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## **Making an Impact:**

A Social Return on Investment (SROI) study of Emmaus UK  
2011/12

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## Executive summary

### Background

Emmaus Communities offer homeless people companionship, a place to live and work, and an opportunity to integrate back into mainstream society. For those that need and want it, a Community also offers Companions – as residents are known – a permanent home. It is an international movement, which is underpinned by a philosophy of collectivism, self-reliance and social solidarity.

Emmaus Communities and the work they do are usually well-known within their local area. However, the economic and social benefits they provide – not only to those who live in them but also to wider society – has not been extensively quantified. To investigate this, Emmaus engaged Just Economics to conduct a *forecasted* Social Return on Investment (SROI) analysis. This type of analysis is used where sufficient primary data are not available to carry out a full evaluative SROI. Forecasts require a degree of inference or prediction, analogous perhaps to a financial budget. This analysis uses primary and secondary data to support the assumptions used.

### About Emmaus Communities

This year marks the 21<sup>st</sup> anniversary of the establishment of the first Emmaus Community in the UK. Since then, at least one new Community has opened every year in England and one has opened in Scotland. When the study was carried out in 2011, Emmaus Communities provided homes for 478 Companions with space for up to 525. The vast majority are single homeless men.

Emmaus Communities are predominantly self-funded through the sale of donated furniture, clothing and white goods. They are run much like cooperatives, with Companions contributing as much as they are able and any profits going to help others in greater need. Communities aim to be financially self-sufficient and to build a similar ethos in Companions. To this end, they engage in philanthropic activities locally, nationally and internationally, such as donating surpluses to good causes or volunteering time.

Most Companions see Emmaus as a short-term option to give them the space to get back on their feet and rebuild their lives. The average stay for this group is nine months, and a large proportion moves on to a stable tenancy. A significant minority choose to stay with Emmaus for the long term and create a stable home there. To join a Community, Companions must be prepared to relinquish State benefits, tackle any addiction problems and be willing to work full time to the best of their ability. As well as full board, Companions get a small weekly allowance, a holiday allowance and a savings fund.

### Policy relevance

Emmaus's work is consistent with Government policy in three areas: reducing homelessness, ending welfare dependence and reducing the amount of household waste going to landfill. The manner in which it does this – through a self-funded social enterprise model – makes the approach even more relevant to existing policy.

Having remained broadly steady for some time, homelessness and rough sleeping are again on the increase. 2011 alone saw an increase of 14 per cent in homelessness and

an increase of 23 per cent in rough sleeping.<sup>1</sup> With the economy still on a weak footing, this growth is widely expected to continue. Increasing homelessness carries an enormous social cost, as homeless people are one of the most socially excluded groups in society. It also carries a significant economic burden. In 2005 the National Audit Office estimated that the nation spends around £1 billion a year to prevent and deal with homelessness.

### **Aims and approach**

The study has three main aims:

1. To quantify the annual social value created by an average Emmaus Community.
2. To build the capacity of the organisation in measuring and managing its social impact.
3. To use the analysis to raise finance to fund new Communities, including providing part of the evidence required to structure a Social Impact Bond (SIB) that could be sold to trusts, foundations and private investors.

Social Return on Investment is a form of cost-benefit analysis that measures and quantifies the value of social, environmental and economic outcomes that result from an intervention. It differs from cost-benefit analysis in two key ways. First, it places monetary values on non-traded benefits such as quality of life, which have historically been considered non-quantifiable. In addition, it takes a multi-stakeholder approach. Rather than simply measuring 'returns' to the State or the economy, it measures all of the most significant sources of value. This makes it suitable for an organisation like Emmaus that has a wide range of stakeholders and aims to create benefits across a complex 'triple bottom line'.

Emmaus UK operates a federated structure, and the aim is for decision-making to be 'Companion-led'. Individual Communities have a lot of freedom to innovate with their business model, and many run cafés or gardening projects. As a result, it was decided to carry out more extensive stakeholder engagement than would normally be the case.

Forty Companions were interviewed across seven different sites (between five and seven per site). It should be stressed that the purpose of stakeholder engagement was not to generate evidence of effectiveness but to understand the 'theory of change' underpinning the Emmaus model. This describes the way in which spending leads to social change from the perspective of stakeholders. Effectiveness was estimated by using primary data gathered by Emmaus and secondary data from academic and governmental sources.

### **Findings**

Based on data from 2011/12, we forecast that in 2012/13 the present value<sup>2</sup> of the social benefit created by Emmaus will be £45.5 million for a non-trading investment of just over £4 million in the running costs of its established Communities. At full capacity, with all the available places in Emmaus Communities taken up, this rises to £50.5 million. At current capacity, this translates into a ratio of £11 for every £1 invested, or an average of just over £2 million per Community.

For long-term Companions, Emmaus provides a long-term home, friendship and a sense of meaning in their lives. The long-term Companions we interviewed were often motivated by the principle of solidarity and issues surrounding homelessness. They often played an important role in the running of their Communities and also contributed to the growth of the Emmaus movement by helping new Communities to get off the ground. For

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<sup>1</sup> <http://www.communities.gov.uk/publications/corporate/statistics/homelessnessq42011>

<sup>2</sup> The Treasury recommended discount rate of 3.5% was used.

short-term Companions Emmaus was seen as a springboard to other things: getting their own tenancy, working outside the Community, or re-establishing relationships with family members. They generally had plans to move on and were taking advantage of the benefits of Emmaus, such as gaining a driving licence, or participating in training.

Companions tended to have a similar profile to homeless people elsewhere. Many had histories involving addiction, relationship breakdown and loss of employment. Recent research has found, however, that there are fewer Companions with a history of addictions than in the general homeless population (FreshMinds 2011). This could be explained by other research on attitudes towards Emmaus among homeless people which finds that those with severe addictions select themselves out of the potential target group because of policies on the use of drugs and alcohol (Bretherton and Pleace 2011). The majority that we spoke to had spent time on the street, in prison, or both. Stakeholder engagement also revealed very high levels of satisfaction with Emmaus. In addition, we heard some very significant accounts of change; more than one person told us they would probably be dead if they had not come to their Community.

Our SROI analysis found that the vast majority of benefit accrues to Companions, for whom Emmaus can be a life-changing experience. On an annual basis, long-term Companions who make Emmaus their home are the greatest beneficiaries. This is for two reasons. First, there are few long-term options for older homeless people, so it is highly unlikely that they would have found satisfactory accommodation elsewhere. Second, the offer of a long-term home for single homeless people is a unique one and extremely valuable to those who take it up. This benefit is entirely attributable to Emmaus, whereas with shorter-term Companions other factors are more likely to play a role in their journey towards a stable tenancy. In addition, there is much more uncertainty about the outcomes for short-term Companions, for whom we do not have good data, and this is reflected in a benefit period of just five years.

The majority of the benefit to Companions comes from improved health and wellbeing, followed by fewer addictions and mental health problems. The reason that these feature so strongly in the model is that the benefits of regular nutritious meals, comfortable accommodation and a substance ban mean that Companions are likely to live longer. This is particularly true for those that struggled with addictions, or that would otherwise have lived in poor-quality accommodation.

The second major beneficiary of Emmaus Communities is the State. The present value of savings to the State is almost £6 million a year for a contribution of just over £2.7 million in housing benefit. This is lower than previous estimates of the economic contribution of Emmaus, and there is a risk that it undervalues that contribution. However, every effort has been made to include only marginal costs to ensure that they are 'cashable'. The aim has been to comply with the brief of generating plausible estimates of a return ratio that could be used as part of the evidence to structure a Social Impact Bond. This is timely, as the Government has just launched its first SIB for homelessness in London. The benefit of this more conservative approach is that it is unlikely to overclaim for the economic benefits of Emmaus.

The final material stakeholder is the neighbourhood within which Emmaus operates. The main benefits to this group are the value of donated income, volunteering time, access to low-cost furniture and white goods, and reduced carbon emissions. The estimated value of this contribution is £421,300 annually.

One key reason why Emmaus achieves such a high Social Return on Investment in our analysis is the fact that input cost is very low, as most of the income in the Communities is self-generated. The majority of the investment that makes this possible comes from

housing benefit claimed on Companions' behalf, which would not be traditionally thought of as an 'investment'.

Most of the savings for the State come in the first few years, reflecting the fact that while Companions are living at Emmaus they are not claiming benefits, misusing drugs or alcohol, or in need of costly alternative accommodation. What is clear from the analysis is that the business case for investment from the State's perspective is substantial. In the first year, £2.5 million of savings is generated, which is over £104,000 per Community, or over £5,000 per Companion. On the basis of these figures, it would take just under ten years to pay back the principal in cashable savings, which is of course a small proportion of the overall savings. After ten years, cashable savings become increasingly net positive, creating the possibility that new Communities could be funded by bonds issued with maturities beyond ten years. The Government has just launched a £5 million fund to pilot a SIB to prevent homelessness in London. Once more evaluative data have been gathered, Emmaus would be well-placed to make a case to be involved in this pilot.

### **Recommendations**

The main recommendations emerging from this study relate to the type of data collection that should be carried out to provide evidence for change in the future. To date Emmaus has relied on light-touch data collection. However, in order to make a case for investment, a more robust system is required. We recommend the use of a form of data collection that fits with the Communities' participative ethos. One option to consider is using the Outcomes Star for homelessness to track progress while with the Communities.<sup>3</sup> As well as having been developed with a very similar client group, it would enable Emmaus to benchmark itself against other interventions such as hostel accommodation.

In addition, more information is needed on the circumstances of people's lives before they came to Emmaus and what happens after they leave. The Star could be accompanied by 'before and after' questionnaires to better understand the change that Emmaus creates in people's lives.

As we have seen, significant value is created while Companions are living in Emmaus Communities. But as they move on, they also create space for other homeless people to move in. It is when Companions leave and create new lives for themselves off the streets that there is potential to create the most social value but this is only the case where they avoid becoming homeless again. More information is needed about the ingredients that make up a successful 'move on', and how better pathways to employment can be created.

Finally, Emmaus Communities differ somewhat in their business models and the types of markets they are reaching. Further research on business models, ways to increase turnover and how these intersect with social objectives would make a useful contribution to Emmaus but also social enterprise more generally.

This study was hampered by the lack of good quality data on costs, particularly unit costs. Most of the published research on single homelessness is provided by charities working in the area. This is enormously helpful, as they have good access to a group of people that can be quite transient and therefore difficult to track longitudinally. In terms of costs data, however, it would be more appropriate if relevant departments published their own spending breakdowns, and if they – or academic bodies – calculated unit costs

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<sup>3</sup> The Outcomes Star is a tool developed by Triangle Consulting to enable organisations that work with people who have experienced homelessness to support and measure change. For further information see <http://www.outcomesstar.org.uk/homelessness/>

data. This would ensure less variability in cost-benefit work in this area. At the moment, there are often numerous estimates of costs to draw upon, which are all calculated in different ways. In particular, data are needed on the marginal costs of things like non-custodial and custodial convictions and hostel and night shelter places, which reflect the real costs to the State.

### **Conclusions**

Emmaus Communities create a sizeable amount of social value from providing a place to live and work for Companions. There is also a strong business case for investment in new Communities, and providing support for existing ones where they are not yet financially sustainable. While the average cost of setting up a new Community is £1.5 million, we forecast that a new Community generates a net social value of £9.3 million over the lifetime of the building (estimated to be 20 years). Some return on the investment is likely to be realised in the short term but the benefits are likely to last well into the future, particularly where Companions are able to create fulfilling lives for themselves and are no longer at risk of being homeless again.

## 1.0 Introduction

Emmaus Communities are a group of social enterprises that provide a unique and innovative solution to homelessness. 2012 marks the 21<sup>st</sup> anniversary of the founding of the first Community in the UK. Since then, Emmaus Communities have expanded at a rate of over one Community a year, and there are now 23 with a number of others in development. At the time of carrying out the study, there were 478 Companions (as residents are known) and a combined annual trading income of almost £6 million.

