct a Social Return on Investment (SROI) evaluation of CEME's impact. The SROI is focused on CEME's core service offering of providing rented space to a variety of tenants in different parts of the campus: in the main building, the Innovation Centre, and the Launchpad.

The SROI draws on the principles outlined by Social Value UK,¹ and incorporates a measure of total economic impact, drawing on parts of domestic Gross Value Added methodology.

Key findings from the evaluation include the following:

- There is evidence that CEME's tenants have grown at a faster rate than the UK economy as a whole. Job growth at CEME is c. 3.1%, over seven times higher than for the UK overall (0.42%).
- A significant proportion of tenants believe that CEME has made a positive contribution to their organisation. CEME contributes in several ways:
 - The high quality of the CEME campus gives tenants credibility to their customers, and aids their recruitment. This is seen by tenants as a driver of business growth.
 - Tenants are positive about CEME's staff, highlighting their professionalism and the support they provide to tenants.
 - The business support and training provided by CEME are seen as valuable.

The GVA shows that CEME's tenants – with support from CEME – make a significant contribution to the local economy. The total economic impact of businesses based at CEME is around **£53 million per year**, with a further **£12.5 million per year from CEME**.

Likewise the social value created is significant, although some of the data on business growth is limited. The total present value created by CEME and CEME's tenants is around £38 million per year, and of this around £3.5 million can be directly attributed to CEME. This figure incorporates benefits to tenants' their employees, the economy, the community, and the UK government.

This analysis calculates the social return on investment by comparing the social value created with CEME's investment. This then **gives an SROI (social return on investment) ratio of around 4:1, meaning that £4 of social and economic value is created for every £1 invested**.

This represents a significant return. It suggests that the CEME model has a major impact on the local community and economy, and represents a cost-effective way to drive local business growth.

¹ <http://www.socialvalueuk.org/what-is-social-value/the-principles-of-social-value/>

About CEME

CEME (Centre for Engineering & Manufacturing Excellence) was conceived as part of a £436m Single Regeneration Budget (SRB) Programme in the London Riverside area that commenced in 1999. The SRB partnership identified four key market failures in its assessment of the needs of the area. These included:

- Large areas of unused, brownfield land (including the CEME site) which needed to be remediated before being brought into economic use,
- Little culture of entrepreneurship and dynamic business growth and high rates of economic inactivity,
- Pockets of long-term unemployment, high levels of disability claimants,
- Low qualifications and low wages.

Consideration of these market failures led to the establishment of the area as a focus for public sector intervention from the early 2000s and the establishment of the London Riverside area Programme in 2001/2. The Mayor of London's London Plan, approved in 2004, identified the London Riverside as an opportunity area. It set out the case for intervention in terms of creating new mixed urban communities, a leading centre for innovation, high tech manufacturing (CEME) and environmental technology as well as improving open spaces and transport infrastructure.

It is within this overall context that CEME was conceived, built, and now operates – at the heart of this significant regeneration zone in London. CEME exists to deliver economic growth in areas of regeneration, convening stakeholders to create and deliver inspiring projects. Incorporated as a Charity in 2010, its charitable aims can be articulated as follows:

- To provide education, training and re-training opportunities, and work experience;
- To provide, technical assistance, and advice, including financial, to new and existing businesses where it leads to training and employment opportunities for unemployed people;
- To provide land and buildings on favourable terms to businesses in order to create training and employment opportunities;
- To help unemployed people find employment;
- To provide public amenities for the local economy.

The CEME campus is a world class science park for training and education to manufacturing, engineering and technology businesses. Purpose built on a 19-acre site in Rainham, East London, the campus offers a range of cutting-edge facilities:

The Main CEME Building: the hub of the campus with its own public café restaurant, open 6 days a week, and 8,000 square foot communal/breakout area, otherwise known as 'The Street'. The main building offers a range of work space to rent:

- Modern, high quality office space from 500 to 20,000 sq ft
- Training rooms from 550 to 900 sq ft
- State-of-the-art workshops from 500 to 25,000 sq ft

Customers who base their business at CEME enjoy a full business support service, dedicated centre managers and a full reception service in addition to a comprehensive IT service all geared towards helping customers grow their business faster.

The CEME Meeting, Events and Conference Centre provides outstanding conference, exhibition, meetings and training space, including the innovative POD Theatre.

The Launchpad Centre: is aimed at supporting high growth ambition business ventures and entrepreneurs, offering co-working, hot desk, fixed desk and small office spaces to let, for up-and-coming manufacturing, engineering and technology businesses. Created to incubate early stage companies and boost those SMEs with the ambition to grow, the Launchpad Centre offers a range of business support services aimed at accelerating growth of resident companies.

The Innovation Centre: offers a variety of offices and workshops, as well as virtual office package to technically oriented companies within the technology, manufacturing and engineering sectors and businesses servicing and supporting their needs. Just like the Launchpad Centre, the Innovation Centre also provides a package of high-quality commercial space, combined with business and innovation support.

Commissioning the SROI

CEME commissioned Envoy Partnership to conduct a Social Return on Investment (SROI) evaluation of CEME's impact. This particular evaluation is limited to CEME's core service offering of providing rented space to a variety of tenants: in the main building, the Innovation Centre and the Launchpad. Further evaluations are planned for the Events and Conferencing business in the near future.

About Envoy Partnership

Envoy Partnership is a social value and impact management consultancy. We empower our clients to measure, demonstrate and enhance their social, economic and environmental impact. We guide organisations through all aspects of their social value journey, delivering high-quality independent evaluations, SROI and social value analysis, and impact management support.

Envoy have particular expertise in SROI and social value. We are a partner of *Social Value UK (SVUK)*, and draw on SVUK-accredited SROI practitioners and trainers.

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Research Methodology

Social Return on Investment is a type of cost-benefit analysis that quantifies and values social as well as economic benefits. The methodology followed in this report directly draws on the UK Cabinet Office's *Guide to Social Return on Investment*.² SROI proceeds via six distinct stages, as defined in the guide. It is a *mixed methodology* approach, relying on both *qualitative* research (particularly in stage 2 below) and *quantitative* research (particularly in stages 3 and 4 below):³

1. Establishing scope and identifying key stakeholders
2. Mapping outcomes
3. Evidencing outcomes and giving them a value
4. Establishing impact
5. Calculating the SROI
6. Reporting, using and embedding

The analysis was based on primary and secondary research, as outlined below in Figure 1.

Figure 1: Involvement of stakeholders in evaluation

Stakeholder	Methodology	Research type	Stakeholders engaged
CEME staff	A workshop with CEME Staff	Qualitative	15
The CEME board	Three board presentations and discussions with the CEME board	Qualitative	8
Tenants	13 Qualitative interviews with current and former tenants, and other external stakeholders	Qualitative	13
	3 quantitative surveys with current tenants	Quantitative	3
	Analysis of publicly available financial information on CEME's tenants held by Companies House	Quantitative	Data analysed for 79 companies
	Data held by CEME, including measures of footfall, numbers of tenants, and a 2018 tenant survey	Quantitative	Survey completed by 75 tenants
Tenants' staff	A quantitative study of 89 employees of tenants	Quantitative	89
	Follow-up qualitative discussions with 15 employees of tenants	Qualitative	15
	2 focus groups with apprentices based at CEME	Qualitative	15
Local authority	A qualitative interview with 2 representatives from the London Borough of Havering	Qualitative	2
Landlord	1 qualitative interview with a representative of Ford, the landlord	Qualitative	1

A Gross Value Added (GVA) analysis was also conducted, giving a measure of economic activity. The SROI draws on parts of the GVA, but there are aspects of the GVA (such as tenant expenditure) that do not contribute to the SROI. The GVA results are therefore reported separately to the SROI.

