



Framework for assessing the wider economic impact of the Landfill Communities Fund (LCF)



June 2015

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Introduction

1. We know Environmental Bodies (EBs) would like to be able to provide more targeted and focussed financial information to help evaluate the wider economic value that the Landfill Communities Fund (LCF) delivers to the economy.
2. To assist with this task, we have developed this framework, which may assist EBs and other interested stakeholders assess the value and impact the LCF has made to local communities and the environment. In developing the framework, we recognise that this is a complex area involving a number of caveats and assumptions (these are set out in Appendix A), but it is important that key decision makers are able to recognise and quantify the value of the LCF to local communities. This approach involves considering both the greater financial impact of the LCF and the wider social and environmental benefits provided to local communities.
3. The overarching aim of the framework is to provide the building blocks to help to quantify the economic value of the LCF using project data by estimating a value generated for each £1 spent. EBs will be able to do this by measuring spend on project types (under Objects D, DA and E) multiplied by published indices of impact, which are outlined in the framework.
4. In assessing the value of the LCF there are a number of independent building blocks, which can be adopted either separately, or collectively, which include:
 - Using LCF project spend and estimating the value of the LCF alongside the greater project spend;
 - Using published indices to estimate the wider economic value of the LCF;
 - Providing information on key performance statistics; and
 - Considering the wider social and environmental benefits that the LCF can deliver to communities.
5. The information gathered as part of this exercise may need to be considered alongside other survey evaluations, impact statements and data from project completion forms. However, we believe that the approach outlined in this document provides EBs with a common framework with which to illustrate the wider economic impact of the LCF.
6. In applying the framework to organisational projects, we also believe it would be appropriate to select the relevant indices and statements for individual projects delivered by the organisation.

Framework for analysis

7. In building the framework, we have considered four different areas to quantify the value that the LCF delivers to local communities (see Appendix B for guidance on how to calculate these values for an organisation).

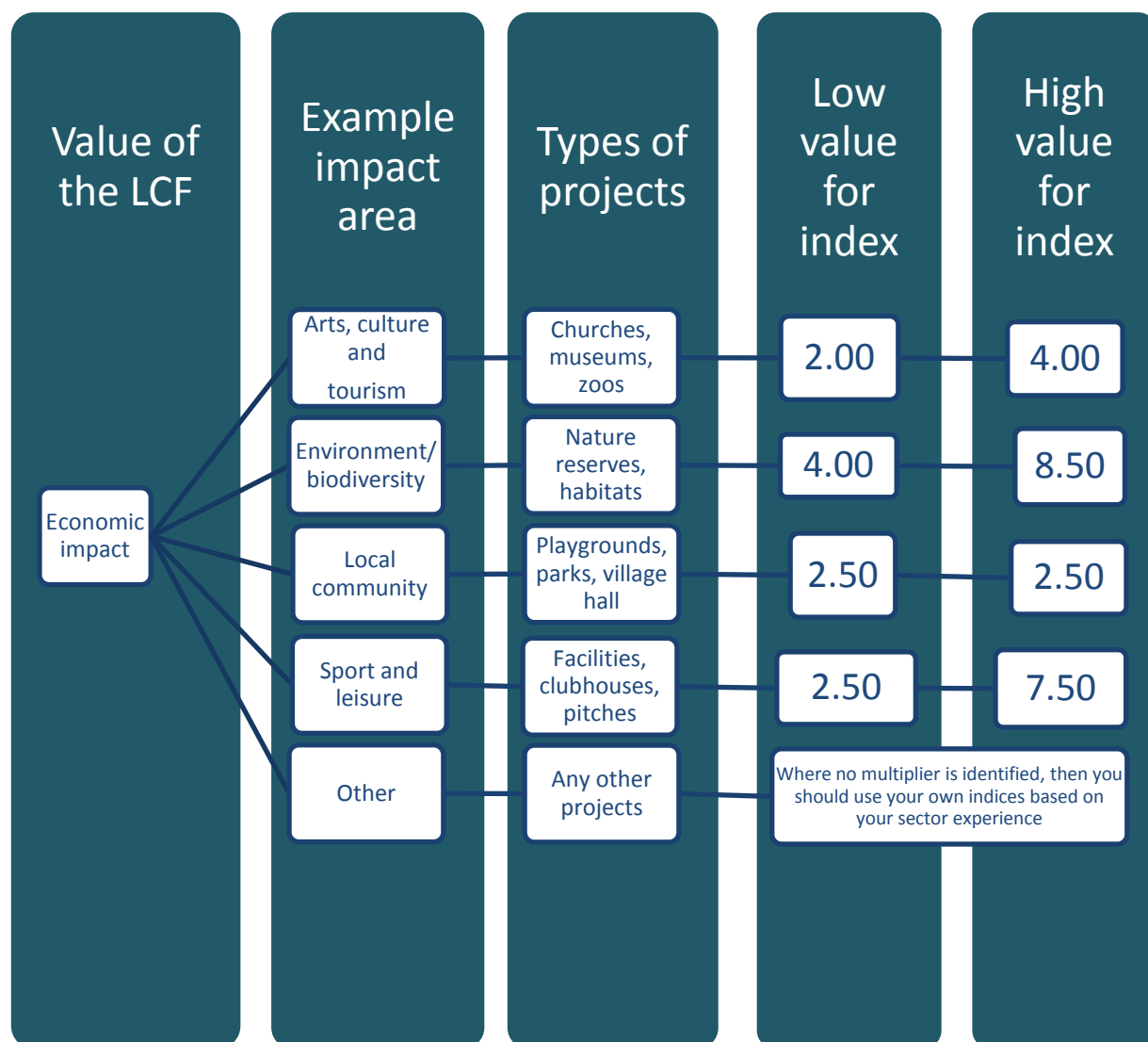
Area one:

