

# Auckland Council Retrofit Your Home Financial Support Programme: A Social Return on Investment (SROI) Evaluation

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This report has been assured by The SROI Network:

“This report has been submitted to an independent assurance assessment carried out by The SROI Network. The report shows a good understanding of the SROI process and complies with SROI principles. Assurance here does not include verification of stakeholder engagement, data and calculations. It is a principles-based assessment of the final report”

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# Auckland Council Retrofit Your Home Financial Support Programme: A Social Return on Investment (SROI) Evaluation

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# Executive Summary

## Introduction

This study focuses on the impact of Retrofit Your Home (RYH), a programme delivered by Auckland Council that seeks to improve the quality of housing for all Aucklanders by enabling better access to efficient and effective home heating and insulation.

The evidence presented in this evaluation report is based on a Social Return on Investment (SROI) analysis, an accepted method of measuring the social, environmental and economic impact of activities and programmes by placing a monetary value on them. This SROI covers the impact of the RYH programme for the financial year 2012/2013.

## Context

New Zealand's housing stock is generally poorly insulated and difficult to heat, which is a widely recognised problem across the country. The fuel and energy costs required to heat houses to acceptable temperatures can be particularly high, and difficult for many households to afford.

Auckland Council is the governing body for the whole of the Auckland region. The council is responsible for managing air quality in the region under the Resource Management Act (1991) and the National Environmental Standards for Air Quality. Domestic home heating is one of the three main sources of air pollution in Auckland. Fine particle emissions from domestic (wood-burning) fires are of particular concern as a health risk. A reduction in these emissions and improved home insulation are seen as ways to improve the health of Aucklanders.

The council also recognises that well-designed and well-constructed housing is critical for people's well-being, not just for environmental reasons. Housing is one of the key determinants of health and there is a strong link between asthma and respiratory and contagious illness, and damp, cold homes.

## About Retrofit Your Home

In March 2011 a regional pilot Retrofit Your Home programme was approved in principle by the council. The pilot expanded the initial RYH programme, which had been developed by the legacy Waitakere City Council, shortly before the creation of Auckland Council in November 2010. The council supported a regional programme in recognition that outcomes from the programme align closely with the goal of creating the "world's most liveable city" by addressing aspects of the Auckland Plan relating to home retrofitting, air quality and climate change mitigation.

Through both the Auckland Plan and the Housing Action Plan, the council recognises the importance of evaluating the effectiveness of its programmes against priority targets and outcomes. This report outlines the result of Social Return on Investment (SROI) evaluation of one year of RYH programme 2012-2013.