Like other homelessness organisations, Emmaus provides an opportunity for people to move on from homelessness and rebuild their lives. However, for those that need and want it, it also offers a long-term home – a place for Companions to live for the rest of their lives if they so wish. The Communities are financed primarily through the sale of donated furniture and household goods. The ethos of the Communities is to be Companion-led, and Companions carry out all of the work with the support of a small team of staff and volunteers.

In 2011 the Emmaus Federation – a coordinating body for the Communities – commissioned Just Economics to conduct a Social Return on Investment (SROI) analysis to quantify the annual social value created by an average Community. This report presents the findings of this study. The analysis combines existing data from Communities with some inferences from secondary sources about when and where outcomes are likely to occur. As a result, what is being presented in this report is a *forecasted* SROI.<sup>4</sup>

A second stage of the research will begin in the summer of 2012. This will involve putting in place a measurement system to enable future updates of the SROI. The outcomes and indicators that have been identified as part of this study will provide a basis for this. The first update is due to take place in autumn 2013.

There were three main reasons for doing this analysis. First, there was a realisation that little was known quantitatively about the benefits that being at Emmaus brings to Companions and wider society. Emmaus was keen to gain a better understanding of this to share with funders, customers and donors. Second, Emmaus is implementing a strategic plan for 2012-17 and SROI analysis was seen as a useful tool for informing the organisation's strategy. Third, given the costliness of services for homeless people compared with the Emmaus self-funded model, Emmaus wanted to explore and evaluate the potentially strong business case for investing in new Communities. This had been demonstrated in the past in case studies of individual Communities (Lovatt et al 2004; Clarke, Markkanen & Whitehead 2007) but never comprehensively quantified.

The analysis is intended to provide part of the evidence required to structure a Social Impact Bond (SIB) that could be sold to trusts, foundations and private investors with an interest in investing in new Communities. A final sub-objective was to test the extent to

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<sup>4</sup> When primary data on outcomes are not available, a forecasted analysis enables an organisation to predict likely outcomes by drawing on other data sources. This analysis is partly based on existing data and partly on assumptions from other research. The benefit of doing a forecasted analysis at the outset is that it ensures that future data collection is consistent with the requirements of SROI analysis, as well as being based on the things that stakeholders value.

which there was sufficient similarity across the Federation to enable one coherent SROI, or whether it would be necessary to treat individual Communities as different entities for the purposes of the study.

The SROI approach was chosen for a number of reasons. Its participative methodology is seen as appropriate for an organisation such as Emmaus that has a 'co-creation' ethos. In addition, Emmaus aims to create value across an economic, social and environmental 'triple bottom line', and SROI was developed specifically with the aim of accounting for value in its broadest sense.

SROI aims to measure 'social value'. This is created when resources, inputs, processes or policies are combined to generate improvements in the lives of individuals or society as a whole. It is an area where it is often difficult to measure the value created. It incorporates economic measurement and financial savings but is not driven solely by these. Having said that, it is often appropriate for organisations to demonstrate that they are creating an economic return for investors. This study aims to do both. It aims to measure and quantify the value generated to all relevant stakeholders as well as make the case for investment in Emmaus on purely commercial terms.

The report is structured as follows:

*Section 2* provides an overview of the Emmaus model

*Section 3* sets out the methodology for the SROI analysis, including all assumptions, and details the theory of change underpinning the scheme

*Section 4* presents the findings of the SROI study, a detailed analysis of the value created to the State, recommendations and conclusions.

## 2.0 The Emmaus model

Emmaus Communities offer homeless people a home, work and the chance to rebuild their lives in a supportive environment. But Emmaus is different from a typical homelessness intervention. It is probably better described as a way of life, or a movement, as it is underpinned by a strong philosophy of interdependence, collectivism, self-reliance and social solidarity.

### 2.1 History

Emmaus was founded in 1949 in Paris by Abbé Pierre, a Catholic priest, MP and former member of the French resistance. When he first opened his home to the homeless of France, the first Companions became 'rag pickers' that collected things that people no longer wanted and sold them on. This began a tradition of 'reuse and recycling' that is still central to all Communities. Since then, Communities and other Emmaus projects have opened in 36 countries, across four continents.

Emmaus today is a secular movement, and Companions come from all backgrounds. A founding principle of the movement is that of 'solidarity'. This operates in two ways. First, the Communities themselves provide a conduit for solidarity between homeless people, local communities, donors and customers. In addition, self-help is a key principle of the movement, and it tries to break the perception of homeless people as feckless and burdensome.

As a result, as well as being involved in running their own affairs, Companions volunteer with other groups, and Communities often donate surplus goods or income to other Communities, or to other good causes. Temperance is another important founding principle. Companions are asked not to use alcohol or drugs on the premises, and persistent offenders are eventually asked to leave.

#### **Box 1: Emmaus around the world**

The majority of Emmaus Communities are based in Europe, although they are also located in West Africa, Latin America and East Asia. Since 1971 regional and national initiatives have been grouped under a parent organisation, Emmaus International, with over 300 Groups to date. Emmaus International acts as a means of liaison and mutual aid between its members worldwide. A Universal Manifesto has been created for Groups to sign up to. While its aim is to protect the Emmaus identity, it also allows Groups to retain a distinct individual identity of their own.

As well as creating homes for people in their own countries the movement campaigns on global political issues such as migrant rights and inequality between richer and poorer countries. Emmaus France and Emmaus UK organise exchanges between their two countries, and Companions get the opportunity to travel between them and attend events. The French model differs from that of typical Communities in the UK. Many of the French Communities, for example, are based in the countryside where Companions farm and grow their own food.

## 2.2 Emmaus UK

The first Emmaus Community in the UK opened in Cambridge in 1991. Emmaus now has a presence in all regions of England and in Scotland. An Emmaus social enterprise recently opened in South Wales with the aim of establishing the first Welsh Community. Demand for services varies in different areas; some Communities operate waiting lists, others have vacancies. At the end of 2011, at full capacity, Emmaus could house 525 Companions.

The Emmaus movement in the UK has a federated structure, which means that each Community is legally independent and has its own charitable status. Each is distinctive and operates in a slightly different way from the others, while remaining subscribed to the Emmaus philosophy. All are members of the Emmaus UK Federation.

The concept of work is essential. All Companions agree to forfeit their income-related benefits when they join. Companions work full time to the best of their ability, and are supported by a small staff team (some of whom are former Companions). Companions are involved in all aspects of the business – collecting, sorting, refurbishing and selling furniture – but they also cook, clean and look after the premises. This supports the Community financially but also enables residents to develop skills and build their sense of autonomy.

Companions are encouraged to become as involved in the running of the Community as they wish. For example, there are opportunities to become Community Assistants with additional responsibilities. As far as possible, decisions are made collectively at Emmaus, and Companions attend regular Community meetings to agree strategy. However, the degree of Companion-involvement appears to vary across Communities.

As well as receiving full board, Companions get a small allowance of £32-40 per week and a further £6-10 a week that is saved on their behalf. They can take these savings with them if they leave Emmaus. In addition, they are given an allowance for holidays of around £200 per year (levels vary between Communities), and support for pursuits that develop their potential, such as gaining a driving licence.

One Community calculated that the in-kind value of the support that is given to Emmaus residents amounts to a salary of £16,536 in the first year and £17,004 in subsequent years, when it is fully accounted for. This is equivalent to £7.95 an hour, rising to £8.18, well above the minimum wage for 2012 of £6.08.<sup>5</sup>

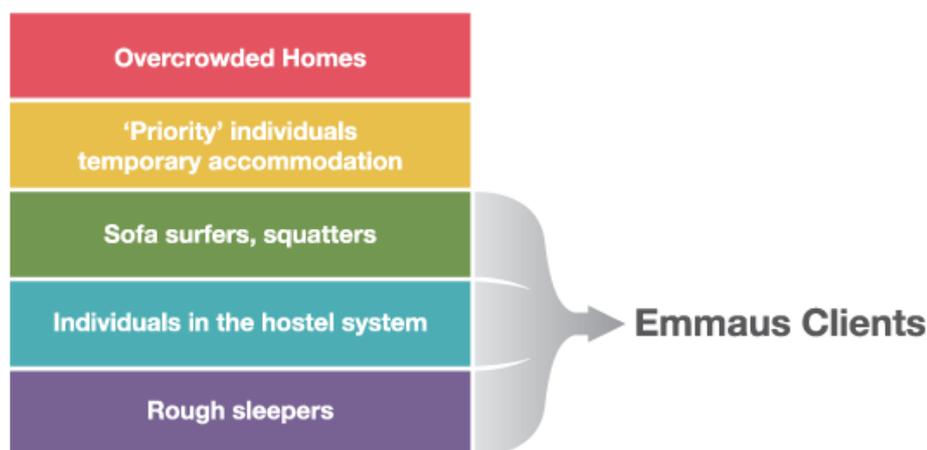
All Communities aim to be self-sufficient, although not all achieve this. Their main income source outside of trading is housing benefit, which is claimed on behalf of all Companions. Most Communities offer 'solidarity places' to those who do not qualify for housing benefit, such as asylum seekers.

Communities are encouraged to innovate around the areas of business that they would like to develop. Some Communities sell clothes, white goods and gardening items and many run cafes. The Cambridge Community allocates six of its 28 beds to those on drug replacement therapy and carries out community-based assisted withdrawals in conjunction with other agencies.

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<sup>5</sup> Calculations by staff at Emmaus Gloucestershire.

The profile of Companions is similar to that of homeless people more generally, with high levels of previous substance misuse and mental and physical health problems. According to 2010/11 management information data, 14 per cent of referrals come from probation and 23 per cent of Companions have a criminal record.<sup>6</sup> Seven per cent have served in the military. Companions will either have been living in unstable accommodation or will have been at risk of doing so prior to applying (see Figure 1). They are generally unemployed, with the majority claiming income support of some kind.



**Figure 1: Profile of Companions at Emmaus**

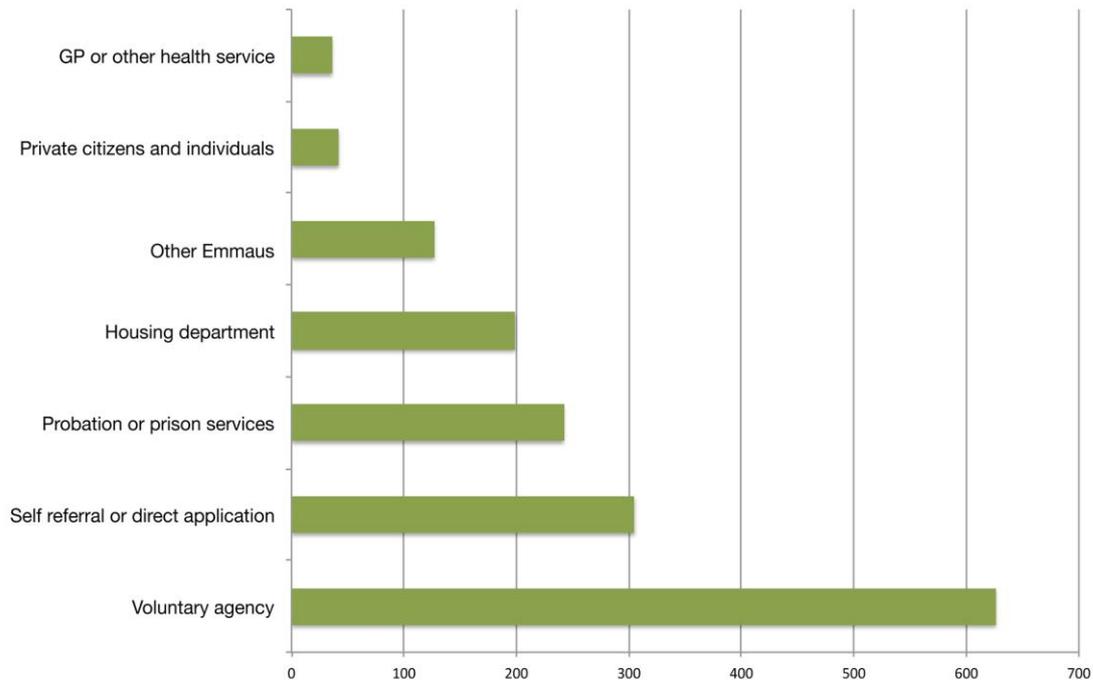
For those Companions that wish to move on, Emmaus provides practical, financial and emotional support. They are also encouraged to do so gradually if they wish. For example, some Communities have 'move-on accommodation' that Companions can live in, or they can stay within their Emmaus Community and take up work outside for a limited period of time.