8. LCF funding for a project is often part of a larger project or scheme and that for every £1 of LCF monies contributed to a project a further £XX of monies are provided by other sources. This means that the LCF is part of a much larger investment in local community projects and that both the impact of LCF funds and indeed funds from other organisations can benefit local communities to a greater degree than the sum of their parts:

Each £1 of LCF project spend is supported by £XXX
additional total project spend

Area two:

9. The second area multiplies the value of LCF project spends by relevant industry multipliers. We have identified five 'Impact Areas' – arts, culture and tourism, environment and biodiversity, local community, sports and leisure, and other projects. We have then sourced relevant industry multipliers which estimate that for every £1 spent the value is £X. All assumptions and caveats to these are listed at Appendix A and sources are shown in Appendix C. The aim of the multiplier matrix is to use industry calculations to show that the value of the LCF is, as above, greater than the pure contribution. Each multiplier has a slightly different rationale, but they may include the value of volunteers, or the value of match funding, or the economic value of construction and suppliers.



Area three:

10. This considers the wider key performance statistics and supporting statements to further highlight the breadth and depth of the impact of the LCF. We have included examples of these key performance statistics, from the economic contribution of volunteering to details of the number of species protected, trees planted, communities supported etc. In addition to these examples, it is likely that your organisation will have a number of your own and you should seek to use the examples we have given as a starting point rather than as an exhaustive list, but you should choose the most relevant ones for the types of projects delivered by your organisation.

Key performance statistics and statements

11. The following performance statistics and statements are for you and your organisation to quantify as relevant to the projects you have delivered:

- XX number of projects completed by your EB over the last three years.
- XX number of people benefited from LCF projects funded by your EB over the last three years.
- XX number of volunteers participated across all LCF projects funded by your EB over the last three years.
- XX number of species were protected/conserved by LCF projects funded by your EB over the last three years.
- XX number of sporting facilities were built/improved by LCF projects funded by your EB over the last three years.
- XX number of community halls/centres were built/improved by LCF projects funded by your EB over the last three years.
- XX number of bridleway or public footpaths were created/improved by LCF projects funded by your EB over the last three years.
- XX number of cycle paths were built/improved by LCF projects funded by your EB over the last three years.
- XX number of communities were supported by LCF projects funded by your EB over the last three years.
- XX number of trees were planted by LCF projects funded by your EB over the last three years.
- XX number of habitats were protected by LCF projects funded by your EB over the last three years.
- XX number of playgrounds and skate parks were built/improved by LCF projects funded by your EB over the last three years.
- Projects funded by your EB over the last three years provided XX training opportunities.

12. We have based these indicators from previously collected data, which have been highlighted in Government targets or policy initiatives and reports. Organisations could include any other statements that they consider demonstrate the wider economic value of the LCF.

Area four:

13. The final area involves a number of qualitative statements that detail the substantial benefits that arise from LCF supported projects, over and above the pure economic impact. For example, a project to repair the roof on a village hall may have a value of £100,000 but it will also have a qualitative impact, for example, by ensuring that the local community has somewhere to congregate which can help to reduce feelings of isolation (elderly residents, new mothers etc) and create strong community ties.
14. These can be highlighted with the following type of diagram. Your organisation can include your own examples and remove any that don't apply to projects you've delivered. You should choose the most relevant ones for the types of projects delivered by your organisation. You may want to include definitions as to how you feel your EB has achieved these statements.



15. This is merely an example of the types of information you might be able to include. There may be other, additional measures that you collect which we are unaware of. The aim should be to fully evidence the impact of the LCF by including as much supporting evidence as is available to highlight its value.

