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## Objectives

- Looked at ways to assess your economic impact, proportionate to your organisation
- Used some tools that may be relevant to your work
- Discovered where to find more in depth knowledge and useful information for your EIA journey



## So why do you think it is important?

Spend a couple of minutes discussing why we need to try and assess our economic impact.

- What can we do with the information?
- Who is it for?
- How will it help us?



## What creates economic value?

Discuss on your table what sort of activities are creating economic benefits and how.



## So what is Economic Impact

There is an argument which says that ‘**economic impact**’ is actually a social impact as it affects people. It does this through the local economy being stimulated and supported; and more directly benefiting people who are less well off in society thus addressing some of the economic (and thus social) imbalances... However, the current convention is to consider social enterprises having social, environmental and economic impacts. *Prove, Improve, Account – The New Guide to Social Accounting and Audit*

**Economic impact analysis** (EIA) examines the effect of a policy, program, project, activity or event on the economy of a given area. The area can range from a neighbourhood to the entire globe. Economic impact is usually measured in terms of changes in [economic growth](#) (output or value added) and associated changes in jobs (employment) and income (wages).

[Http://en.wikipedia.org/wiki/Economic\\_impact\\_analysis](http://en.wikipedia.org/wiki/Economic_impact_analysis)



# How do we impact the economy?

In the community and voluntary sector:

- through the use of volunteers enabling more affordable services
- (as we don't need to make large returns for private investors) we can offer more competitive pricing creating better financial value for our customers

What other ways can you think of for your sector?



Lots of tools which might help you such as...

### LM3

Cost Benefit Analysis (CBA)

Social Return on Investment

Social Accounting and Audit (CD31)

Gross Value Added (GVA)

Shellard Formula – used by the Bike Shed Theatre

Let's take a look at a one of these.....



## Local Multiplier 3 - LM3

“used as an exemplar of how to demonstrate sustainable procurement and regeneration”.

“LM3 not only enables people to understand local economic impacts but also highlights opportunities to strengthen the local economy”.

“LM3 measuring tool acts as an incentive to *improve* performance, not just a single standalone analysis”.

<http://www.proveandimprove.org/documents/TheMoneyTrail.pdf>



## So what is it?

LM3 – is a way of calculating a relative figure or ratio looking at 3 rounds of spending

1. Total income received by an organisation
2. Total spent in the local economy by that organisation (including employees as well as suppliers of goods and services)
3. Then looks at how much of that income those suppliers have spent in the local economy

When these figures have been calculated the total amount of money from all three is divided by the original income (L1) to arrive at a multiplier.



## Resources!

<http://www.neweconomics.org/publications/entry/a-guide-to-social-return-on-investment>

<http://www.thesroinetwork.org/>

<http://www.impactmeasurement.net/impact-manager>

<http://www.jargonbusters.org.uk/alphabetical-summary-of-terms/>

Jargon buster

<http://www.socialauditnetwork.org.uk/>

<http://www.thinknpc.org/>

<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>



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# Next Steps