Emmaus has not traditionally gathered much data on its participants. Indeed, such monitoring has even been seen to conflict with its 'bottom-up', non-bureaucratic approach. However, like other organisations in the sector, it has increasingly felt pressure to measure the contribution that it is making. Furthermore, there is a growing acknowledgement of the benefits of collecting data across the Federation to inform strategic planning and improve outcomes for Companions.

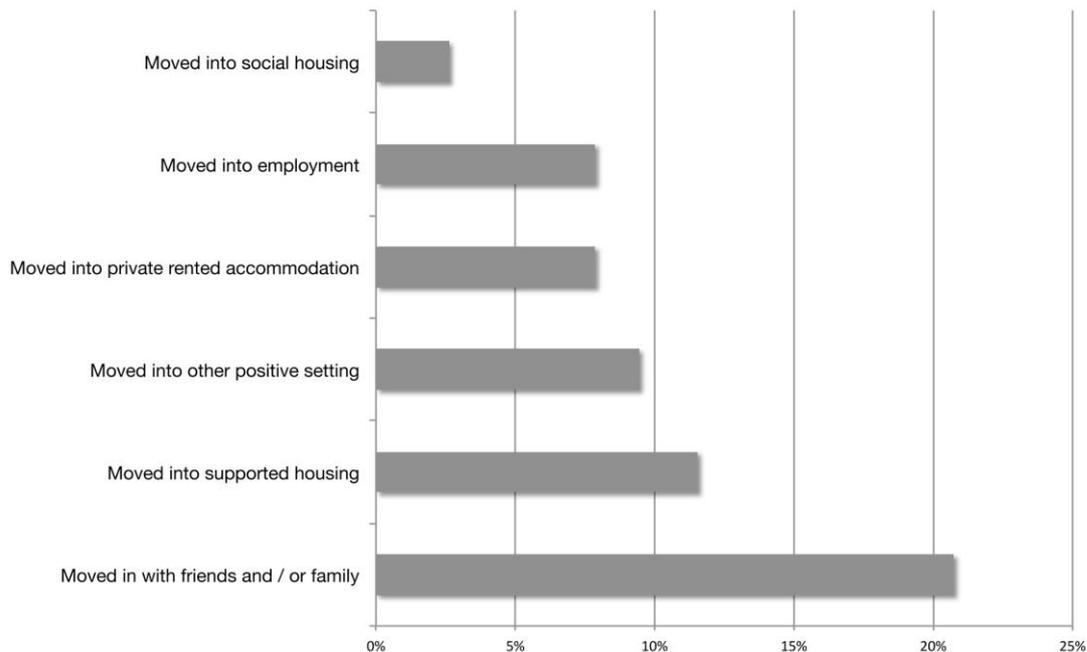
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<sup>6</sup> This is the proportion that acknowledges a criminal past, although it is suspected that the true figure is higher.

In 2010 Emmaus began to carry out Management Information Reporting (MIR), which asked individual Communities to report back on key aspects of their services, such as the number of Companions, where referrals come from and where Companions go when they leave (see Figures 2 and 3). Emmaus is committed to building the principles of SROI into the way it delivers and manages its service and to developing a research ethos to better understand both the social and the enterprise parts of its services.



**Figure 2: Where Companions are referred from**



**Figure 3: Where Companions go when they leave**

## 2.3 The policy context

The Emmaus model of tackling homelessness is one that is attracting increasing Government attention. This is unsurprising, as its philosophy and approach are consistent with the direction of Government policy in this area.

In 2011 a Ministerial Working Group was established to formulate new policy on homelessness (Department for Communities and Local Government 2011a). It brings together eight Government departments to work on issues relating to accommodation and on issues such as work, training and health care. In its first report it placed an emphasis on the importance of work and self-sufficiency but also the need to work more closely with the community and voluntary sectors (CVS) to improve services and reduce the risks that people will become homeless in the first place. The role of the CVS is further emphasised in the second report published in 2012 (Department for Communities and Local Government 2012).

Recent years have seen a change in homelessness policy away from housing provision towards tackling the causes of homelessness, amongst them worklessness. This has led to a number of studies that have evaluated the success of back-to-work programmes. Overall, they appear to work best with those that are already closest to the labour market and tailored to individual needs. By contrast, generic programmes are less successful, particularly when they are working with those with multiple needs (Clarke 2010). It is understandable therefore why labour market participation rates are low - as low as 4 per cent - amongst the single homeless population (Business Action on Homelessness and nef 2006). Emmaus Companions are no different. Many (up to 50% in one study (Clarke 2010)) are claiming Incapacity Benefit and will struggle to work full time, or meet the requirements of the jobs on offer. However, barriers to work also include institutional barriers such as the fact that homeless people will often be financially worse off in work (Business Action on Homelessness and nef 2006). In spite of this, the current Government has made housing provision increasingly conditional on working, or seeking work (Clarke 2010).

What is exceptional about the Emmaus model is that, rather than just helping people to acquire the skills they need to find work, it is creating new supported work. This ensures that there is a match between jobs and skills without displacing any existing low-skilled jobs, which is important in a tight labour market (Greenberg et al, 2011). So, although the pressure to work is increasing, there is neither a complimentary increase in the availability of jobs, nor easier transitions to employment.

In such an environment, initiatives like Emmaus should prove increasingly popular. As we discuss later, moving into work after leaving Emmaus remains a challenge, and it is likely that barriers to paid work are still an issue for Emmaus Companions.

A third area of policy that is relevant is the development of the Big Society Bank and alternative ways of financing social projects. Central to this policy is to “support the creation and expansion of mutuals, co-operatives, charities and social enterprises” (Cabinet Office 2011). Alongside the establishment of the bank, the Government is expanding the piloting of Social Impact Bonds (SIBs) to fund services that can be demonstrated to create a long-run financial return (Ministry of Justice 2011). The most recent report by the Ministerial Working Group has included a commitment of £5 million to pilot the first SIB to combat homelessness in London (Communities and Local Government 2012).

This is consistent with developments in outcomes-based commissioning, which aim to

improve value for money by commissioning services on the basis of the value of long-term social, economic and environmental changes that occur as a result of the service. The recent social value duty places a requirement on local authorities to at least consider the long-run impacts of their procurement decisions alongside short-term financial concerns (Communities and Local Government 2011b).

The Emmaus philosophy was forged in response to the lack of social protection and government provision for homeless people in France in the post-war period. It may be something of a coincidence that it is consistent with both the type of policy that the Coalition wishes to support and the way in which it is delivered. Nonetheless, it is well placed to benefit from the initiatives in place to support social enterprise and work-focused solutions. In addition, being able to demonstrate a social return enables it to make a case for funding on a new, more innovative basis.

## 3.0 Methodology and theory of change

Social Return on Investment (SROI) is an adjusted cost-benefit analysis that quantifies the value of social, environmental and economic outcomes that result from an intervention. It differs from conventional cost-benefit analysis in two key ways. First, it places monetary values on non-traded benefits such as quality of life, which have historically been considered non-quantifiable. In addition, it takes a multi-stakeholder approach. Rather than measuring 'returns' to the State or the economy, it measures all of the most significant sources of value. The final ratio reflects this more holistic interpretation of social value. Our analysis of Emmaus is conducted in line with the UK's official SROI methodology (Nicholls et al. 2009).

An SROI analysis proceeds via five key steps:

- 1) Boundary setting to establish scope
- 2) Engagement of stakeholders to understand the interventions' 'theory of change'
- 3) Data collection to evidence outcomes and impact
- 4) Model development
- 5) Reporting

This section sets out in detail the methodology that was followed and the main assumptions that underpin the analysis.

### 3.1 Scope

The scope of this report is based as far as possible on activities in 2011, which is the year for which the best internal data are available. A steering group of Companions and Community staff members was established in November 2011 to advise the research team on the development of the SROI. As there are many sites with different approaches and activities, we talked in some detail to a wide range of stakeholders to ensure that the findings were representative of a 'typical' Community.

The SROI can be broadly described as 'forecasted'. However, this does not mean it is unreliable. Data from the MIR have been supplemented with data from statutory and academic sources, as well as statistics gathered by voluntary organisations among rough sleepers and hostel dwellers. Where assumptions were more speculative, this has been tested in sensitivity analysis to gauge the margin of error that is likely to exist and the impact that this has on the SROI ratio. In the opinion of the research team, the results presented here are a reasonable approximation of the value that the organisation is likely to produce on an annual basis. However, this does not replace the requirement to evidence this with primary data in the future.

It was not possible to include all benefits to all stakeholders within the scope of this project. Further information on this is provided in Table 1 and in the sections 3.3 and 3.5.

## 3.2 Stakeholder engagement

In SROI analysis we talk to stakeholders to establish the ‘theory of change’, or logical framework, for the intervention. This is a description of how inputs are used to deliver activities that, in turn, result in changes (outcomes) for stakeholders. The involvement of stakeholders at this stage ensures that the SROI measures and values the outcomes that are most important to those directly experiencing the change.

This is usually done qualitatively and should not be confused with data collection to evidence outcomes, which is a quantitative exercise that happens at a later stage. In a forecasted SROI it is possible to include some interview questions, the answers to which can be used to inform assumptions and judgements for which there is no other source of data. In this study, for example, the interviews were used to help construct counterfactual scenarios i.e. what would have happened without the intervention. Interviewees were asked ‘where would you be if you had not come to Emmaus’, and the answers painted a picture of the main alternatives available to people (see section 3.3). However, as the sample size is generally quite small, and proper sampling strategies are not usually employed, it is important not to make generalisations about effectiveness from it, or to overstate its reliability (Nicholls et al, 2009). The engagement process was also used to elicit practical recommendations for the organisation, which are included in the recommendation section.

A ‘long list’ of stakeholders was developed at the first steering group meeting, and those on this list were then prioritised according to how material they were to the overall analysis. The reason why a stakeholder is deemed ‘material’ has a particular meaning in SROI. Essentially it asks whether sufficient social value has been created for that stakeholder to merit their inclusion in the analysis.

Identifying appropriate people will sometimes be obvious (e.g. Companions) and sometimes less clear (e.g. families). The aim is to focus the theory of change on those outcomes that are most significant and merit being included in the lengthy data collection and modelling process. This does not mean that those excluded are unimportant; some of the most important stakeholders (e.g. staff, funders) are often not included in an SROI analysis. Table 1 sets out all of the stakeholders, how they were engaged, whether it was decided to take them forward to the next phase and the rationale for this.

The following stakeholders were included in the analysis:

- Companions
- State
- Communities (including environmental benefits to society, and customers)

Table 1 provides an audit trail for which stakeholders were included and excluded from the analysis.

Table 1: Stakeholder audit trail

Stakeholder	Method of engagement	Number engaged	Taken forward?	Reason for materiality decision
<b>Companions</b>	Interviews	40 (10%)	Yes	Main beneficiary
<b>Families</b>	N/A	0	No	A benefit of re-establishing contact was included for a very small number of family members. The relative value was very small, so it was not considered proportionate to the effort required to arrange contact.
<b>State</b>	Meeting with DWP representative/policy documents	N/A	Yes	There are clear financial and environmental savings being realised, and there is Government support for initiatives such as Emmaus.
<b>Local communities</b>	N/A	0	Yes	Benefits for the local community were included in the analysis. It was not possible to meaningfully consult the community as part of the analysis. Instead, we relied on descriptions by Companions and staff of the way in which the community benefited.
<b>Staff</b>	Group interviews	20	No	Although staff find work at Emmaus very stimulating (evidenced by lower-than-average employee sickness rates) the deadweight here was considered too high to merit including.