## About SROI

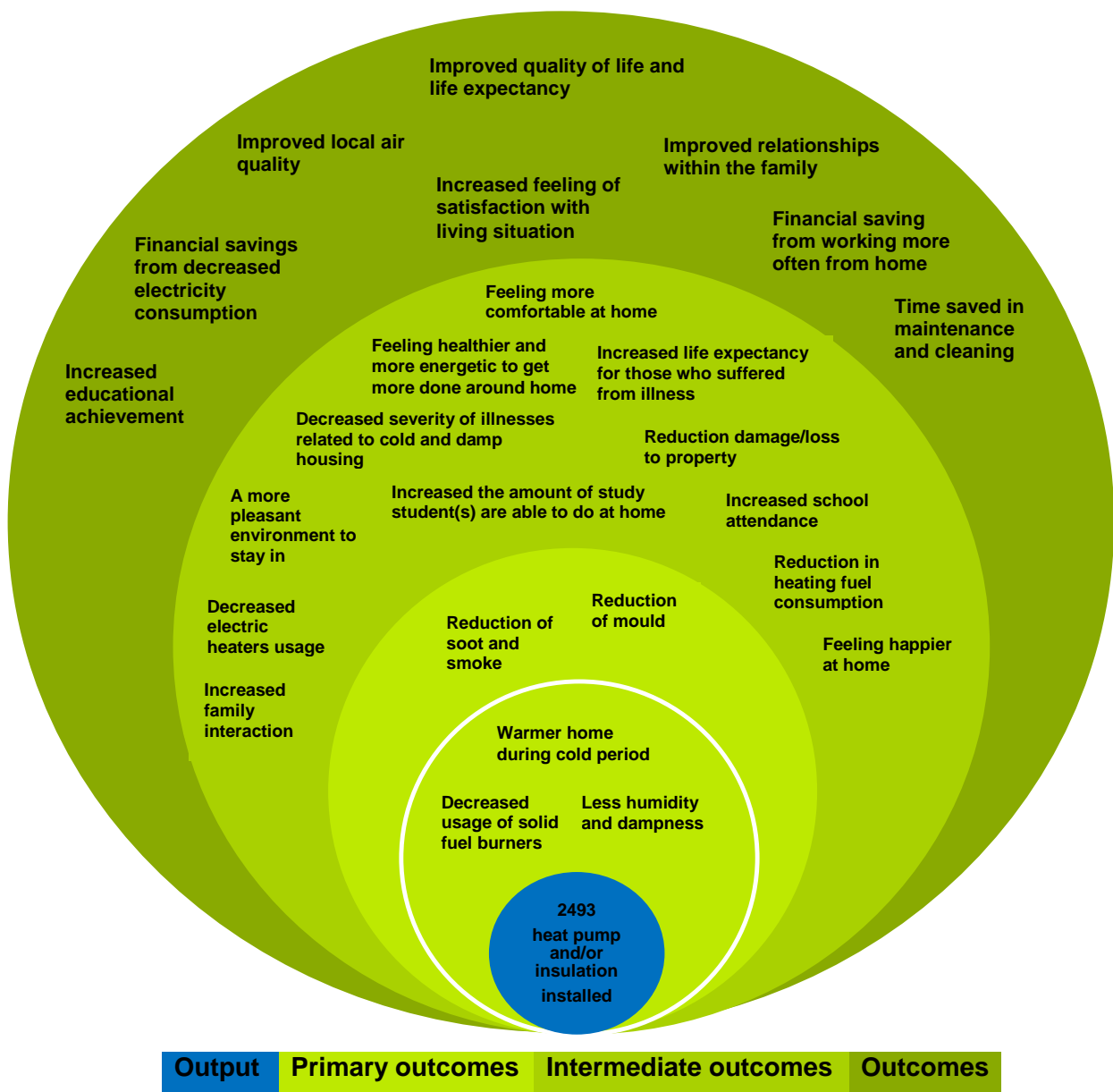
SROI methodology is a framework for understanding social, economic and environmental value created by a programme, policy or intervention and expressing these values in monetary terms, using economic valuation techniques. The monetary value of the outcomes created by the RYH programme allows the benefit of the

programme to be compared with its investment. The SROI ratio indicates how much value is created for RYH stakeholders for each dollar spent on this programme.

## The findings

SROI is an outcomes-based tool. The outcomes or the changes experienced by stakeholders as the result of the RYH programme are identified through the development of a Theory of Change (TOC). This is the core task of the SROI process. The TOC for each stakeholder group is designed as the result of a collaborative engagement process with that group. Figure A illustrates the process of identifying outcomes for RYH stakeholders.

Figure A: RYH programme-a summary of the theory of change



The SROI evaluation showed that the material outcomes for the RYH programme included improved local air quality and a range of outcomes for RYH occupiers.

The natural environment, as a stakeholder, experienced improvement in the local air quality.