² SVUK, *A guide to Social Return on Investment*, (2009, updated 2012), <http://www.socialvalueuk.org/app/uploads/2016/03/The%20Guide%20to%20Social%20Return%20on%20Investment%202015.pdf>

³ *Ibid.*, pages 9-10

Establishing scope and identifying key stakeholders

The scope of the SROI is CEME's core service offering of providing rented space to a variety of tenants: in CEME's main building, the Innovation Centre and the Launchpad.

Various aspects of CEME's activities are outside the scope of this analysis. These include:

- The partnerships developed by CEME such as Elutec⁴ and HSSMI,⁵
- The CEME conference centre,
- The Gateway to Skills centre,
- The hydrogen refuelling station.

Furthermore, the analysis focuses on the ongoing provision of rented space. It does not include the original redevelopment of the CEME site, which included an environmental clean-up of a brownfield site that had become contaminated by industrial activity.

Stakeholders and materiality

A provisional list of stakeholders was drawn up in conjunction with CEME, and a materiality test was applied to the stakeholder groups. This assesses which stakeholder groups experience outcomes which are likely to be material – and therefore need to be included in the analysis, and which are not material.

Materiality is an assessment of whether something is sufficiently relevant and significant that it should be measured and reported on. It helps ensure that evaluation resources are focused on the outcomes – and therefore stakeholders – which matter most when informing decision making. Social Value International describes the materiality process as follows:

“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.”⁶

Materiality is not the same as importance; some stakeholder groups will not experience any material outcomes, but are nonetheless very important for an organisation and its decision making. An organisation's funders often fall into this category.

Figure 2 shows the materiality audit trail, showing which stakeholders are expected to experience material outcomes, and which are therefore judged to be material.

⁴ <https://www.elutec.co.uk/>

⁵ <https://hssmi.org/>

⁶ Social Value UK: *Supplementary Guidance on Materiality*. <http://www.socialvalueuk.org/resource/standard-on-materiality/>

Figure 2: Materiality audit trail

Stakeholder	Materiality decision	Rationale
CEME board and management	Not material	CEME creates social value on behalf of the board and management of CEME, rather than for the board and management.
CEME staff	Not material	An organisation's staff are not usually judged to be material in an SROI focusing on that organisation's activities. ⁷
CEME's tenants	Material	CEME's tenants are the core focus of CEME's activities (that are within the scope of the analysis). They are expected to grow, partly due to CEME.
Staff working for CEME's tenants	Material	Staff working at CEME's tenants are likely to be positively or negatively affected by the CEME working environment.
The community	Material	The community is expected to benefit through the increased employment that CEME creates.
The economy	Material	Both CEME and CEME's tenants create a positive impact on the economy.
The UK government	Material	Any increase in employment that arises because of CEME's work will have a positive impact on UK government spending, e.g. income tax take.
Investors	Not material	While investors will benefit if CEME's tenants grow as a result of CEME's work, this economic value is already captured within the benefits to the tenants themselves. The investors are not expected to gain any material outcomes beyond this.
The environment	Not material	It is likely that CEME's tenants have some impact – positive or negative – on the environment. It may be that if CEME impacts tenants' business growth then it will increase this environmental impact. However, it is not possible to collect meaningful data on this. In addition, the clean-up of the brownfield site is likely to have had a significant positive environmental impact, but this is outside the scope of this study.

The community and the economy were originally referred to as the 'local community' and 'local economy'. However, the main measure of benefits to these stakeholder groups is the GVA analysis, which does not distinguish between local, regional and national spend. Describing these stakeholders as 'local' is therefore less accurate.

Subdividing stakeholders

Some stakeholder groups were subdivided during the course of the analysis. The tenants in the CEME main building, CIC, and innovation centre were analysed separately. Employees of tenants were divided into existing employees and new employees (who gained jobs because of tenant business growth).

⁷ Staff are paid a salary, but they also give their time. Both of these have a value; it is assumed that they cancel each other out.

Mapping Outcomes

The qualitative research described in Figure 1 was used to understand stakeholders' perceptions of CEME, and to identify the outcomes they experience. These are discussed below.

Tenants

Tenants' feedback on CEME is generally positive. Most believe that CEME supports tenants in a way that adds more value than the standard provision of rented office, workshops and meeting space.

There is some evidence from both the interviews with tenants⁸ that businesses at CEME have grown at a faster rate than might otherwise have been expected.

"We have matured into a managed service company... we could have done it [if we hadn't moved to CEME] but on a smaller scale". [Tenant]

A significant proportion of tenants believe that CEME has made a positive contribution to the financial performance and growth of their business.⁹ A large part of this is because of the quality of the physical environment, which has a major benefit on tenants for two reasons:

1. The quality of the CEME physical environment and CEME's engineering / manufacturing focus gives tenants' businesses credibility and legitimacy. This can help reassure clients and potential clients that their business is credible and can be a trusted part of their supply chain.

"The one thing that helped I think was the legitimacy of it. At home we couldn't do it, we would have never got on a vendor list. We've had people [clients] here on various occasions – we take them through the front door, we bring them in and it looks the part." [CEME tenant]

"I think the biggest contribution would be how our customers see us... one of our customers would be somewhere between 50 and 100 million [turnover] so they look for confidence in their supply chain. If I was still based in the garage I'm not sure they would have had the confidence to work with us". [Tenant]

"I think it's the peace of mind that you have. You have all of the facilities – even if an inspector comes, when they see the premises are good they are more likely to award you contracts". [Tenant]

2. The quality of the physical space and the accessibility of the campus can make it easier to recruit staff.

"When they [staff] come for the interview the environment is pleasing enough for them to feel confident about joining us... in the past we did try to recruit [unsuccessfully] when we were not based in such a decent looking place... anyone coming for an interview would like to see somewhere decent and CEME definitely does that." [CEME tenant]

This is backed up by tenants' staff themselves. 35% of tenants' staff said that the location of the CEME site had a 'very positive impact' on their decision to accept a job with a CEME tenant, with a further 25% saying it had a somewhat positive impact. 28% said the quality of physical environment at CEME had a 'very positive

⁸ Feedback was received from 12 current tenants and one former tenant. Nine said that their business had grown during their time at CEME. Two said their business had shrunk, but cited wider economic factors. One was unable to give an answer, and one was a public sector organisation where growth was determined by public spending levels.

⁹ Of eight current clients who said their business has grown, six said that CEME had made a contribution to their growth that goes beyond what might be expected of an organisation that only provides office / workshop space.

impact’ on their decision to accept a job with a CEME tenant, with a further 23% saying it had a ‘somewhat positive impact’ (see Figure 2).