As mentioned earlier, one of the objectives of this study was to establish whether or not a coherent theory of change existed across the organisation. More extensive stakeholder engagement took place across the organisation than is usually required for an SROI analysis. In keeping with the participative nature of SROI, one Companion was recruited to assist the research team in conducting stakeholder interviews. Box 2 describes the Companion's experience of being involved in the research in his own words.

## Box 2: A Companion's perspective on being involved in the research

*I was asked to contribute to the SROI as a Companion at Emmaus Brighton and Hove, attending all the task-group meetings and interviewing five people at Emmaus Hastings and Rother, our sister Community nearby. The Hastings Community had been started about a year previously, so was in its infancy. I had offered to talk with the Companions feeling that it might allow a novel perspective, if a fellow Companion undertook the process, and that it would be a useful and interesting experience for me.*

*Having had some experience of social science surveys, I was aware that the prime concern is often how to 'classify' different Companions. However, I found the narratives all highly individual and specific. I reflected that at Brighton the one common assertion we make as Companions is that everyone has their own story.*

*I am pleased and surprised that my experience of the SROI has been of an authentic effort to capture individuals' personal narratives, as well as to quantify the benefits (or otherwise) of Emmaus. As a Companion, it does seem that Emmaus is interested in people's own experience and what it means to them. Homelessness defined as a state of housing tenure is not always the same as 'feeling homeless'.*

Tony, Emmaus Brighton

The majority of Companions that we spoke to were men, which reflects the profile of Companions, as only 7 per cent are women. A decision was made not to subdivide stakeholders by gender, even though their experiences while homeless can differ. It is interesting to note, for example, that research on outcomes in hostel accommodation by St Mungo's finds that most women in hostels do not make progress – and sometimes even deteriorate (St. Mungos 2007). The life expectancy for women while homeless is also lower than for men. Nonetheless, because there are so few women at Emmaus at present it is highly likely that there would not be a material difference in the overall value generated.

Although there is an intractability about issues relating to women and homelessness, Emmaus has already considered how it could attract more women and minority groups (Bretherton and Pleace, 2011). The conclusion from that research was that provision for homeless women was better, and that it was this, rather than any institutional barriers, that led to so few women joining. However, it is still the case that Emmaus is a good option for women, and there is a widely held view among Companions that a good gender mix is desirable (ibid).

A key finding that emerged from the stakeholder engagement was that it was possible to divide Companions into two other subcategories: short-term Companions and long-term Companions. Typically short-term Companions:

- Have been at Emmaus for less than two years
- Are under 50
- View their stay at Emmaus as short term and are using it as a springboard to other things.

By contrast, long-term Companions:

- Have been at Emmaus for more than two years
- Are 50+<sup>7</sup>

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<sup>7</sup> This is the age definition used by the UK Coalition on Older Homelessness

- See Emmaus as a long-term home.

It was the view of the research team that the experiences of these two groups were sufficiently different to merit thinking about them separately, not only from an SROI perspective but perhaps also from a service planning perspective. Older homeless men have few options available to them, and somewhere like Emmaus that offers a long-term home and a positive future is unique.

St Mungo's research finds that the clients that are most likely to do well in their hostels are British men under 45, who also make up the majority group (ibid). They are also the majority group in Emmaus but a sizeable proportion (15 per cent) is over 50. This is similar to the proportion of rough sleepers that were found to fall into that category according to one survey (CHAIN 2003). However, it is estimated that there are in the region of 42,000 older people unofficially homeless in the UK (Pannell and Palmer 2004). This group are less likely to be accessing appropriate services, and it is estimated that at any one point in time there are 500 older people at imminent risk of eviction and 100 older people due to be released from prison with nowhere to go (ibid).

A key component in SROI analysis is to establish a counterfactual – what would have happened to Companions if they had not come to Emmaus. Research suggests that their experiences are likely to have been very varied. For the purposes of the model we have identified three further subgroups of Companions, based on the alternative options that were available to them. These are, of course, a simplification but it was the view of the steering group that they captured the most important counterfactual scenarios. Future research should seek to address whether this is the case. Data, for example, on the numbers of Companions with learning disabilities – or mental health problems – would be helpful.

The three subgroups are:

1. Those that would otherwise have no fixed abode (NFA)
2. Those that would otherwise be in other accommodation (OA)
3. Those that would otherwise be in prison.

For the first group, the assumption is that Companions would be living in temporary accommodation such as night shelters and short-term hostels, interspersed with periods sleeping on the street. The second group, it is assumed, would have found some other form of accommodation, for example with family or friends. While this option is not ideal it is not associated with as many negative outcomes as the former group. The third group are Companions who would otherwise be serving a prison sentence.

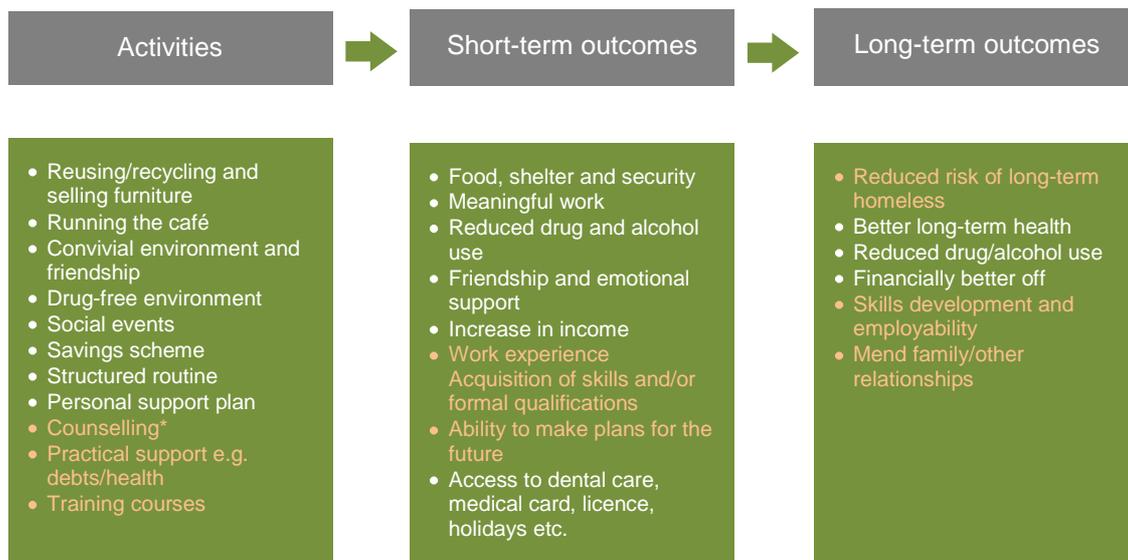
Data on the proportion of Companions that fall into these categories are limited. However, it was possible to make some estimates using the MIR and institutional knowledge of staff. Tables 2-5 set out the theories of change for each of the main stakeholder groups and Table 6 shows the breakdown between the different groups.

**Table 2: Theory of change – long-term Companions**



\*Colour denotes activities and outcomes that differ from those of short-term Companions

**Table 3: Theory of change – short-term Companions**



\*Colour denotes activities and outcomes that differ from those of long-term Companions. Counselling and practical support are available for all Companions but are perhaps more significant for short-term Companions.

**Table 4: The State**



**Table 5: Theory of change – community/customers**



Interviews were carried out in the following locations:

- Brighton and Hove
- Cambridge
- Glasgow
- Gloucestershire
- Greenwich
- Hastings and Rother
- Preston.

These encompassed a mix of Communities that are:

- New and well established
- Running surpluses and deficits
- Operating with waiting lists and vacancies
- Located in rural and urban areas.

The findings from the stakeholder engagement sessions are summarised in Box 2, and some case studies are presented in Boxes 3 and 4.

### **Box 3: Stakeholder engagement findings**

Emmaus Companions spoke very openly about their experiences before coming to Emmaus and how things had changed for them since they had arrived. Interviews also covered their plans for the future and their recommendations for things that could be improved.

Companions that we spoke to came from all walks of life, and had a variety of different backgrounds. A consistent theme, however, was that events in their lives had at some point taken a wrong turn and they had found themselves alone, or with other options exhausted. The reasons why people became homeless were consistent with what has been found elsewhere; homelessness usually stemmed from a relationship breakdown, loss of work or business, addictions, time in prison, or (in the case of women) being a victim of abuse. Many had been with Emmaus at other locations, or were looking to move on to a different one.

Older Companions, who for the purposes of the research we are describing as long-term, had often spent many years of their lives sleeping rough. This was interspersed with periods in and out of hostels and other kinds of accommodation, as well as time in prison for some. These Companions saw Emmaus as a long-term home, somewhere they would stay until they retired. They liked it because it offered steady work, the food was good and they had good friendships. It was preferable to previous types of accommodation because of the security that it brought. Companions would usually get involved in different aspects of the work and liked the variety: cleaning, cooking, selling in the shop, refurbishing furniture, or collecting and delivering goods.

Younger Companions tended to have strong ambitions to move on. They often described Emmaus as a place that got them out of a tight spot and allowed them to get their heads together. Some were taking training courses, or volunteering elsewhere with a view to moving on. Companions that had recently arrived seemed to have a sense of relief. Some had spent a few nights on the street, or had been on the point of doing so when they got to Emmaus.

All the Companions we interviewed spoke warmly and positively about Emmaus. While they were not without criticisms, these usually focused on small things like the quality of the food, the size of their allowance, or occasionally some issues with management. Even where these were an issue, Companions were keen to stress that Emmaus was a positive factor in their lives and often suggested that it should be more widely available. It was often commented that people felt lucky to have had the opportunity to come to Emmaus.

A notable finding from stakeholder engagement was the extent to which the solidarity philosophy chimed with people. Although this was not universal, some people claimed to have 'caught the bug'. In the case of long-term Companions, there was sometimes a sense of frustration with new Companions that 'did not get it' and a commitment to the idea of communal living as a positive choice, rather than something that was a forced condition of living at Emmaus. For some newer Companions, there were some examples of a commitment to social enterprise, homelessness, or Emmaus itself. This is evidenced as well by the number of former Companions that go on to secure paid employment within the Federation.

Companions took different attitudes towards the business. For some it was just a job. Others, however, were very motivated by it and had ideas for how sales could be increased. They were frustrated that other Companions didn't share this enthusiasm.

The reality that people will put in differing amounts of effort potentially creates some tension, although this may partly be a consequence of variations in people's ability to work.

We found examples of people who found the creative opportunities rewarding. One Companion that we spoke to had spent five years in prison, where he became interested in furniture restoration and then took classes in French polishing while at Emmaus.

Companions generally welcomed the routine, structure and rules of Emmaus. Although many had struggled with addictions in the past, all agreed that the prohibition of drinking and drug taking on the premises was necessary for the Communities to function well. They sometimes commented that the substance ban was a notable difference between Emmaus and other hostel accommodation that they had been in, and that it was particularly important in the context of needing to run a business.

There were clearly differences between the Communities as well as similarities. Companions were involved in 'solidarity' initiatives that differed in each location. In some areas they volunteered in refugee centres, ran soup kitchens, raised money for disaster appeals. In others they were involved in outreach activities with the Community, such as putting on shows, or playing in bands.

The nature of the business differed also. Some sold low-cost furniture aimed at people on low incomes, students and the rental market. In other areas more work went into restoration and the higher-value end of the second hand goods market. The type of premises varied greatly, including everything from new purpose builds, to ex-industrial units, to listed buildings. This diversity suggests more than one business model, responding to different markets.

Finally, there were some very significant accounts of change from Companions. Many told us that their lives had been transformed, and a number told us they would be dead if it were not for Emmaus. Box 3 gives some examples of the stories of Companions.

#### **Box 4: Case studies<sup>8</sup>**

Peter, 50, spent 20 years in one Community and has now come to live at a newer Community.

