

APPENDIX 7

SOCIAL RETURN ON INVESTMENT (SROI)

Introduction to SROI

Social Return On Investment (hereinafter to be referred to as: SROI) means “giving something back to society” and forms part of corporate social responsibility, just like sustainable purchasing. The municipality will ask for part of the contract value to be spent on SROI at the start of the tendering process. The municipality of Almere would thereby like to create as much added value as possible and help (Almere) job seekers to find a job or a work experience placement. The municipality has gained plenty of experience with SROI during recent years. The result is that hundreds of people, who have been distanced from the employment market, have been given an opportunity to be involved in employment again and have thereby increased their chances of finding work again.

The municipality of Almere's SROI purchasing policy

The following has been included in the purchasing policy regarding SROI:

The municipality attaches a great deal of value to offering opportunities to people who have been distanced from the employment market. Tendering is an instrument which can provide a significant contribution to this. The municipality asks (potential) contractors to provide a contribution to strengthening the social infrastructure with SROI. This applies to tenders for works, supplies and services. The starting point is that at least 5% of the total gross contract value is to be spent on SROI. This percentage will be reduced to 2% if the payroll is going to amount to less than 30% of the total contract value. Establishing the definitive SROI component will remain a customised process, i.e. this is industry and project specific and will be applied proportionally.

As the client and employer, the municipality wants to adopt an exemplary role by including a social paragraph when tendering. However, the implementation will remain customised. The municipality hopes to use its own purchasing policy for creating local employment opportunities and/or apprenticeships. In addition to

creating regular (temporary) jobs and (paid or unpaid) work experience placements, apprenticeships and internships for people who have been distanced from the employment market, SROI can also be used for ensuring activities which are currently part of the contractor's responsibilities are placed with those eligible for benefits via job carving, or to educate new potential employees within the company by the contractor. SROI also offers scope for an own and creative interpretation for contractors who find it difficult to fulfil their SROI obligation within the assignment.

SROI programme agency at the municipality of Almere

The programme agency has a supporting and advisory role, focussed on realising maximum possible utilisation of SROI. Implementing SROI is always a customised process. The agency will provide contractors with advice regarding how to implement SROI, will put together an Approach Plan together with them and the agency will subsequently establish the connection between the contractor and the Employer Service team at the municipality of Almere for the supply of suitable candidates. The agency also organises contract management and the monitoring of the SROI agreements and provides periodic feedback of the SROI results for the commissioning services. The agency also looks after the communication and information provision regarding SROI and establishes contacts with Provinces and the national government, in order to efficiently implement SROI.

SROI Performance Table

In Almere we have opted for a transparent valuation in the form of a Performance Table, whereby we work with effort values when calculating the SROI implementation. The contractor can combine or stack multiple SROI efforts into an optimal mix. The effort value per target group is based on the candidate's distance to the employment market.

This effort value is the realised value of the SROI assignment. All costs in relation to the candidates to be used, including wages, education and travel costs,



are included in the aforementioned effort values in the Employment Performance Table. The effort values included in the table are based on a full-time annual contract. The realised effort value will be calculated on a pro rata basis if a part-time contract or a contract with a shorter duration is used. Offering this form of customisation will allow a contractor to implement SROI much more effectively in its operations, resulting in more balanced social and economic returns.

Employment Performance Table	
Target group / type of benefit	SROI value or effort value (based on a full-time annual contract) ¹
<i>Municipality participation law payment:</i>	
Young person benefits (< 27 years old)	€ 25.000
45+ benefits	€ 35.000
Other benefits	€ 30.000
Target grouper ²	€ 30.000
Job seeker not entitled to benefits ³	€ 10.000
<i>UWV benefits:</i>	
Unemployment benefit 45+	€ 20.000
Unemployment benefit other (>1 year)	€ 15.000
Unemployment benefit other (< 1 year)	€ 10.000
Wajong (Law regarding the provision of incapacity benefits to disabled young people)	€ 20.000
<i>Other:</i>	
BBL project (16-27 years) ⁴	€ 10.000
WSW (secondment)	Paid accounts to the SW company

An example: the total gross contract value is, for example, €300,000, 5% of which is €15,000. The contractor can use a "candidate with a WSW indication" for a six month period, or a "person receiving unemployment benefits (>1 year), who has been unemployed for more than 1 year" for one year, in order to satisfy the SROI obligation within the contract.

If it's impossible to create work places for our target groups in accordance with the "Performance Table" as a result of the value of the contract, specific activities or economic circumstances, the contractor is permitted to use more creative possibilities, mentioned in the "Other Performance Table" for the interpretation of SROI, up to a maximum of €20,000 per year.

Other Performance Table	
SROI interpretation	Value of Social Return or effort value (up to a maximum of € 20,000 per annum)
Internship/work experience placements	€ 5,000 based on a six month period
BOL (16-27 years)	€ 5,000 based on a six month period
Other Social Return projects	€ 500 per 4 hours
Investment in Social Education Fund	Invested amount

Establishing the value of the contract in case of a framework agreement

A framework agreement is intended for the placement of future assignments and is applicable to the products, services or works category described in the contract. A number of conditions will be agreed upon for the duration of the contract, including, for example, price, quality, quantity and delivery time. Establishing the value for the benefit of SROI is not possible when entering into a framework agreement as the assignments

still need to be placed. Establishing the SROI value is therefore done on an annual basis in arrears, based on the invoiced turnover.

Matching, reporting and monitoring

After entering into concrete agreements in relation to the interpretation of SROI with the contractor and recording these agreements in an Approach Plan, the Programme Agency will place the matching request with an account manager from the municipality of Almere's Employers Service Team, the UWV or another authority. The Programme Agency will assist the matching phase remotely, will identify bottlenecks with the contractor or during the matching or searching for solutions.

The Programme Agency will monitor the agreements entered into per contract, as well as the actual realisation of the SROI by the contractor. The final report/justification is prepared by the SROI Programme Agency at the conclusion of the contract, which will indicate to what extent the contractor has satisfied its SROI obligation.

When monitoring the SROI results, we don't look at the annual interpretation of SROI, but at the total SROI obligation for the assignment's entire contract duration. When a contractor hasn't fulfilled the annual SROI

obligation in a certain year, he can compensate for this by realising more than the annual SROI obligation in an earlier or later contract year. The final account will look at the total SROI result for the entire duration of the contract in relation to the total SROI obligation within the contract. The Programme Agency will report on the use of SROI within the municipality on an annual basis.

Penalty Clause

When it becomes apparent in the final report that the contractor hasn't realised the SROI obligation arising from the contract, the SROI Programme Agency will establish the degree of culpability, for example to what extent the contractor has made an effort to implement the SROI, or whether any mitigating (market) conditions apply. Should this not be the case, the contractor will be imposed a fine of a maximum of the SROI obligation, which will be used for vocational education and training and other social projects for the SROI target group.

¹ The effort values will be reassessed and established every 2 years and include labour costs, training costs, travel expenses and assistance costs.

² "Target groupers" include all people who form part of the municipality's target group register and the employment agreement (those entitled to benefits with a work limitation)

³ People not entitled to benefits, who start work from a non-working situation

⁴ This concerns a stack value on top of the effort value of the target group in question, as this involves a sustainable outflow, a diploma and/or a basic qualification which increases the chances within the employment market.