Figure 2: Impact of CEME on deciding to accept a job with a CEME tenant



Q. "How much of an impact did the following have on your decision to accept a job at your organisation?" All participants whose organisation was based at CEME when they accepted a job, Jan 2020. n=40

Tenants also cited other benefits for their business, including the business support services provided by CEME, the wider support of CEME staff, the IT setup, and the training provided by CEME. Tenants’ feedback suggests that this support has helped their business by, for example, preventing the need for more expensive, external training, or reducing the need for an external – and potentially less reliable – IT provider. However, these factors appear to be less significant for business growth than the benefits of the physical space described above.

“They run a lot of courses for tenants. One thing they were very good at helping out with was GDPR”. [Tenant]

Tenants’ perceptions of CEME’s strengths and weaknesses

Tenants also gave their views on CEME’s overall strengths and weaknesses. The most important issues are shown in Figure 3.

Feedback on the CEME staff team was particularly positive – many tenants made a point of highlighting how good the CEME staff have been, mentioning their professionalism and the support they provide. There was a suggestion from some tenants that the CEME team is stronger now than in the past.

When discussing the quality of the building and environment, there appeared to be a difference between tenants in the main building and tenants in the CIC and Launchpad – although the sample size is too small to

say if this is statistically significant. Feedback on the quality of the toilets and the temperature control was generally better among tenants in the main building than elsewhere.

Figure 3: Tenants' perceptions of CEME's strengths and weaknesses

Main strengths of CEME (perceptions of tenants)	Main weaknesses of CEME (perceptions of tenants)
<ul style="list-style-type: none"> • CEME staff. More longstanding tenants believe that the staff team is stronger now than in the recent past • Quality of the building and environment, although some had issues with building maintenance • CEME facilities, in particular IT • Accessibility, while recognising that accessibility is less strong from the north of the borough / south of the river / those taking public transport • Additional services provided, such as networking, training and ad-hoc support for businesses 	<ul style="list-style-type: none"> • Parking. Over half of those interviewed said that parking was a key factor when choosing CEME in the first place; this might exacerbate current concerns • Facilities maintenance issues, including temperature control • Catering, some issues raised about its quality and cost • Changes in provision, moving towards traditional office lettings rather than CEME's core focus. (Although tenants have different perspectives on what CEME's core focus is / should be)

Tenants' staff (including apprentices)

Tenants' staff are generally positive about CEME. Figure 4 shows the perceptions of CEME overall; clear majorities believe that the support provided by staff at CEME, CEME's location, the quality of their office space and the rest of the physical environment, and the accessibility to visitors, are 'excellent' or 'good'. This is illustrated by the following quotes:

"Location is easy for driving or public transport, modern clean office environment and washroom facilities, free and safe parking for staff, reasonable priced canteen, friendly reception staff with big smiles, staff Wi-Fi and charging points a bonus." [Staff member of tenant]

"CEME Centre is a very nice site. I enjoy the facilities and aesthetic very much." [Staff member of tenant]

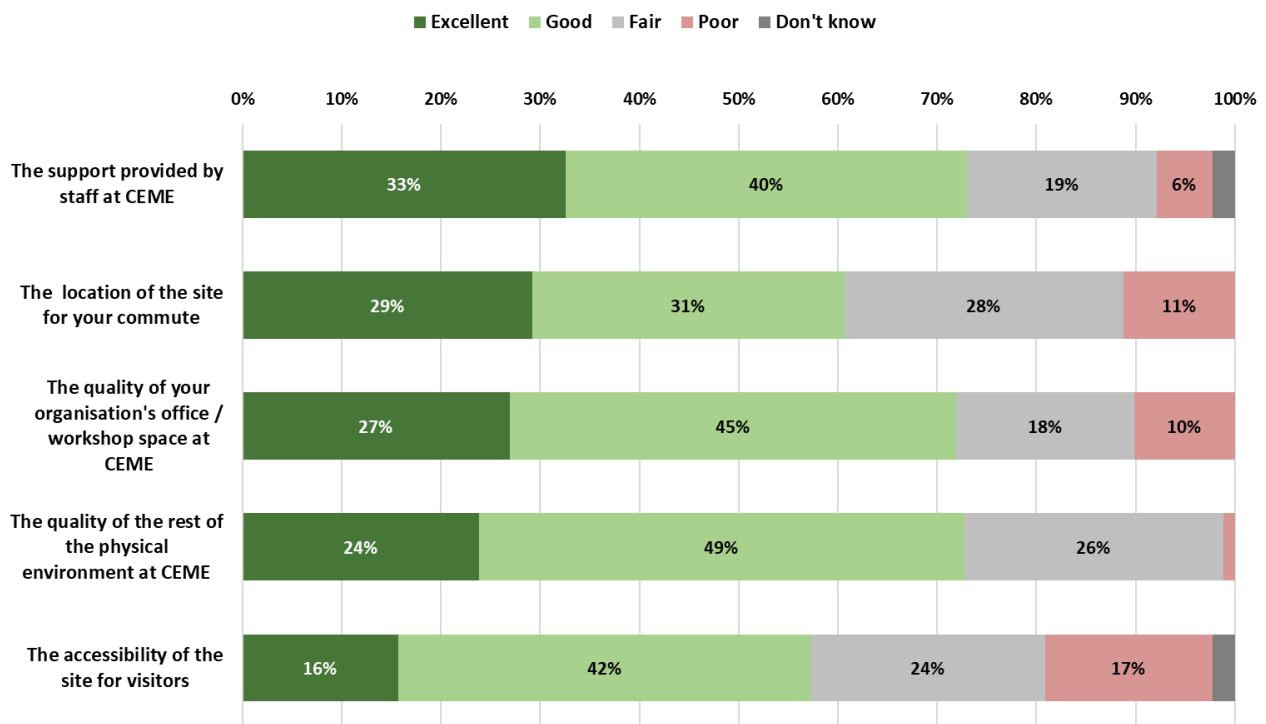
"The workshop space is also large and has a lot of natural light coming in which made it a pleasant place to work, and easier to concentrate a full day." [Apprentice based at CEME]

Tenants' staff also raised a number of issues. The main issues were concerns with parking, and with the temperature control in the buildings. There were two additional issues that split opinion – some people were positive about the overall cleanliness of the space, but some were critical of the cleanliness of the toilets in particular. There were also mixed views on the quality of the canteen.

"The heating...it is either very very cold or very hot (the front office by the entrance of West Wing is like a greenhouse in the summer). There have been times when we have to sit with our coats on because it is so cold and we are advised that another part of the heating has broken!!!!" [Staff member of tenant]

"Cafe-not enough options, food too expensive. Toilets often dirty. Heating. Parking- not enough bays and risk of getting fines with lack of spaces." [Staff member of tenant]

Figure 4: Perceptions of CEME overall



Q. "How would you rate the following aspects of CEME?" All participants, Jan 2020. n=89

There are four outcomes for tenants’ staff in the SROI. Two of these are for new employees of tenants – those staff who have been recruited because CEME has supported the tenant to grow. In these instances, the staff get the economic benefits of being employed (their salary) and the well-being benefits of being employed.