*Peter has been at Emmaus since the very beginning. He was homeless and he got a recommendation about Emmaus from a shelter he was in. Back then, Emmaus was a new concept in the UK but according to Peter it was one of the few alternatives to street homelessness that were available at the time.*

*Peter grew up in the care system. He never knew his parents, and when he was 16 he became homeless. He spent 11 years living on the streets, sleeping rough or in night shelters. He describes himself as having been “constantly on the move”. He also spent time in prison, although he never got into drink or drugs.*

*According to Peter, the main difference between Emmaus and other agencies is that in other places you sit there and talk about your problems, and focus on your issues all the time. In Emmaus an important part of tackling your problems is that you build a routine around work – you need to get up and go to work and you have to get settled into a pattern to do this. The stability that the routine gives people with chaotic lifestyles helps them to overcome challenging issues. In addition, they are building strength, eating properly, working and exercising. He describes it as “bringing you back to life”.*

*He explains: “If you have some meaningful work to do, you don’t focus on your problems so much and that’s the most important thing that it gives you as far as changing your lifestyle from the street to living in a Community.”*

*Peter is now a Community Assistant. He helps others with detox and to overcome their own issues and so on. He thinks that they tend to listen to him a bit more because he has been through it.*

*“There comes a point that people are at Emmaus not because they need to be but because they want to be, and when they reach that point, that’s when payback starts. Because Emmaus is one of those places where the more you put in the more you get out of it, simple as that.”*

*He is now starting to apply for staff jobs and Deputy Community Leader jobs, and that is his hope for the future.*

Robert, 29, new arrival at an Emmaus Community

*Robert joined Emmaus after coming out of prison. He had no accommodation on leaving prison and so went to the Salvation Army, who referred him on. According to Robert: “They can provide you with accommodation; they can give you a job and put you in the right direction in your life.”*

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<sup>8</sup> All of the names and some of the identifying details have been changed in these cases studies.

Robert really enjoys the work and the sociability of the place. He used to be self-employed as a painter and decorator, until he fell on hard times. His relationship broke down and he lost touch with his three children. He turned to drink and since then he has been in and out of prison. He has also spent periods living on the streets. Now he has quit everything except cigarettes and tries to keep out of trouble. He describes the change as “waking up one day and thinking ‘this is not getting me anywhere, I am spending all my money on getting in trouble all the time, and in debt’, so I stopped straight away.”

He is happy enough at Emmaus for now but doesn't want to spend the rest of his life there. He would like to go to college and do plumbing and electrics. He would also like to make contact with his children again but he knows that he needs to sort his life out first. For the time being, Emmaus is somewhere that will allow him to do that. He has been using his painting skills to help brighten up some of the rooms and has enjoyed feeling useful again.

Sharon, 23, has been at Emmaus for a year.

Sharon came across Emmaus on the internet. She went into a public library one day and typed in ‘homeless where do I sleep?’ and came across Emmaus. She had spent about three nights sleeping rough, under a subway bridge and in an abandoned taxi office. The local council had been telling her that they didn't have a duty towards her because she wasn't under 18.

At Emmaus, Sharon is in charge of the clothes. When she started there were only three rails. She cleaned out an old shed and now they have a big display. She enjoys being there, and has made some good friends. She likes the fact that she is kept busy working, as it keeps her mind off other things. She thinks of volunteers as very much part of the team and is pleased that they get something out of it as well. Sharon gets on well with the staff, and they go to play badminton and bowling together sometimes. She also volunteers in a night shelter, which she really enjoys. She likes to give something back, and likes the fact that others at Emmaus really appreciate this.

It is daunting being a woman when you first come [she is one of three]. However, she has got used to it, and sees the male Companions as older brothers, or like a new family. Sharon doesn't want to get ‘stuck’ at Emmaus but isn't in a rush to leave either. She tried moving into low supported accommodation but missed the structure and support of the Community so decided to come back. Eventually, she would like to get a job in the ‘real world’ and own her own flat. She has had a few jobs in the past and is getting ready to ‘go back’. She is starting an NVQ Level 2 in retail. It will take about nine months but she feels it will be something worth having when she leaves.

Sharon left home when she was 15 when her relationship with her family had become very bad. She knows now that they were just concerned about her, as she was going out drinking. She is working to rebuild her relationship with her mother and her younger sister. She knows now that the friends she had at that time weren't real ones and is pleased she is making new ones.

She is very glad she came to Emmaus, describing it as “the best thing I have done”. There was no night shelter or day centre near where she was, and she really had no other options.

### 3.3 Predicting future outcomes

The SROI was carried out as a forecasted SROI. Most of the data used was gathered from secondary sources. For Companions categorised as long-term, the process of predicting future outcomes was relatively easy, as we know that they remain resident at Emmaus. There is limited information available as to what happens to short-term Companions after they leave Emmaus (see Figure 2). However, the following key pieces of information are available:

- The average stay is nine months and for that period Companions are eating well, working and not misusing drugs or alcohol
- About 60 per cent have a 'positive move on'. A small proportion go into work and private rented accommodation and a large proportion move into social housing.
- Forty per cent do not have a positive move on and for this group we have assumed no positive outcomes. Many of these will involve departures as a result of Companions repeatedly using drugs or alcohol on the premises, which is forbidden
- It is estimated that of those that have a positive move on about 30 per cent<sup>9</sup> fall out of the system again and may end up back being homeless. In SROI analysis this is known as 'drop off', and our economic model was adjusted to take account of it.

Using these data and the findings from stakeholder engagement, it was possible to construct six different scenarios that compare outcomes during and following Emmaus with what would have happened otherwise. These are set out in Figure 4. The calculations in Table 6 are inferred from the MIR data.

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<sup>9</sup> Data to support this assumption have not been gathered to date. This estimate was initially suggested by a Community Leader who was formerly a Companion. It was later endorsed by the steering group, whose members consisted of senior staff and Companions.

Figure 4: Breakdown of Companion sub-groups

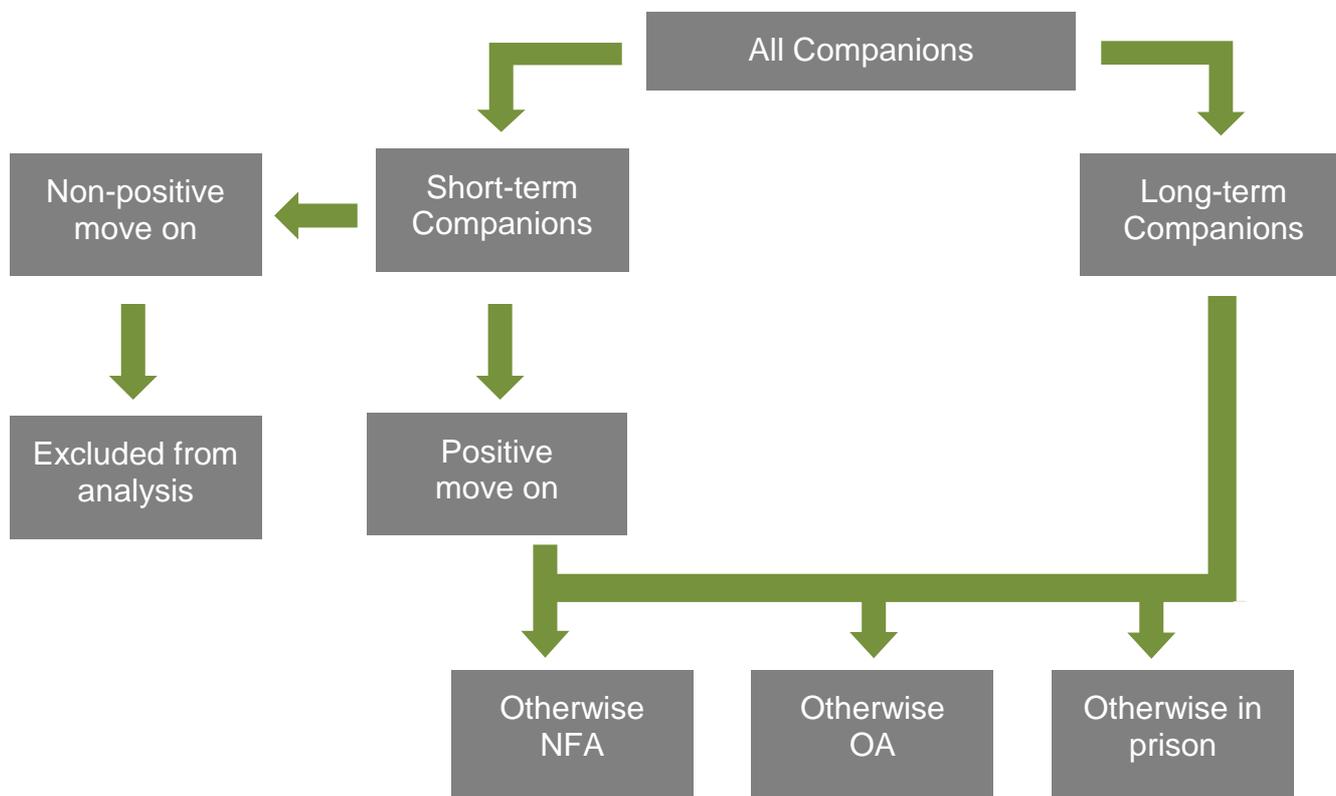


Table 6: Stakeholder assumptions

	Short-term Companions	Long-term Companions
<b>No Fixed Abode<sup>10</sup></b>	55 Companions (16%)	13 Companions (4%)
<b>Other Accommodation<sup>11</sup></b>	182 Companions (53%)	44 Companions (12%)
<b>Prison</b>	39 Companions (12%)	10 Companions (3%)

<sup>10</sup> 'No fixed abode' is a generic term to mean someone who is sleeping rough and/or in precarious accommodation. This group may be in and out of night shelters, sofa surfing and so on, interspersed with some rough sleeping.

<sup>11</sup> 'Other accommodation' refers to either hostel accommodation, other provision for homeless people, or living in unsuitable conditions with friends, family and so on. Although still technically homeless, this group has more stable housing circumstances than the no fixed abode group.

A further three categories were developed to express the consequences for the State. Data gaps were then filled by using academic, statutory and voluntary sector research on what outcomes were likely to be avoided as a result of being at Emmaus. These data included probabilities, which indicate the likelihood of each consequence occurring (see Appendix 2).

The next step was to project value into the future. As there was little information available on 'benefit period', some assumptions had to be made. For long-term Companions we assumed a benefit period of just one year. There is no doubt that the benefits to Companions last well into the future; some Companions have been at Emmaus since it first opened. Nonetheless, in accounting terms, each year carries an additional cost and if future value were accounted for today, future SROIs would have to exclude those benefits, or risk double counting them. It is clearly the case that the costs to support long-term Companions is significantly less than short-term Companions (i.e. they are unlikely to carry 100 per cent of the unit costs of the organisation), so there may be a case for projecting some of that benefit. However, at this early stage of analysis it is not possible to reach any realistic conclusions about what that split might be. This should be explored in future SROI studies. To take account of the fact that the benefits of Emmaus to long-term Companions are so significant, we have valued the benefits more highly for this group (see section 3.5).

The maximum benefit period considered for short-term Companions was five years, which in the absence of more evidence is recommended in SROI guidance. For some outcomes for the State the benefit period was considerably shorter. For example, a reduction in benefit payments was only included for the nine-month period that Companions are living at Emmaus, as those costs may again be realised once Companions leave Emmaus.

There are three final adjustments that need to be made before net benefit can be calculated. First, some further assumptions need to be made regarding deadweight (a measure of outcomes that would have happened without Emmaus' intervention). Because three benchmark groups were built into the analysis deadweight was straightforward enough to calculate. For Companions that would otherwise have had NFA, it was assumed there was no deadweight because the outcomes for this group are consistently very negative. Similarly for prison deadweight was low, although it did apply to some areas like improved physical health.

Although prison is not ideal, it is preferable for some people to being homeless. For example, research has found that 28 per cent of homeless people have admitted to committing a crime so that they can be taken into custody (Reeves 2011). For those in other accommodation, deadweight was quite high for some outcomes. St Mungo's research has found that 75 per cent of St Mungo's hostel residents make progress, although this peaks at six months to a year (St Mungos, 2007). For the majority of outcomes we calculated deadweight as 75 per cent in year one, diminishing for every year that someone stayed at Emmaus until eventually reaching zero (for full details see Appendix 2).