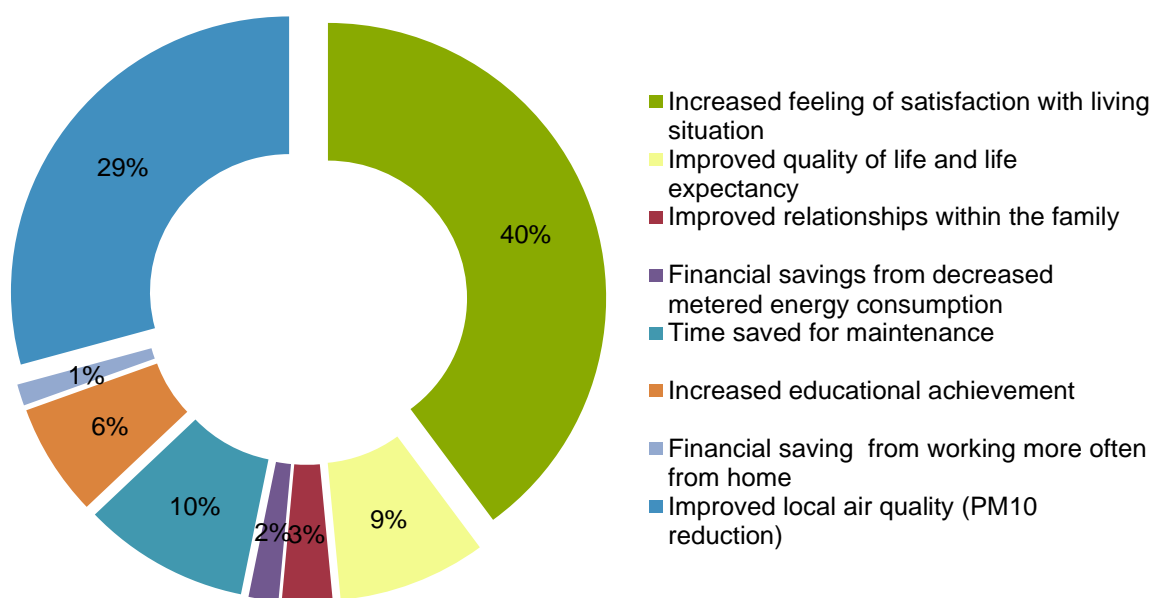
Occupiers of the retrofitted homes experienced the following outcomes:

- Increased feeling of satisfaction with their living situation
- Improved quality of life and life expectancy for those occupiers who suffered from an illness related to cold and damp housing
- Improved relationships within the family
- Financial savings from decreased electricity
- Time saved in maintenance and cleaning
- Increased educational achievement (for occupiers of RYH who are students)
- Increased efficiency when working from home (for occupiers of RYH who are engaged in paid work from home)

The outcome of ‘increased feeling of satisfaction with their living situation’, including a range of related intermediate outcomes for occupiers, created the highest impact for stakeholders, valued at \$10,238,581. The second main value created by the RYH programme was the positive impact on Auckland residents of ‘improved local air quality’, valued at \$7,810,249. Time saved in maintenance, and improved quality of life and life expectancy (for occupiers who suffer from an illness related to cold and damp housing) were the other major outcomes, with more than \$2 million value each.

A summary of the aggregated value by each material outcome is shown in Figure B below.

**Figure B: Proportion of aggregated value created by each outcome**



## SROI ratio

The SROI ratio was calculated using the present value of RYH outcomes compared to the inputs, or the total investment. The ratio shows that for every dollar invested in the RYH programme, it returns \$3.1 of social, environmental and economic value.

**Table A: SROI ratio**

<b>Stakeholder</b>	<b>Total value</b>	<b>Present value</b>
Occupiers of RYH homes	\$16,259,186	\$15,668,047
Occupiers of RYH homes who are students	\$1,765,529	\$1,648,300
Occupiers of RYH homes who are in paid employment working from home	\$335,946	\$313,640
Auckland residents	\$7,810,249	\$7,291,658
Total	\$26,509,803	\$24,921,646

Total value of inputs	\$8,038,559
Net present value (present value minus inputs)	\$16,883,086
<b>SROI ratio</b>	<b>3.1</b>

## Implications

This SROI analysis is one of the first in New Zealand and the first to address the topic of housing quality. The analysis provided strong evidence about changes experienced by RYH customers by engaging them in the evaluation process.

The findings of this SROI analysis are specific for the RYH programme, but also help to highlight Auckland Council's contribution to achieving the targets and objectives of the Auckland Plan.