These staff would not necessarily have been unemployed if they had not been recruited by one of CEME’s tenants. Nonetheless, the recruitment activity of CEME’s tenants means that there are more jobs in the economy overall, and that there are therefore more people overall benefiting from employment.

The other two outcomes apply to all staff. The first of these is the change in commuting times for staff working at CEME. For most staff this is positive – the site is relatively convenient and they save time commuting to CEME. The final outcome is staff’s well-being at work. This can be both positive and negative.

Some staff have a very positive experience of the CEME site and this improves their well-being. Often this is because of the quality of the design space, the opportunity to go outside, and the relative ease of access.

“I’m happy a person when I come to work, [it’s] much better for my mental health compared to the bustle of London and public transport.” [Staff member of tenant]

“Artwork, building and colours all look nice making it a better experience being here.” [Staff member of tenant]

“Free easy parking means less stress, easy access to the A13, a pond with some beautiful geese makes it a very relaxing place to be during lunch on a bright summer day.” [Staff member of tenant]

“The well designed, light and airy atmosphere, modern facilities and building. [It is a] relaxing place to be when you are having very busy days.” [Staff member of tenant]

“There is a good space outside to have a break and even inside the building, there are enough space to walk around and have a good view out to the garden and pond.” [Staff member of tenant]

Other staff have a negative experience of CEME, negatively affecting their well-being. This is often driven by issues with the temperature or the cleanliness of the site.

“The lack of windows externally, and the heating is either too hot or too cold, also low ceilings in office.” [Staff member of tenant]

“Since we moved to CEME I have had to increase my migraine medication because the temperatures we have to work in are awful. I have even had to find a room to lay in because I haven't been able to drive home. I try to work anywhere else but CEME but unfortunately I have to be here at least twice a week.” [Staff member of tenant]

“No windows in office, no fresh air.” [Staff member of tenant]

Outcome map

Figure 4 shows all the outcomes that are created for stakeholders and that are judged to be material. As well as the direct outcomes for tenants and tenants' staff described above, there are also indirect outcomes created for the economy, community, and UK government.

Figure 4: Outcomes identified

Stakeholder	Outcome	Description
Tenants	Business growth	Business growth supported by CEME
Tenants' staff – all	Well-being at work	The change in staff well-being created by the CEME physical environment
	Commuting time	The change in commuting time for tenants' staff
Tenants' staff – new employees	Salary	The salary gained by new employees
	Well-being	The increase in well-being that arises from being in employment
The economy	Direct economic effects - CEME	CEME's expenditure
	Direct economic effects - CEME's tenants	CEME's tenants' expenditure
	Indirect economic effects - CEME	The increase in aggregate demand from business-to-business and supply chain activity generated by CEME's economic activity
	Indirect economic effects - CEME's tenants	The increase in aggregate demand from business-to-business and supply chain activity generated by CEME's tenants' economic activity
The community	Induced economic effects - CEME	The increase in overall household-to-business activity caused by both the direct effects and the indirect effects of CEME's activities
	Induced economic effects - CEME's tenants	The increase in overall household-to-business activity caused by both the direct effects and the indirect effects of CEME's tenants' activities
UK government	Fiscal benefits from increased employment	The impact on the public purse of the increase in employment created by tenants' business growth. This includes reduction in unemployment benefit, and the increased tax take.

Measuring Outcomes

This analysis draws on a number of sources of data to measure the extent to which CEME creates the outcomes described above.

Outcomes for the economy and the community are calculated through the GVA, which is described in more detail on page 22. The measurement approach for the other outcomes is shown in Figure 5, and further discussed below.

Figure 5: Indicators (excluding outcomes calculated through GVA)

Stakeholder	Outcome	Indicator	Quantity of change	Data source	Deadweight description ¹⁰	Deadweight quantity	Data source
Tenants	Business growth	Rate of job creation by CEME's tenants	3.1% ¹¹	2018 CEME tenant survey	Job growth in the UK overall for the same period	Business growth of 0.4% ¹²	Office for National Statistics (ONS)
Tenants' staff – all	Well-being at work	Tenants' staff self-reporting on the impact of CEME building and campus on their well-being	+0.28 ¹³	2020 tenant staff survey	Tenants' staff reporting on how the quality of the CEME site compares to previous locations	41% of the change	2020 tenant staff survey
	Commuting time	Tenants' staff self-reporting on their commuting time, compared with the London average	16 minutes per day	2020 tenant staff survey, ONS ¹⁴	Tenants' staff reporting on how the whether the CEME site location is better or worse for them	69% of the change	2020 tenant staff survey
Tenants' staff – new employees	Salary	Number of new jobs created by CEME's tenants	39 jobs	2018 CEME tenant survey	Number of expected new jobs without CEME, based on UK job growth	5.3 jobs ¹⁵	Office for National Statistics
	Well-being						
UK government	Fiscal benefits from increased employment	Number of new jobs created by CEME's tenants	39 jobs	2018 CEME tenant survey	Number of expected new jobs without CEME, based on UK job growth	5.3 jobs ¹⁶	Office for National Statistics

¹⁰ Deadweight is an estimation of what would have happened anyway. It is sometimes referred to as the 'counterfactual', and is often estimated through the use of benchmarks.

¹¹ The tenant survey showed 39 new jobs were created, which is a growth rate of 3.1%

¹² *Vacancies and jobs in the UK: Number of jobs in the UK, seasonally adjusted, September 2019*

¹³ On a scale of -1 to +1

¹⁴ ONS *Travel to Work by Area analysis* from the Annual Survey of Hours and Earnings

¹⁵ Calculation based on jobs growth of 0.42% (ONS: *Vacancies and jobs in the UK: Number of jobs in the UK, seasonally adjusted, September 2019*). 0.42% job growth x 1,256 jobs at CEME (source: CEME tenant survey, 2018) = 5.3 jobs.

¹⁶ As above

Tenants' business growth

The 2018 CEME tenant survey showed that 39 additional jobs were created by CEME's tenants. This represents job growth of 3.1%, which is over seven times higher than job growth for the UK as a whole over the same period, which was 0.42%.¹⁷ (Job growth of 0.42% would have led to 5.3 new jobs at CEME).

Job growth has been used as an indicator of wider business growth in the SROI. Job growth for the UK as a whole is used as the deadweight (an estimate of what would have happened anyway, in the absence of CEME) for tenant business growth. It is also used as deadweight for some other outcomes (this is discussed later).

Tenants' staff's well-being at work

In the survey of tenants' staff, staff were asked about the impact of the CEME building and campus on their well-being. The results are shown Figure 6. Each answer choice was also given a 'score' of between -1 and +1; these scores are also shown in Figure 6.

Figure 6: CEME's impact on well-being at work

Q. "To what extent does the CEME building and campus affect your well-being when you are on the CEME campus?" n=89

Answer choice	Percentage giving answer choice	Score allocated to answer choice
It has a very positive impact on my well-being	16%	+1
It has a fairly positive impact	42%	+0.5
It has no impact	25%	0
It has a fairly negative impact	10%	-0.5
It has a very negative impact on my well-being	3%	-1
Don't know	4%	0
Average score		+0.28

The 'average' score for tenants' staff well-being is +0.28. This means that on average CEME has a positive impact on tenants' staffs' well-being. However, a significant minority (13%) said that the site has a negative impact, for reasons described above. The calculation of social value draws on this average score, thereby incorporating both the positive and the negative feedback.