Attribution is an estimation of the proportion of the outcome that is attributable to Emmaus, rather than other agencies also working with Companions. No evidence was available that would enable a definitive estimate of this. Conversations with Emmaus staff and Companions revealed that other agencies such as external training organisations were involved. However, it was also found that most of the benefit was derived from the comfortable home that Emmaus offered people and from the

opportunity it gave them to work and rebuild their lives. The external supports that played a part for some seemed more tangential to this central outcome.

In addition, because of the low numbers of Companions that progress into work, it is likely that the impact of external courses in terms of attribution is limited. We have assumed 90 per cent attribution to Emmaus across all outcomes, although this is clearly an area that requires further research. We have varied lower attribution rates in sensitivity analysis. Finally, we considered displacement/substitution effects. The only scenario under which this would be relevant relates to employment gained after leaving Emmaus. However, this is relevant only to a small number of Companions. Guidance from the Department for Work and Pensions (DWP) also suggests that displacement for supply-side employment programmes only needs to be considered in sensitivity analysis (Fujiwara, 2010).

An additional step was included for outcomes for the State, which was to estimate the cost implications for each outcome. Box 5 describes how this was done for two outcome areas. Box 6 gives more detail on how costs were calculated for Companions. For a full description of how all the calculations were completed, see Appendix 2.

#### ***Box 5: Calculations for cost implications***

Here we give a worked example of how cost implications for the State were calculated. We do this for one scenario (short-term Companions who would otherwise have no fixed abode) and for two outcome areas: mental and physical health. A total of 48 Companions (10 per cent) are classed as short-term Companions who would otherwise have no fixed abode (see Table 6).

We know that two-thirds of people considered homeless report to have a health problem (St Mungo's, 2006). Of these, 33 per cent require treatment but are not getting it, and of these it is estimated that 50 per cent will deteriorate physically as a result (ibid). One of the issues in estimating costs in relation to homeless people is that often because they are not using services, they are not very costly. For example, 33 per cent of homeless people have dental illnesses (ibid). However, most will never get treatment for this, and while some may require hospitalisation, this is not likely to be widespread; most will just lose their teeth. However, were they to start to access treatment they would then begin to cost the State. This is a problem inherent in limiting any analysis solely to economic outcomes, which is addressed by including benefits to Companions as well.

What we require for this calculation, therefore, is an estimate of the extent to which homeless people are hospitalised for illness, as the vast majority will not be registered with a GP.<sup>12</sup> To ascertain this, we used statistics from a report produced by the NHS that takes data from a number of PCTs on the number of people that are treated for different illnesses that are listed as NFA (Department of Health, NHS 2010). Table 7 provides a list of these and the numbers of incidents that it is estimated that Companions avoid by being at Emmaus.

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<sup>12</sup> Up to 40 times less likely to be registered  
([www.crisis.org.uk/data/files/document\\_library/policy\\_reports/gp\\_mediabrief.pdf](http://www.crisis.org.uk/data/files/document_library/policy_reports/gp_mediabrief.pdf))

Once these were estimated, we assumed 90 per cent of the benefit was attributable to Emmaus. No deadweight or displacement was applied, as the probabilities are taken directly from a comparison. The health problems are then costed (see Section 3.4) and the benefit is projected into the future. With the exception of costs relating to drug and alcohol use it is assumed that the benefits only occur as a one-off. Although the problems are likely to persist, it is unlikely that they would occur each year; therefore we have assumed no further savings after Year 1.

**Table 7: Cost implication for the State from health outcomes**

Outcome	Cost implication (hospital admissions)	Number of incidents <sup>13</sup>
Physical health	Wounds, skin ulcers and skin complaints	7
	Cardiovascular surgery	8
	Pneumonia	1
	Musculoskeletal problems (fractures, arthritis etc.)	34
	Bronchitis	1
	Alcohol-related health problems	11
	Digestive problems	10
	Other respiratory problems	3
	Haematology and infectious diseases	20
	Health costs of drug use <sup>14</sup>	70
Mental health	Schizophrenia	5
	Personality disorder	3
	Other psychiatric disorder	4

<sup>13</sup> All incidents for health taken from the probabilities reported in *Healthcare for Single Homeless People* (Department of Health, NHS 2010) and rounded to the nearest whole number.

<sup>14</sup> Health costs of drug use include other costs as well as hospital admissions, which is why the incidents are higher in magnitude.

### **Box 6: Calculations for non-traded outcomes**

Here we explain in more detail how we arrived at some of the value for the non-traded outcomes. For Companions, the outcomes that were measured are set out in Table 8. Although Companions were split into groups depending on their alternative accommodation status, and whether they were long or short-term, similar outcomes were identified for stakeholders in all of these scenarios. Table 8 sets out all of the outcomes and the ways in which they were measured. The probability assumptions that underpinned the analysis are set out in Appendix 2. Each probability was multiplied by the number of stakeholders to arrive at the number of incidents. Deadweight and attribution were subtracted from these amounts. The *net* number of incidents was then multiplied by the financial proxy assigned to each (Table 9). The total value for each outcome was then projected into the future and discounted back to its present value. The sum of all of these outcomes is the total social value produced for Companions.

**Table 8: Outcomes and indicators: Companions**

<b>Outcome</b>	<b>Indicator</b>
<b>Having a home</b>	Proportion in stable accommodation
<b>Reduced drug and alcohol use</b>	Proportion that had a problem with drugs or alcohol but are now not using
<b>Improved health</b>	Proportion that are likely to be healthier and live longer as a result of intervention
<b>Improved mental health</b>	Proportion with mental health problem that have an improvement in mental health
<b>Relationships with children</b>	Proportion that re-establish relationship with children
<b>Reduced loneliness</b>	Proportion that are no longer experiencing loneliness since coming to Emmaus
<b>Financial Security</b>	Proportion that are dealing with debts and saving for the future
<b>Employment</b>	Proportion that are in employment and meaningfully using their time
<b>Crime (perpetrator)</b>	Proportion likely to be committing crime if not at Emmaus
<b>Crime (victim)</b>	Proportion likely to be victim of crime
<b>Leisure</b>	Proportion of Companions that have holidays

As well as outcomes for Companions and the State, we quantified the benefits to local communities. The main outcomes here were environmental benefits through reduced carbon emissions, 'solidarity' benefits through hours volunteered and goods donated and money raised for good causes.

The theory of change also refers to improved attitudes towards homelessness and increased social cohesion. While Emmaus Communities see this as an important part of what they do, the resources required to measure it were outside the scope of this project. In addition, given everything else that Communities do, it may be more tangential and as a result less material. Unlike the other benefits the local community benefits are only projected for one year, as data on longer-term impacts were not available.

### 3.4 Financial proxies

This section describes how valuation was carried out. For some outcomes, such as cost savings for the State, this was relatively straightforward. For non-traded outcomes, financial proxies were developed using standard techniques from economic valuation. Even for the State, however, costs were occasionally difficult to find and some inferences had to be made from other data.

In relation to the State, marginal costs were used where possible. This is particularly important when attempting to demonstrate 'cashable' savings. The example of prison costs is instructive here. Unless the reduction in the number of prisoners reaches a level which enables a prison or a prison wing to be closed or not opened, the only savings from diverting that number will be incremental costs e.g. food, laundry and so on. The major costs such as payroll and administration will not be greatly affected (see 'Cost Benefit Knowledge Bank for Criminal Justice'<sup>15</sup> and The Cost Effectiveness of Community Based Sentences<sup>16</sup>).

In other words, savings in the prison system will only accrue when the reduced demand for prison places reaches a threshold beyond which there are institutional changes in the costs of imprisonment. The quoted costs of keeping someone in prison (approximately £70,000 per year) are misleading in this regard, particularly given that most prison sentences are less than a year.

Table 9 provides a full list of the financial values and proxies used in the analysis.

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<sup>15</sup> <http://cbkb.org/toolkit/marginal-costs/>

<sup>16</sup> <http://www.justice.govt.nz/publications/global-publications/r/review-of-community-based-sentences-in-new-zealand/the-cost-effectiveness-of-community-based-sentences#Fiscal%20costs>

**Table 9: Valuation**

Stakeholder	Outcome	Financial proxy description	Value	Source
Companions	Reduced risk of homelessness	Annual cost of renting a room (short-term Companions)	£4,420	Room Rental Index – spareroom.com <a href="http://www.spareroom.co.uk/rentalindex?&amp;urlsession_id=17904975&amp;urlsession_key=12833438163398&amp;tid=1283343816282964674&amp;tle=">http://www.spareroom.co.uk/rentalindex?&amp;urlsession_id=17904975&amp;urlsession_key=12833438163398&amp;tid=1283343816282964674&amp;tle=</a>
		Cost of house move (long-term Companions)	£9,500	
	Reduced substance misuse	Average annual cost of supporting a drug habit for a problematic drug user	£16,500	(Bennet, 2000)
	Improved physical health	Difference between average Quality Adjusted Life Year (QUALY) and the value of a life lived with 'moderate problems'	£26,750	Calculated an inflated QUALY for the value of an average statistical life (£25,000) with TTO score of 0.59 (1=no problem, 2=some problem, 3=severe problem). This was based on a score of 3 for all areas. EQ-5D index calculator: <a href="http://www.economicsnetwork.ac.uk/health/EQ_5D_index_calculator.xls">www.economicsnetwork.ac.uk/health/EQ_5D_index_calculator.xls</a>
		Increased value for long-term Companions. Difference between average QUALY and the value of a life with 'severe problems'.	£39,250	
	Re-established relationships with children	Research suggests an average family spends 49 minutes together per day. Converted into an annual figure and multiply by the average wage to obtain value of time.	£3,688	<a href="http://www.independent.co.uk/news/uk/home-news/49-minutes-the-time-each-day-the-average-family-spends-together-1987035.html">http://www.independent.co.uk/news/uk/home-news/49-minutes-the-time-each-day-the-average-family-spends-together-1987035.html</a>
	Reduced loneliness	A partial QUALY based on a score of 3 for 'usual activities', which isolates the part of life that relates to social relations.	£13,800	<a href="http://www.economicsnetwork.ac.uk/health/EQ_5D_index_calculator.xls">www.economicsnetwork.ac.uk/health/EQ_5D_index_calculator.xls</a>
	Increased financial security	Value of savings accrued while at Emmaus with 3% interest	£312	MIR Data
	Increased leisure time	Value of holiday allowance provided to Companions	£200	MIR Data

	Reduced crime (perpetrator)	Wage scar: earnings of those convicted of crime tend to be 30% lower than those who are not. Apply to the average national wage.	£7,238	(Nagin et al, 2006)
	Reduced crime (victim)	Estimate for value of physical and emotional impact of a 'wounding' on direct victims	£5,279	{Citation}
	Increased employment	Emmaus wage (short-term Companions)	£1,846	MIR data
		Average industrial wage (long-term Companions)	£24,128	
	Improved mental health	Partial QALY (short-term Companions)	£7,300	Using EQ-5D calculator and scores of 2/3 for self care, 2/3 for usual activities, 2/3 for anxiety/discomfort. Results in a TTO = 0.708. Converted into financial value using midpoint of the NICE range (£25,000) <a href="http://www.economicsnetwork.ac.uk/health/EQ_5D_index_calculator.xls">www.economicsnetwork.ac.uk/health/EQ_5D_index_calculator.xls</a>
		Partial QALY (long-term Companions)	£22,500	
The State	Hospital admissions for wounds, skin ulcers and skin complaints	Marginal cost estimate (venous leg ulcer)	£1,505.49	(Posnett and Franks, 2008)
	Hospital admissions for cardiovascular surgery	Marginal cost estimate	£5,576.09	(Luengo-Fernandez, 2006)
	Hospital admissions for pneumonia	Marginal cost estimate	£4,930.00	(Guest and Morris, 1997)
	Hospital admissions for musculoskeletal problems	Marginal cost estimate (fractures)	£7,096.40	(McDaid and Watt, 2004)
	Hospital admission for bronchitis	Marginal cost estimate	£1,488.00	(McGuire et al, 2001)
	Hospital admissions for alcohol-related health problems	Marginal cost estimate	£2,790.56	House of Commons Public Accounts Committee, 2008