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Caveats and assumptions behind the framework

The framework relies on using existing economic multipliers and indices. This approach allows us to estimate a value for the LCF without incurring the costs of a bespoke economic study. However, this necessitates a number of caveats and assumptions to be applied. These include the following:

- Any figures arising are an estimate and cannot be stated as fact;
- Whilst we have carefully chosen multipliers for the relevant 'impact area' e.g. sport and leisure, these are best fit only and do not specifically relate to LCF projects;
- To provide a prudent estimate of the value of the LCF, and for ease of calculation we have rounded these multipliers down to the nearest 50 pence;
- Several of the multipliers selected already include additional funding or matched funding as well as volunteers hours. Therefore figures calculated in area one, area two or through volunteering hours in area three should not be combined;
- We recognise that projects could fit into multiple impact areas, for example a community garden at a local parish hall could fit into both local communities and in biodiversity. In this instance we recommend the EB should select the one area that the project best fits. Projects should not be included more than once; and
- Where no multiplier is identified, then you should use your own indices based on your sector experience. Although this exercise is primarily concerned with Objects D, DA and E there are some projects – especially Objects A and F, alongside some, more complicated, D, DA and E projects that don't fit into any of the impact areas. In this instance, if you do not have your own indices, rather than leave out these projects we have included a category of 'other', where they can be included with a multiplier of 1.

Estimating a value of the LCF

The following tables provide guidance to help organisations calculate and estimate the wider economic value that the LCF delivers to the economy. Please complete any blue cells (areas one, two and three) by providing your project spend or data for your EB in each case. The green cells (areas one and two) can then be calculated from the values you have entered using your data.

Area one	Total LCF project spend by EB (across last three years) A	Total project value (excl LCF spend) by EB (across last three years) B	Sum = B/A
Guidance	Include the total monetary value of all projects funded by your EB across the last three years	Include the total project funding from other sources for all projects supported across the last three years (exclude the LCF component)	Calculate the ratio of LCF spend to total other funding contributed
Example	£987,654	£5,123,456	£5,123,456 divided by £987,654 equates to £1 of LCF funds supported £5 extra project funding

Area two	Total LCF spend by EB (by project area)	Index multiplier	Total estimated economic impact
	S	M	= S x M
Guidance	Across the last three years include the total monetary value of projects according to the project area – if you are unsure which area to allocate a project refer back to the framework which shows project types indicated against an impact area.	These index multipliers are previously published. You can find details on them in the subsequent caveats, assumptions and sources section.	Take the total project spend in the blue column and multiply it by the index multiplier to generate a total estimated impact of the LCF funding by area
Culture and Tourism projects	e.g. £40,000	£2.00 - £4.00	e.g. £80,000 - £160,000
Biodiversity projects	e.g. £100,000	£4.00 - £8.50	e.g. £400,000 - £850,000
Local community projects	e.g. £50,000	£2.50	e.g. £125,000
Sport and Leisure projects	e.g. £50,000	£2.50 - £7.50	e.g. £125,000 – £375,000
Other projects	e.g. £100,000	£x.xx ^{See Note}	e.g. £100,000
Total LCF spend	£340,000	Total LCF multiplier spend	Between £830,00 and £1,610,000

Note: Where no multiplier is identified, then you should use your own indices based on your sector experience.

Area three

Key performance statistics and supporting statements

Example	Across the last three years LCF projects funded by (EB name) created 5,042 volunteer hours worth £32,773 (5,042 hours multiplied by volunteer hour of £6.50)
	XX number of projects completed by your EB over the last three years.
	XX number of people who benefited from LCF projects funded by your EB over the last three years.
	XX number of species protected/conserved LCF projects funded by your EB over the last three years.
	XX number of sporting facilities were built/improved by LCF projects funded by your EB over the last three years.
	XX number of community halls/centres were built/improved by LCF projects funded by your EB over the last three years.
	XX number of bridleway or public footpaths were created/improved by LCF projects funded by your EB over the last three years.
	XX number of cycle paths were built/improved by LCF projects funded by your EB over the last three years.
	XX number of communities were supported by LCF projects funded by your EB over the last three years.
	XX number of trees were planted by LCF projects funded by your EB over the last three years.
	XX number of habitats were protected by LCF projects funded by your EB over the last three years.
	XX number of playgrounds and skate parks were built/improved by LCF projects funded by your EB over the last three years.
	Projects funded your EB over the last three years offered XX training opportunities.

You should only include the most relevant ones for the types of projects delivered by your organisation.

Area four

The following is merely an example of the types of information you might be able to include.

These can be highlighted with the following type of diagram. Your organisation can include your own examples and remove any that don't apply to projects you've delivered. You may want to include definitions as to how you feel your EB has achieved these statements.



You should only include the most relevant ones for the types of projects delivered by your organisation.