Deadweight for well-being at work

Some of the tenants' staff who were interviewed worked for their employer *before* their employer moved to CEME. Those tenants were asked about how CEME compares with their previous workplace. The results are shown in Figure 7.

This comparison with tenants' former workplaces is used to calculate deadweight. It means that the amount of change calculated in the SROI is reduced, as in some instances the benefits for employees would also have been achieved if the tenants had remained at their previous workplaces.

'Deadweight' for well-being at work is calculated by combining:

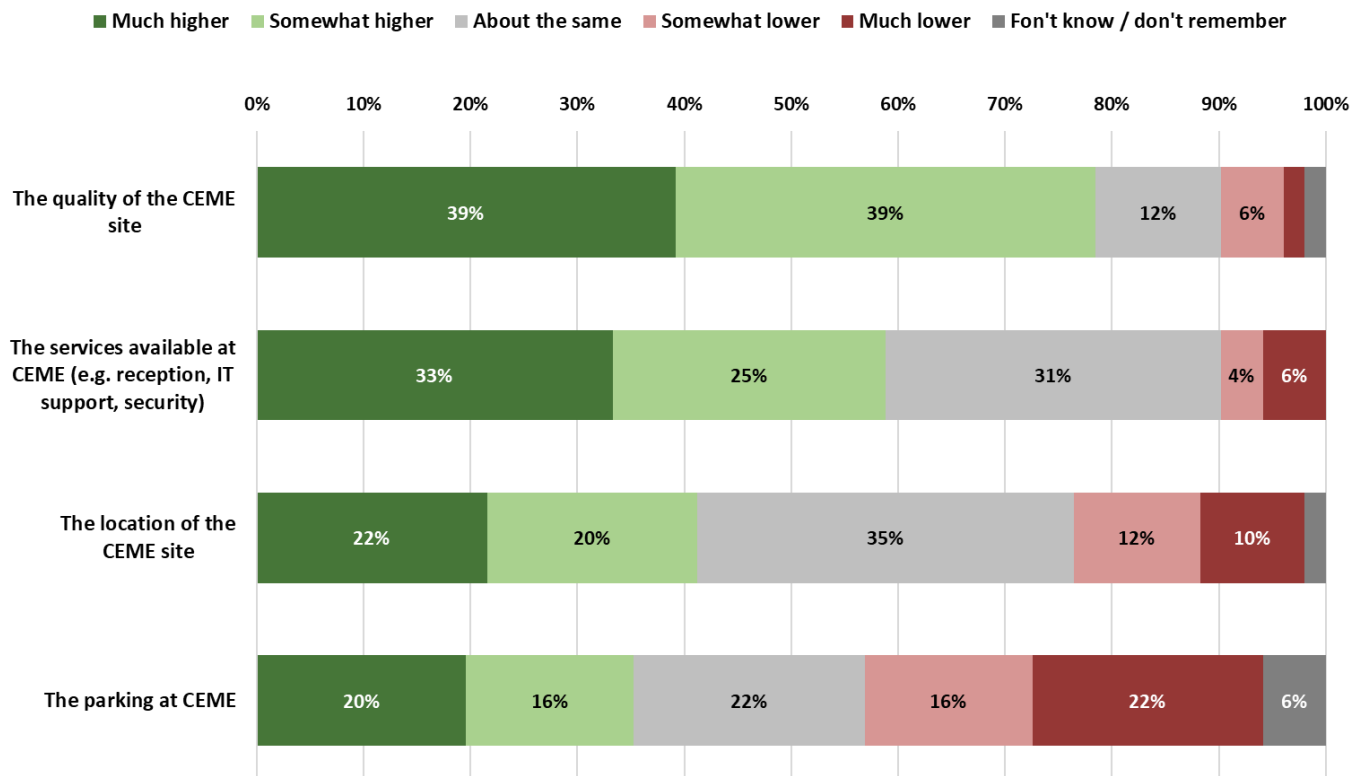
- the proportion of participants who said that the quality of site is lower than the previous location (6% a little lower, 2% much lower)

¹⁷ Source: ONS, *Vacancies and jobs in the UK: Number of jobs in the UK, seasonally adjusted, September 2019*

- the proportion who said that the quality of the CEME site is about the same as the previous location (12%)
- the proportion saying that they don't know how the quality was different (2%)
- *half* the proportion saying that the quality of CEME is a *little* higher than their previous location (39%)

This gives a deadweight figure of (41%). This means that 41% of the well-being at work achieved for tenants' existing employees would have been achieved anyway, if CEME did not exist.

Figure 7: Comparison of CEME with tenants' previous location



Q. "How does the quality of the CEME site compare to where your organisation was based previously?" All participants whose organisation was not based at CEME when they accepted a job, Jan 2020. n=51

Tenants' staff's commuting time

According to the staff survey, tenants' staff spend an average of 48 minutes per day commuting,¹⁸ compared to an average of 63 minutes for London.¹⁹ This leads to a saving of 16 minutes per person per day.

As with the calculation for well-being deadweight, the deadweight for commuting time is calculated from the tenants' staff survey – in this instance comparing the location of the CEME site with the tenants' previous location (Figure 7). The deadweight is calculated by combining:

- the proportion of participants who said that – for them personally – the location of the CEME site is worse than where they were based previously (10% much worse, 12% somewhat worse)
- the proportion saying that the CEME site location is about the same as their previous location (35%)

¹⁸ Q. "On average, how long does your commute to CEME take? Please give the total time taken for the return journey, i.e. travelling to CEME and travelling home again."

¹⁹ Source: ONS *Travel to Work by Area analysis* from the Annual Survey of Hours and Earnings

- the proportion saying they don't know (2%)
- *half* the proportion saying the location is *somewhat* better for them personally than the previous location (20%)

This gives a deadweight figure of (69%). This means that in 69% of the value of short commute times would have been achieved anyway, if CEME did not exist.

Quantifying tenants' staff

Data from 2018 tenants' survey suggests that tenants employ around 1,250 staff. This is combined with data on how frequently staff come to the CEME site from Envoy's staff survey, which suggest staff spend an average of 4.4 days per week in the office. This gives a figure of staff on site of c.1,100 per day.

A separate analysis of CEME's data on footfall suggest that there are around 1,450 people per day on site, but this includes visitors and CEME staff.

Outcomes for new tenants' staff and for the UK government

Outcomes for new tenants' staff (their salary and their increase in well-being) and the fiscal benefits for the UK government are all calculated by quantifying the number of new employees (39 new employees, as described on page 16). These 39 additional staff all benefit through their salary and through the increase in well-being that arises from being in employment, and they all pay tax and claim lower levels of benefit from the UK government.

Deadweight is calculated by looking at the number of new jobs that are likely to have been created. This is 5.3 jobs, calculated by taking the job growth for the UK as a whole (0.42%, as described on page 16),²⁰ and multiplying it by the total number of jobs among CEME's tenants (1,256).²¹ This means that, if CEME did not exist, then 5.3 new jobs would have been created, meaning that 5.3 additional staff (rather than 39 additional staff) would benefit through their salary, increase in well-being, and would pay tax and claim lower levels of benefit from the government.