Hospital admissions for digestive problems	Marginal cost estimate	£981.19	Williams et al, 2007
Hospital admissions for other respiratory problems	Marginal cost estimate	£1,496.00	British Thoracic Society, 2000
Hospital admissions for haematology and infectious diseases	Marginal cost estimate (DVT)	£5,000.00	O'Shaughnessy, Miles and Wimperis, 2000
Health costs of Class A drug use	Marginal cost estimate	£1,300.25	Godfrey, Stewart and Gossop, 2004
Hospital admission for schizophrenia	Marginal cost estimate	£8,834.66	Almond et al, 2004
Hospital admission for other psychiatric	Marginal cost estimate (bi-polar)	£6,788.71	(Gupta and Guest 2002)
Hospital admission for personality disorder	Marginal cost estimate	£6,602.40	Creed et al, 1997
Incidence of alcohol treatment	Cost of 2 visits to outpatient alcohol and drug services and 5 support visits	£649.00	Just Economics calculation and (Curtis 2007)
Incidence of drug treatment	Cost of 2 visits to outpatient alcohol and drug services and 5 support visits	£649.00	Just Economics calculation and (Curtis 2007)
Crime and health costs of assault (victim)	Unit cost estimate	£776.40	(Dubourg, Hamed, and Thorns 2005)
Criminal costs of theft (perpetrator)	Marginal cost estimate	£260.40	Dubourg, Hamed and Thorns, 2005
Crime, health and output costs of violent crime (perpetrator)	Marginal cost estimate	£5,907.60	Dubourg, Hamed and Thorns, 2005

	Incapacity benefit savings	Unit cost estimate	£4,942.91	<a href="http://www.directgov.co.uk">www.directgov.co.uk</a>
	JSA savings	Unit cost estimate	£3,461.12	<a href="http://www.directgov.co.uk">www.directgov.co.uk</a>
	Emergency service costs	Unit cost estimate	£323.00	Curtis, 2007
	Hostel accommodation	Marginal cost estimate	£6,084	Shelter, 2012
	Landfill tax	Unit cost estimate	£64 per tonne	HMRC, 2012 <a href="http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?_nfpb=true&amp;_pageLabel=pageExciseRatesCodesTools&amp;propertyType=document&amp;id=HMCE_PR_OD1_031182">http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?_nfpb=true&amp;_pageLabel=pageExciseRatesCodesTools&amp;propertyType=document&amp;id=HMCE_PR_OD1_031182</a>
	Incarceration costs	Average cost estimate	£26,033	(Marsh and Fox 2008)
Communities and customers	Free household furniture and white goods	Sale price	£74,069	MIR data, 2011
	Carbon saving through recycling	Shadow price	£27.87 per tonne	Price, Thornton and Nelson, 2008
	Carbon saving through reusing	Shadow price	£27.87 per tonne	Price, Thornton and Nelson, 2008
	Value of time spent volunteering	Minimum wage	£6.08	MIR, and see also <a href="http://www.directgov.uk/en/employment/employees/thenationalminimumwage/dg_100272_01">http://www.directgov.uk/en/employment/employees/thenationalminimumwage/dg_100272_01</a>

### 3.5 Inputs

The 19 Emmaus Communities that were fully open in 2010/11 had a turnover of just over £10 million. Over half of this came from traded income. The next biggest source of revenue is housing benefit. Only a very small proportion of regular income comes from charitable sources. However, grants and fundraising make an important contribution to the establishment of new Communities.

In our model we have not included imputed values for volunteer time or gifts in kind. SROI methodology gives guidance on how to do this, although it is not a strict requirement. In this instance, it has been decided not to do this in recognition of the fact that volunteers are beneficiaries as well as contributors (see Sharon's story). It has not been possible to measure the benefits to volunteers, therefore including their time solely as an input cost might be distorting. The importance of these contributions to Emmaus is substantial, so it is not to undervalue them. An economic analysis of Emmaus Village Carlton found that the Community would run at a loss if volunteer hours and gifts in kind were paid for (Whitehead, Clarke and Markkanen 2007). In a strict accounting sense, volunteers should be included on both sides of the balance sheet. In reality, there is little information on the type and magnitude of the benefits to volunteers. It was beyond the scope of the study to try to include this and it may be a suitable area of research in future SROI analyses. However, it may also be the case that the costs and benefits to volunteers – although important – are not material to the overall SROI, as they are likely to cancel each other out.

Table 10 provides details of sources of regular income for 2010/11 (excluding grants for capital projects). Trading income has not been included in the model as an input cost. This reflects the fact that it represents value added for the Communities and is not a cost in the traditional sense. Neither is it included on the outcomes side of the balance sheet, which is standard practice in some social accounting (i.e. blended value). This was to avoid double counting, as much of it pays for the allowances and holidays of Companions, which are already included as a measure of their welfare. It is recommended that future profits that are not absorbed into running the business should be incorporated into the SROI in this way.

**Table 10: Input costs\***

Category	Value
Grants and donations	£721,158
Supporting People**	£249,084
Housing benefit	£2,928,028
Interest received	£25,647
Trading income	£5,969,736
Other income	£200,762
Restricted/ unusual income	£39,236
<i>Total income</i>	<i>£10,133,655</i>

\* Costs for 2011/12 for three of the newest Communities were not available and are based on the average cost per Companion.\*\*As of 2012, only two Communities are in receipt of Supporting People allocations, and the value will be considerably lower.

## 4.0 Findings

The SROI analysis shows that Emmaus is forecasted to produce significant value for Companions, the State, the environment and the wider community.

Emmaus Communities successfully provide a place for people in vulnerable housing situations to rebuild their lives by offering them meaningful work and support. They also provide a long-term home for those that wish to take it.

Based on data from 2011/12, we forecast that in 2012/13 the present value<sup>17</sup> of the social benefit created by Emmaus will be £45.5 million for a non-trading investment of just over £4 million in the running costs of its established Communities. At full capacity, with all the available places in Emmaus Communities taken up, this rises to £50.5 million. At current capacity, this translates into a ratio of £11 for every £1 invested, or an average of just over £2 million per Community.

Emmaus achieves such a high return partly because input costs are very low, as most of the income is self-generated. As things stand, the majority of the investment comes from housing benefit claimed on Companions' behalf, which would not be traditionally thought of as an 'investment'. In this sense, almost all of the £45.5 million is *net* benefit. As detailed previously, this figure was arrived at using the following methodology:

1. For each outcome the prevalence is estimated (e.g. number of Companions with no fixed abode that have a mental health problem)
2. The reduction in the magnitude of the problem as a result of being at Emmaus is estimated. This may not necessarily be about the problem going away but about better management and treatment. This gives us the number of outcomes observed
3. A proportion of that number is subtracted to adjust for deadweight etc.
4. The net figure is multiplied by the value of the outcome to the individual
5. That figure is projected into the future
6. The total is calculated, along with the value across all outcomes
7. Finally the present value is calculated.

The vast majority of benefit accrues to Companions, for whom Emmaus can be a life-changing experience. On an annual basis, long-term Companions who make Emmaus their home are the greatest beneficiaries. This is for two reasons. First, there are few long-term options for older homeless people, so it is highly unlikely that they would have found satisfactory accommodation elsewhere. Second, the offer of a long-term home for single homeless people is a unique one and extremely valuable to those who take it up.

This benefit is entirely attributable to Emmaus, whereas with shorter-term Companions other factors are more likely to play a role in their journey towards a stable tenancy. In addition, there is much more uncertainty about the outcomes for short-term Companions, for whom we do not have good data. The majority of the benefit to Companions comes from improved health and wellbeing, followed by fewer addiction and mental health problems. The reason that these feature so strongly in the model is that the benefits of regular nutritious meals, comfortable accommodation and a substance ban mean that Companions are likely to live longer. The estimated life expectancy for homeless people is about 47 years for men and 43 for women (Crisis 2011). This is particularly important

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<sup>17</sup> The Treasury recommended discount rate of 3.5% was used.

for those that struggled with addictions, or would otherwise have lived in poor quality accommodation.

For the State alone the present value of savings is almost £6 million a year for a contribution of just over £2.7 million in housing benefit. This is lower than previous estimates of the economic contribution of Emmaus, and there is a risk that it undervalues that contribution. However, every effort has been made to only include marginal costs to ensure that they are 'cashable'. This is in recognition of the fact that, as one intervention, the contribution of Emmaus is relatively small. On the other hand, as economies of scale increase so too would social returns. Better information on the conditions and circumstances of people's lives before they come to Emmaus would improve the accuracy of the estimates. So too would better government data on how funding for homeless people is spent. The Department for Communities and Local Government channels £100 million to local authorities and charities each year to spend on preventative services and vulnerable groups. Part of that is spent on hostel accommodation and Supporting People grants, which are costs that we have included. But there are other services, such as outreach work, for which breakdowns are not available. Emmaus Companions would be likely to be accessing some of these services were they not at Emmaus.

For local communities Emmaus generates £421,300 worth of social value. This figure includes the value of goods donated, time spent volunteering and reduced carbon emissions from the reuse and recycling of furniture.

The benefit of this more conservative approach is that it is unlikely to overclaim for the economic benefits of Emmaus. Most of the savings are frontloaded in the first few years, again reflecting the fact that while Companions are living at Emmaus they are not claiming benefits, misusing drugs or alcohol, or in need of costly alternative accommodation.

Finally, this report has not taken account of the social value of the business aspects of Emmaus, with the exception of the value of goods donated through solidarity and the environmental benefits. The stores provide people with low cost goods and access to a café in many instances. Some research exists on who shops at Emmaus Communities and the benefits that they derive from it. A survey of Emmaus Colchester found that 50 per cent were on benefits and 72 per cent said shopping at Emmaus had prevented them getting into debt (Clarke and Markkanen, 2007). In addition, the Emmaus Cambridge retail store counted 900 customers on a busy Saturday when they had a sale, suggesting footfall can be quite high. However, a greater sense of this would improve the extent to which these outcomes can be incorporated into the analysis.

### **Box 7: Founding new Communities**

Alongside the total social return described in this report, it is also appropriate to evaluate the return on capital investments in new Communities. It is estimated that the average cost of establishing a new Community in a purpose-built setting is £1.5 million. This is the figure, for example, that a new Community in Leicestershire aims to raise.

We estimate the 'benefit period' of a new-build Community to be 20 years. Over the lifetime of the building, the net social value generated per Community is £9.3 million. This is the value generated by each new cohort of Companions that join each year, discounted at 3.5 per cent. To arrive at the net social value we have subtracted the capital costs in Year 1 (i.e. the building cost), and the discounted annual running costs and replacement costs over 20 years. Running costs are based on the average running costs of existing Communities and replacement costs are estimated to be 0.5% (based on the repairs and maintenance of existing Communities).

## 4.1 Savings to State

One of the aims of this study is to begin the process of building an evidence base for a Social Impact Bond (SIB). The purpose of this would be to use it to raise funds for new Communities. Emmaus has already carried out an analysis of where there would be sufficient commercial and social demand for new Communities (FreshMinds, 2011). In the past, new Communities have been opened on the initiative of local volunteers, who have also had to raise the funds. Whilst this is still encouraged, a more systematic and centralised way of raising funds that was informed by needs analysis may lead to more successful Communities where they are most needed.

A Social Impact Bond is a contract with the public sector in which a commitment is made to pay for improved social outcomes that result in public sector savings.<sup>18</sup> The predicted savings are used to raise investment for preventative services that improve social outcomes. This study sought to investigate whether the savings from providing a stable home and work for people, or preventing them from becoming homeless in the first place was greater than the costs setting up a new Community.