Sources

We have identified five 'Impact Areas' – arts, culture and tourism, environment and biodiversity, local community, sports and leisure, and other projects. We have then sourced relevant industry multipliers which estimate that for every £1 spent the value is £X. All assumptions and caveats to these are listed at Appendix A. The sources and links are detailed in the following table. Each multiplier has a slightly different rationale, but they may include the value of volunteers, or the value of match funding, or the economic value of construction and suppliers.

Impact Area	Source of Index	Details of Index
Arts, culture and tourism	The Report for Arts Council England and the National Museums Directors' Council Contribution of the arts and culture to the national economy May 2013	"We estimate that for every £1 of GVA generated by the arts and culture industry, an additional £1.43 of GVA is generated in the wider UK economy through indirect and induced multiplier impacts." The arts and culture GVA multiplier = 2.43 http://www.artscouncil.org.uk/media/uploads/pdf/CEBR_economic_report_web_version_0513.pdf
	Local Government Association (LGA) Driving growth through local government investment in the arts March 2013	"Research from Arts Development UK reveals that for every £1 spent by local authorities on the arts, leverage from grant aid and partnership working brings up to £4 of additional funding." http://www.local.gov.uk/media-releases/-/journal_content/56/10180/3904567/NEWS http://www.local.gov.uk/c/document_library/

Impact Area	Source of Index	Details of Index
Environment / biodiversity	Wildlife Trusts Wales Protecting Wildlife Together – adding value through the Concordat 2011/12	<p>“Each year the Wildlife Trusts receive a grant from CCW to undertake work within the eight work streams. WTW match this with both staff and volunteer time. However, this is often exceeded and in 2011/12 the CCW grant of £339,500 resulted in combined activity worth £1,341,019.”</p> <p>This equates to every £1 received generating activity worth £4.</p> <p>Report available on request</p>
	Joint Nature Conservation Committee Fifth National Report to the United Nations Convention on Biological Diversity: United Kingdom April 2014	<p>“A recent study (GHK Consulting Ltd 2011) has estimated that the ecosystem services generated by Sites of Special Scientific Interest (SSSIs) in England and Wales in 2011 were worth £956 million per year, and that if all SSSIs were in favourable condition this value would increase by a further £769 million per year. The estimated cost of providing the existing £956 million per year of benefits is £111 million per year, so it suggests there are substantial net benefits to society of protecting our best nature conservation sites and improving their condition.”</p> <p>This equates to every £1 received generating activity worth £8.60.</p> <p>https://www.cbd.int/doc/world/gb/gb-nr-05-en.pdf</p>
Local community	LEK Consulting Construction in the UK Economy – the benefits of investment October 2009	<p>The majority of local community projects will be using the construction industry and therefore this seems the most relevant multiplier for this impact area.</p> <p>“£1 spent on construction output generates a total of £2.84 in total economic activity (i.e. GDP increase)”</p> <p>http://www.nasc.org.uk/NASC/files/ea/eabc21b4-91d3-4e44-8f0f-ab27a7a0a4b1.pdf</p> <p>This indicator is widely quoted and used in the construction industry:</p> <p>http://www.ukcg.org.uk/lobbying/creating-britains-future/making-the-economic-case-for-construction/ and http://www.ukcg.org.uk/media/useful-facts/</p> <p>http://www.cbi.org.uk/media/1547179/bridging_the_gap_-_backing_the_construction_sector_to_generate_jobs.pdf</p> <p>http://www.fmb.org.uk/about/fmb-structure-and-regions/devolved-countries/northernireland/building-for-success/</p>

Impact Area	Source of Index	Details of Index
Sport and leisure	Centre for Economics and Business Research Ltd (CEBR) The macroeconomic benefits of investment in Grass Roots Facilities Report for the Football Foundation October 2013	“In particular, the report highlights that for every pound of Football Foundation investment into grassroots facilities, £7.73 worth of economic output is generated via partnership funding and the subsequent multiplier effects.” The GVA figure is given at £2.53 in the same report. http://www.footballfoundation.org.uk/about-us/publications/economic-impact/
	Sport England Economic Value of Sport in England July 2013 http://www.sportengland.org/media/177230/economic-value-of-sport.pdf	“£7.73 is the estimated return on investment for every £1 spent on sports for at-risk youth through, for example, reducing crime and anti social behaviour.” https://public.sportengland.org/Shared%20Documents/Map%20Library/LA%20mini%20sport%20profiles%20-%20Oct%202014/Doncaster_Mini_LSP_Oct_2014.PDF
Other	No index identified	Identify and source a relevant index where no multiplier is identified, you should use your own indices based on your sector experience
Volunteering	Wildlife Trust Wales Pre-project form and guidance	Volunteer time can be claimed as match funding at a rate of £6.50 per hour or £260 per 40-hour volunteer week