Attribution and displacement

Attribution

Attribution is a measure of the proportion of outcomes that is directly attributable to CEME, i.e. which CEME can take credit for. It acknowledges that, although the calculations already consider the outcomes that would have occurred without CEME (through deadweight estimations), the remaining outcomes are nonetheless due to the work of a number of different people and organisations, and are not solely due to CEME.

Three different attribution calculations are made in the SROI model:

Attribution for outcomes arising from increased business growth

Attribution is a judgement call. However, we were able to draw on primary research to support the judgements made. Interviews with tenants allowed an estimate of the attribution that CEME can take for

²⁰ Source: ONS, *Vacancies and jobs in the UK: Number of jobs in the UK, seasonally adjusted*, September 2019

²¹ Source: CEME tenant survey, 2018

their business growth. The tenants described how CEME had impacted their business, and this was converted into an attribution figure by the Envoy team.

For four of the tenants, the attribution was estimated as 10%. For one it was estimated as 5%, and for another it was estimated at 1%. Two tenants gave no credit to CEME, so for them the attribution is 0%. This gives an average attribution of 6%.

This attribution figure of 6% is used for the business growth outcome. It is also used for the outcomes for new employees (which arise because of the business growth) and the benefits to the UK government (which arise from the new employees).

Attribution for other outcomes

The attribution for the GVA of CEME's tenants is calculated as follows:

A report from the Property Industry Alliance shows that the cost of renting office space in 2016 was 9% of office occupiers' staffing costs.²² This 9% is taken as the attribution that office space makes to economic impact. Most of CEME's tenants' GVA therefore is given an attribution of 9%. An additional 6% is given to the share of GVA that is created because of the business growth that CEME has supported (3.1% business growth, minus 0.4% deadweight). $9\% + (3.1\% - 0.4\%)^{23} \times 6\% = 9.2\%$

Attribution for the benefits to existing tenants' employees is 100%, as the outcome arises solely because of the physical environment and location of the CEME site.

The GVA calculations for CEME are also given a theoretical attribution of 100%, although as these outcomes are not included in the SROI this attribution figure is not actually used.

Displacement

Displacement is a measure of whether some of the outcomes observed have not actually been created, but have been moved from elsewhere. One example is where a drop in crime is recorded, but some or all of the reduced crime has actually relocated to another area.

For most outcomes in this SROI, displacement is not an issue; one person's improvement in health and well-being does not come at the expense of another individual. However, the outcomes for new employees are given a displacement rate of 45%. This is based on an analysis from the Department for Work and Pensions, which suggests a range of 30% - 60%. (The SROI takes the mid-point of that range)

"In conducting sensitivity analyses of demand-side employment and training programmes, 60 per cent can reasonably be used as an upper bound value of the substitution effect [referred to as 'displacement' in SROI] and 30 per cent as a lower bound value. In principle, this sensitivity test should take account of displacement effects that result from wage subsidy programmes, as well as substitution effects resulting from such programmes..."²⁴

²² Source: Property Data Report 2017: Facts and figures about the UK commercial property industry to year-end 2016, p.13, <https://www.bpf.org.uk/sites/default/files/resources/PIA-Property-Data-Report-2017.PDF>

²³ See Figure 5

²⁴ Greenberg, D., Knight, G., Speckesser, S., Hevenstone, D. (2011), *Improving DWP assessment of the relative costs and benefits of employment programmes*, DWP Working Paper No. 100. p. 21

Gross Value Added

Impact on the economy and community is calculated through a Gross Value Added (GVA) analysis.²⁵ The GVA gives an estimate of the total economic contribution of organisations. The GVA has been calculated for:

- CEME itself, using CEME’s accounts,
- For CEME’s tenants, using company data available from Companies’ House.

The GVA includes the following components:

- **Direct effects** from initial expenditure, which creates additional activity in the economy. E.g. direct operating costs, and investments,
- **Indirect effects**, which is the increase in aggregate demand from business-to-business and supply chain activity generated by direct expenditure. E.g. supply of materials and components in the supply chain,
- **Induced effects**, which are a measure of the increase in overall household-to-business activity caused by both the direct effects and the indirect effects. E.g. economic effects lead to better household income for all employees across the supply chain.

Calculating direct effects

Direct economic effects of CEME and CEME’s tenants are calculated by examining company expenditure. Company income was also calculated, to give context to the expenditure calculations. Data was taken from the data on companies published by Companies House.²⁶

Calculating company revenue

Where possible, a company’s revenue was sourced from the company’s income statement. However, most of CEME’s tenants do not publish income statements. For these companies, the revenue was estimated in two ways, as follows:

$$\text{Revenue} = \text{Equity T2 (Company equity in the most recent accounts)} - \text{Equity T1 (Company equity in the preceding accounts)} + \text{Current liabilities (Assumed that these will be paid through revenues)}$$

In addition, the company’s current assets were analysed. If the value of these assets was greater than the revenue estimate given above, then the current assets were used as an estimate of revenue. This assumes that all stock is converted to revenue.

Calculating company expenditure

Where possible, a company’s expenditure was sourced from the company’s income statement. However, as highlighted above, most of CEME’s tenants do not publish income statements. For these companies, the expenditure was estimated as follows:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/214397/WP100.pdf

²⁵ The GVA is calculated using a macro-level approach (using multipliers, primarily from ONS) rather than a micro-firm approach. For more information on GVA, see:

<https://www.ons.gov.uk/economy/grossvalueaddedgva/bulletins/regionalgrossvalueaddedbalanceduk/1998to2017>

²⁶ <https://beta.companieshouse.gov.uk/>

$$\begin{array}{rcccl}
 & \text{Fixed assets} & \text{Fixed assets} & & \\
 & \text{T2} & \text{T1} & & \\
 \text{Expenditure} & = & \text{(Fixed assets in the most recent accounts)} & - & \text{(Fixed assets in the preceding accounts)} & + & \text{(Assumed that these will be paid through revenues)} & - & \text{Estimated that 10\% of spend is debt servicing, and 10\% is tax liability}
 \end{array}$$

Debt servicing was calculated by taking the average loan for small businesses (£69k),²⁷ and calculating the approximate interest over 2.5 years (£5k),²⁸ leading to total repayments of £74k. This equates to just under 30k per year (£74k ÷ 2.5), which is just under 10% of the average turnover of tenants in the CIC and launchpad.²⁹

Two further assumptions are made in calculating expenditure:

- Change in fixed assets between T2 and T1 is only included if positive.
- No dividends, share issues, or re-purchases are accounted for.

Calculating indirect and induced effects

Indirect and induced effects are calculated by applying an economic multiplier to a company’s expenditure. The multipliers vary by sector, and are calculated by using data from Oxford Economics and the Office for National Statistics. The relevant multipliers are shown in Figure 8.

Figure 8: Economic multipliers

	Indirect effects	Induced effects
Manufacturing sector ³⁰	0.7	1.5
Engineering sector ³¹	0.8	1.8
Average of manufacturing and engineering	0.75	1.65
Personal services ³²	0.57	not available
Architecture ³³	0.62	not available
Real estate ³⁴	0.57	not available
Average of personal services, architecture, real estate	0.59	not available

Most of CEME’s tenants are focused on manufacturing and engineering. For these companies, when calculating the indirect effects for CEME, the multipliers used were the average for manufacturing and engineering. A smaller proportion of CEME’s tenants are in other sectors; for these tenants the average of personal services, architecture and real estate is used.

²⁷ See: <https://www.accountsandlegal.co.uk/small-business-advice/small-business-funding-80-of-new-small-business-loans-approved-in-2017>

²⁸ See: <https://www.money.co.uk/loans/loan-repayment-calculator.htm>

²⁹ The tenants in the main building were excluded from this calculation as they tend to be larger businesses and would disproportionately affect the calculations.

³⁰ Oxford Economics (2018), *The true impact of UK manufacturing*.

<https://www.mta.org.uk/system/files/resource/downloads/20180405%20MTA%20report%20-%20final%20v2.pdf>

³¹ *Ibid.*

³² Oxford Economics (2018), *The true impact of UK manufacturing*.

<https://www.mta.org.uk/system/files/resource/downloads/20180405%20MTA%20report%20-%20final%20v2.pdf>

³³ *Ibid.*

³⁴ *Ibid.*

Multipliers for the *induced* effects of personal services, architecture and real estate are not available. Therefore, when calculating the induced effects of CEME’s tenants, the average of manufacturing and engineering is used for all tenants.

The final multipliers used for CEME’s tenants are shown in Figure 9.

Figure 9: Multipliers used for CEME tenants

	Share of companies in manufacturing & engineering ³⁵	Share of companies in other services	Multiplier for manufacturing and engineering	Multiplier for other services	Weighted multiplier
	A	B	C (see Figure 8)	D (see Figure 8)	$E = A \times C + B \times D$
Main building	0.76	0.24	0.75	0.59	0.71
CIC	0.79	0.21	0.75	0.59	0.72
Launchpad	0.73	0.27	0.75	0.59	0.71

For CEME itself, the indirect effects are calculated using the multiplier for real estate, as this is the focus of CEME’s operations. Induced multipliers for real estate are not available, so the multiplier for manufacturing is used. (Manufacturing is used rather than the average of manufacturing and engineering, as this is the more conservative figure).

Overall GVA calculations

The overall GVA calculations are shown below, as follows:

- Figure 10 shows the GVA calculations for ‘known’ tenants, i.e. those where sufficient data was available
- Figure 11 shows the GVA calculations for all tenants, where the data for the ‘known’ tenants is extrapolated to all tenants
- Figure 12 shows the GVA calculations for CEME.

When calculating the GVA for all tenants, the analysis assumes that those tenants where data is available (73%) are representative of all tenants, allowing the results to be extrapolated to all tenants.

Limitations of the approach to calculating GVA

The GVA calculations draws on the data that is available for companies, but – as discussed above – it frequently uses estimates of expenditure rather than real data. This approach has limitations; it usually holds for smaller companies, but is less reliable for larger, more complex companies. Some of CEME’s tenants did provide data on income and expenditure through a survey (see Figure 2), but most did not provide this information, so GVA is considered the most robust way of calculating impact on the economy and the community.

³⁵ Data from Envoy’s review of company list.

Figure 10: GVA calculations (known tenants)

	Total revenue	Total expenditure	Proportion of expenditure on debt allocation and taxes	Total adjusted expenditure	Multiplier for indirect impact	Multiplier for induced impact	Total indirect impact	Total induced impact	Total economic impact
	A	B	C	$D = B \times (1-C)$	E	F	$G = D \times E$	$H = D \times F$	$I = D + G + H$
Main building	7,561,182	5,202,484	19.5%	4,190,000	0.71	1.65	2,980,000	6,910,000	14,080,000
CIC	14,569,351	7,456,926	19.5%	6,010,000	0.72	1.65	4,300,000	9,910,000	20,220,000
Launchpad	1,649,850	954,256	19.5%	770,000	0.71	1.65	540,000	1,270,000	2,580,000

Figure 11: GVA calculations (all tenants)

	Known tenants			Number of tenants		All tenants			
	Total adjusted expenditure	Total indirect impact	Total induced impact	Tenants included in Figure 10	Total tenants	Total adjusted expenditure	Total indirect impact	Total induced impact	Total economic impact
	D (Figure 10)	G (Figure 10)	H (Figure 10)	K	J	$L = D \div K \times J$	$M = G \div K \times J$	$N = H \div K \times J$	$P = L + M + N$
Main building	4,190,000	2,980,000	6,910,000	15	26	7,260,000	5,160,000	11,980,000	24,400,000
CIC	6,010,000	4,300,000	9,910,000	48	58	7,260,000	5,200,000	11,970,000	24,430,000
Launchpad	770,000	540,000	1,270,000	16	24	1,150,000	810,000	1,900,000	3,870,000
Total				79	108	15,670,000	11,170,000	25,860,000	52,700,000

Figure 12: GVA calculations (CEME)

	Expenditure ³⁶	Multiplier for indirect impact	Multiplier for induced impact	Total indirect impact	Total induced impact	Total economic impact
	Q	R	S	$T = Q \times R$	$U = Q \times S$	$V = Q + T + U$
CEME	4,100,000	0.57	1.5	2,330,000	6,140,000	12,570,000

³⁶ CEME expenditure is based on unrestricted funds only.

Monetising non-GVA outcomes

All of the outcomes are given a monetary value in the SROI. Those outcomes that are not calculated through the GVA are given a ‘financial proxy’ which represents the value of the outcome to the stakeholder. The financial proxies are shown in Figure 13.

Figure 13: Financial proxies for non-GVA outcomes

Stakeholder	Outcome	Financial proxy description	Financial proxy	Data source
Tenants	Business growth	Average revenue – calculated as described in the GVA section on page 20.	£208,000 per company per year	Analysis of Companies House 2018 filings (for 73% of tenants)
Tenants’ staff – all	Well-being at work	Healthcare economics valuation through QALY cost-effectiveness	£230 per person per year	Envoy Partnership, drawing on data from Centre for Mental Health
	Commuting time	UK median wage	£17.25 per hour	ONS, <i>Annual Survey of Hours and Earnings</i>
Tenants’ staff – new employees ³⁷	Salary	UK average manufacturing salary, ³⁸ minus the fiscal benefits to the Government ³⁹	£31,457 per person per year, minus £12,657 per person per year	ONS, <i>EARN02 Average Weekly Earnings by Sector – Not Seasonally Adjusted</i> , Sep 2019
	Well-being	Healthcare economics valuation through QALY cost-effectiveness, drawing on the Wellbeing impact of employment ⁴⁰	£634 per person per year	Envoy Partnership, drawing on ONS ⁴¹ and Centre for Mental Health
UK government	Fiscal benefits from increased employment	Job Seeker's Allowance fiscal benefits from a workless claimant entering work	£12,657 per person per year	Greater Manchester Combined Authority Research Team, Unit Cost Database 2.0

Notes on financial proxies

An alternative option to valuing business growth was to use tenant’s feedback on their company turnover. However, while some tenants gave feedback on their turnover in the interviews with Envoy Partnership, this

³⁷ While most new employees recruited by CEME’s tenants will not have been previously unemployed, the end result of new job creation is a reduction in unemployment overall.

³⁸ ONS does not give figures for engineering, so manufacturing was chosen.

³⁹ The fiscal benefits to the UK government (see bottom row of table) are largely benefits that arise from increased tax and reduced benefits. This is therefore value that is transferred from tenants’ staff. It is therefore subtracted from this financial proxy.

⁴⁰ The value represents the difference between being employed and unemployed

⁴¹ ONS: *Regression results for each of the four personal well-being questions including both ordinary least squares and ordered probit findings*. Calculation uses Life Satisfaction - OLS regression, which shows a 0.6 difference in life satisfaction between employment and unemployment (on a scale of 0 to 10). This equates to 0.06 on a scale of 0 to 1, which is then multiplied by the well-being value of £10,560. The well-being value is explained below.

is not enough to extrapolate turnover across all of CEME's tenants, given the variation in company size. The estimates from Companies House data were therefore seen as the best estimates.

The 'healthcare economics valuation' described above for 'well-being at work' draws on cost-effectiveness thresholds used in the NHS, as follows:

Data from the Centre for Mental Health shows that a low-level mental health condition has the effect of reducing a person's health status by 0.098 QALYs (Quality Adjusted Life Years), and a high-level mental health condition by 0.352 QALYs. In the SROI the 0.098 QALYs is considered to be the equivalent of the difference between very poor well-being *at work* and very good well-being *at work*, while the 0.352 QALYs is considered to be the equivalent of the difference between very poor and very good well-being *overall*. NICE (the National Centre for Health and Care Excellence) has a cost-effectiveness ratio of £30,000 per QALY, which is used to value the 0.098 and 0.352 values described above.

For well-being at work, the SROI calculation assumes that a full-time staff member spends 35 hours per week at work (out of 112 total waking hours per week), and that the physical environment makes up 25% of a person's well-being at work. This gives a maximum possible value for well-being at work of £230 per employee per year. (0.098 QALYs per person per year x £30,000 per QALY x 35 hours ÷ 112 hours x 0.25 = £230 per person per year).

Benefit period and drop off

The SROI model is built using an investment period of one year. This means the SROI models the value created by one year of CEME's operations.

Most outcomes have a benefit period of one year – this means that the outcomes created by one year of CEME's operations last for that one year; they do not carry on further into the future. This is because the outcomes require the ongoing investment of CEME to carry on into the future.

The exceptions are the outcomes that arise because of business growth (the outcomes for new employees and the UK government, as well as the tenant business growth itself). If a business has grown, then the benefits will last into the future, regardless of any future investment by CEME. These benefits are considered to last three years, with a 'drop off' rate of one-third. This means that, on top of the value claimed in year one, two-thirds of the value is claimed in year two, and one-third of the value is claimed in year three. The drop off rate represents the reduced attribution over time; even if the benefits last into the future, the credit – or attribution – that CEME can take will decrease over time.

Discounting future value

The SROI uses the UK government Green Book's recommendation of a 3.5% discount rate.⁴² This means that the value is discounted by 3.5% for every year that passes between the investment and the value being accrued.

⁴² See: <https://www.gov.uk/government/publications/green-book-supplementary-guidance-discounting>

Results

The analysis includes three separate calculations of value, as shown in Figure 14.

- **GVA:** this shows the total economic contribution of CEME and CEME’s tenants. It includes the direct, indirect, and induced effects, as described above.
- **Social Value:** this shows the social value created, covering a wider range of outcomes than GVA. It is different from GVA in three main ways:
 - It does not include the direct economic effects (i.e. the expenditure as an investment), and it does not include the indirect or induced effects of CEME.⁴³
 - It considers a wider set of benefits, including to tenants themselves and to their employees.
 - It incorporates a discount rate of 3.5%. This accounts for some differences shown in the table below for the economic effects, e.g. the “indirect economic effects (tenants)”.
- **Attributable social value:** this shows the share of the social value that can be directly attributed to CEME. Some outcomes are entirely attributed to CEME (such as the well-being benefit that employees get from working on the CEME campus). For other outcomes only a small share of the value is attributed to CEME due to other contributing factors.

Figure 14: GVA and social value results

Stakeholders	Outcomes	GVA (thousands) ⁴⁴	Social value ⁴⁵	
			Present value (thousands)	Attributable present value (thousands)
Tenants	Business growth		£1,139	£65
Tenants’ employees	Well-being at work		£40	£40
	Commuting time		£85	£85
Tenants’ new employees	Salary		£658	£38
	Well-being from gaining employment		£22	£1
The economy	Direct economic effects (CEME) ⁴⁶	£4,096		
	Direct economic effects (tenants)	£15,673		
	Indirect economic effects (CEME)	£2,331		
	Indirect economic effects (tenants)	£11,170	£10,793	£991
The community	Induced economic effects (CEME)	£6,145		
	Induced economic effects (tenants) ⁴⁷	£25,860	£24,986	£2,293
UK government	Benefits from increased employment		£443	£25
Total		£65,276	£37,970	£3,528

⁴³ See page 18.

⁴⁴ In this analysis, the direct and indirect effects are categorised as benefits to the economy, and induced effects are categorised as benefits to the community.

⁴⁵ The social value is the value created by one year of investment by CEME.

⁴⁶ Some of CEME’s direct, indirect and induced economic effects arise from CEME’s charitable expenditure. This could be considered separate from the rest of the expenditure. Depreciation is also removed from CEME’s total expenditure as this is not an economic benefit.

⁴⁷ There is some overlap between 1) the ‘induced economic effects (tenants)’ and 2) the ‘salary’ outcome for ‘tenants’ new employees’. To avoid double counting, the induced economic effects are reduced to account for this overlap. Therefore, when the total is calculated, the figures are reduced from the totals shown in the table by £197 (thousand) in the present value column, and £11 (thousand) in the attributable present value column.

The GVA shows that CEME's tenants – with support from CEME – make a major contribution to the local economy. Likewise the social value created is significant, although some of the data on business growth is limited.

CEME's investment

The social value created is compared with CEME's investment, in order to calculate the SROI ratio. CEME's investment is calculated by looking at CEME's annual loss for Year End 2018 (c. £850,908);⁴⁸ this is considered to reflect CEME's investment as it represents the difference between what CEME tenants are charged, and what tenants would need to be charged in order for CEME to break even.

Furthermore, the annual loss is largely made up of depreciation of CEME's assets. This is primarily the physical buildings that were constructed when the CEME campus was developed. Therefore, the depreciation reflects the initial investment in CEME, but on a year-by-year basis.

Overall results

The results suggest that the current CEME model is creating significant value compared to the CEME's current financial loss.

- The GVA (Gross Value Added) calculations show that the total economic impact of businesses based at CEME is around £53 million per year, with a further £12.5 million per year from CEME.
- The SV (social value) calculations show that the total present value created by CEME and CEME's tenants is around £38 million per year, and of this around £3.5 million can be attributed to CEME.
- The SROI (social return on investment) ratio of CEME's investment is around 4:1, meaning that £4 of social and economic value is created for every £1 invested.

⁴⁸ Source: Annual Report and Accounts for the year ended 31 December 2018