What is clear from the analysis is that the business case for investment from the State's perspective is substantial. In the first year, £2.5 million of savings is generated, which is over £104,000 per Community, or over £5,000 per Companion (see Table 11 for how the value breaks down across government departments). On the basis of these figures, it would take just under ten years to pay back the principal in cashable savings, which is of course a small proportion of the overall savings. After ten years, cashable savings become increasingly net positive, creating the possibility that Communities could be funded by bonds issued with maturities beyond ten years. The Government has just launched a £5 million fund to pilot a SIB to prevent homelessness in London. Once more evaluative data have been gathered, Emmaus would be well-placed to make a case to be involved in this pilot.

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<sup>18</sup><http://www.socialfinance.org.uk/resources/guide/technical-guide-commissioning-social-impact-bonds>.

**Table 11: Savings by government department**

<b>Department</b>	<b>Outcome areas</b>	<b>Present value to the State</b>
Department of Health	NHS and emergency service costs	£1,478,506
Local Government	Hostel accommodation, reduced pressure on drug and alcohol services and landfill cost savings	£2,447,612
Ministry of Justice	Criminal justice savings	£778,435
Department for Work and Pensions	JSA and DLA savings while Companions are at Emmaus, as well as some future benefit savings when people move into work.	£1,252,030
<b>Total</b>		<b>£5,956,584</b>

## 4.2 Share of value

This section describes how value breaks down across stakeholder groups (Figures 5, 6 and 7). As we can see from Figure 5, the most important areas of social value are health and addictions. This reflects the fact that the health of homeless people is often very poor with low life expectancy; having regular meals, a stable home and a substance-free environment improves this dramatically. Similarly, Emmaus' zero tolerance policy on drinks and alcohol on the premises means that Companions are able to radically reduce the amount of drugs and alcohol they consume.

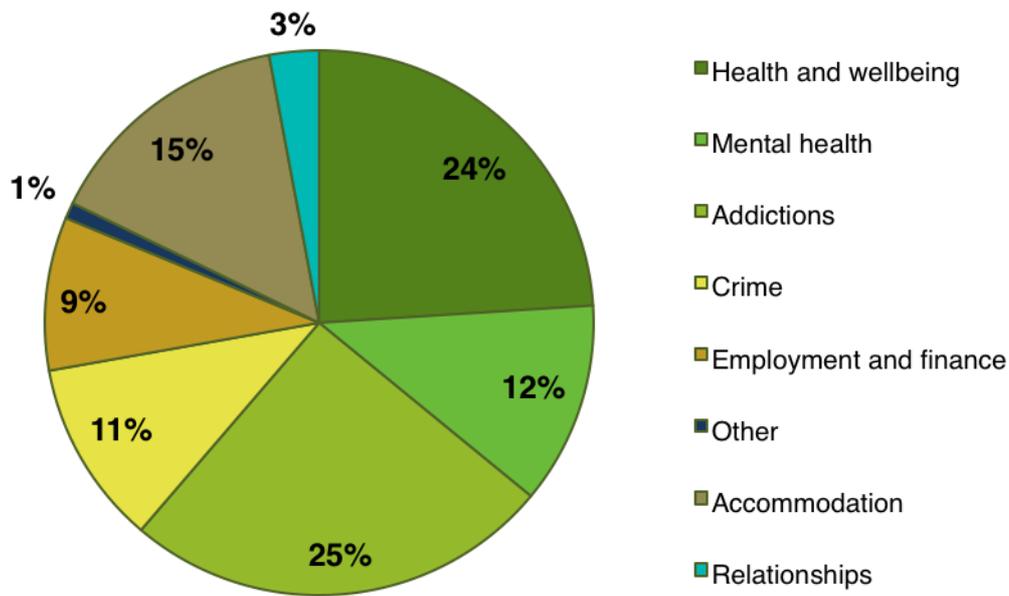


Figure 5: Share of value across outcomes

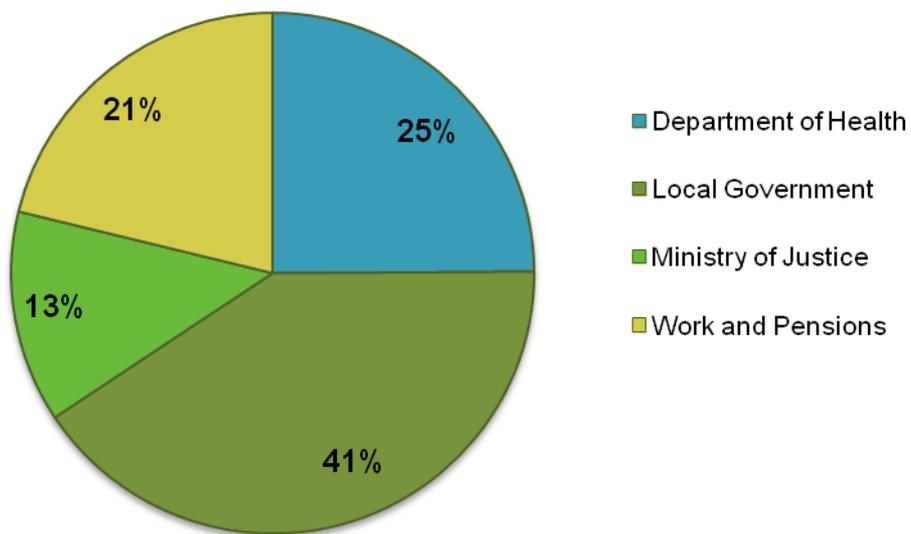
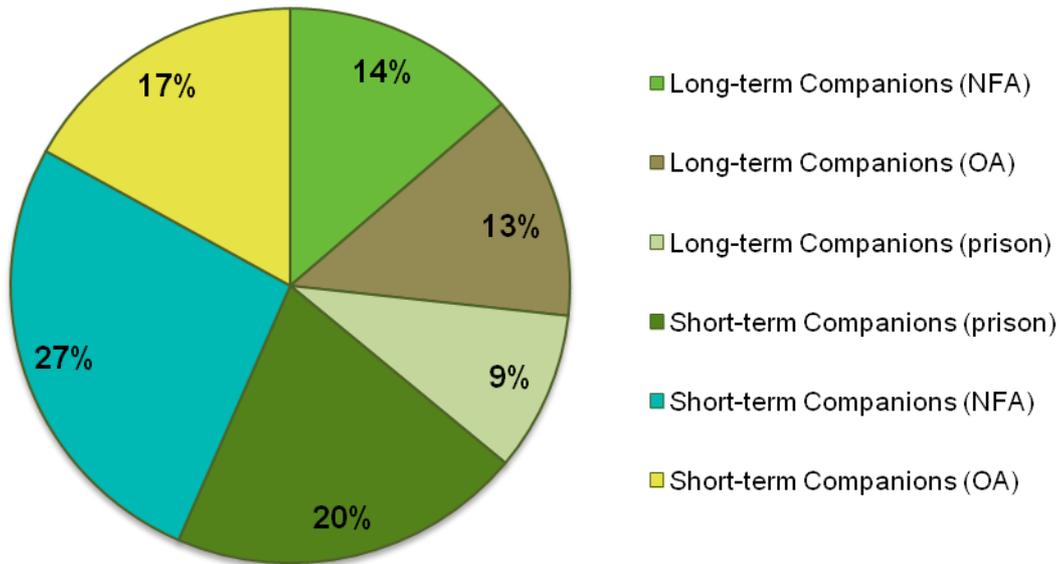


Figure 6: Share of value across departments

Figure 6 describes how value breaks down across government departments. Local Government is the biggest beneficiary. This mainly reflects the costs of alternative accommodation.

Figure 7 shows the breakdown across long- and short-term Companions. As we can see, the greatest societal value is created for short-term Companions. This entirely reflects the fact that the proportion of short-term Companions is much higher but also that the value is projected for five years for this group. In some ways this is a little misleading because it does not chime with the findings from stakeholder engagement. From the

perspective of a long-term Companion, Emmaus is much more important to them, and provides a long-term stable home, which is very valuable. However, in accounting terms, it would be inaccurate to project this value forward. On an annual basis, the value to long-term Companions is three times higher than for short-term Companions.

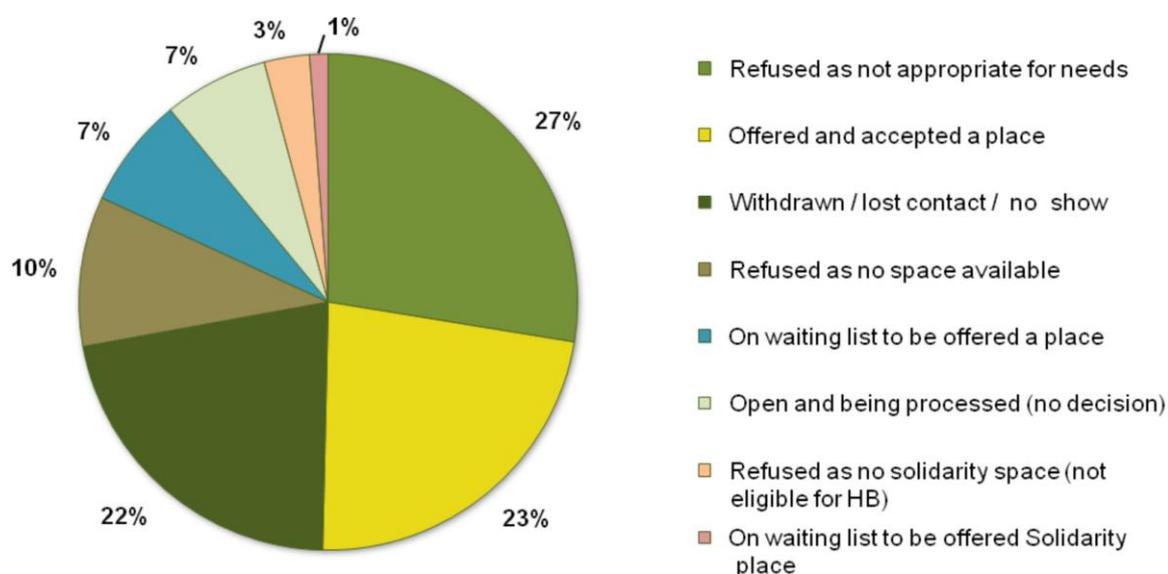


**Figure 7: Share of value across stakeholder groups**

### 4.3 Sensitivity analysis

This step in the SROI methodology systematically varies assumptions in order to test for areas of sensitivity in the model. These are assumptions that, when changed, significantly affect the ratio.

The model was largely resistant to change in any one assumption, with the exception increasing the benefit period for short-term Companions, which increases the ratio substantially. Emmaus's costs are very low, so as it grows (and in particular reaches vulnerable groups) its ratio will increase. In addition, the more socially excluded the client group, the more valuable the intervention. Reducing attribution to 75 per cent reduced the ratio to £9.35 and the value to the State by £0.5 million.



**Figure 8: Source of referrals**

However, Emmaus also relies on getting the right ‘fit’ of people, so it cannot necessarily be choosy about other attributes. Companions need to be prepared to work, to adhere to the rules, to be open to change and to participate in Community life. Not everyone who is referred fits this profile, and 27 per cent of applicants are turned away for this reason (see Figure 8).

The findings in Table 12 set out the most noteworthy findings from sensitivity analysis. Although many of the financial proxies were varied, no individual proxy had an impact on the ratio. It is the view of the research team that the model is quite robust to changes in these assumptions.

**Table 12: Sensitivity analysis**

Variable	Revised ratio
Increasing the proportion of OA to 70 per cent compared to 16 per cent NFA	£9.91
Increasing the benefit period for short-term Companions to 10 years	£13.46
Reducing attribution to 75%	£9.35

## 4.4 Recommendations

### 4.4.1 For Emmaus

**Strengthening the evidence base.** Gaps in the evidence base have been highlighted throughout this report. To summarise, a variety of data are required:

- Better information on progress while Companions are with Emmaus. It is recommended that the Outcomes Star be used, which would enable benchmarking of progress against other homelessness organisations such as hostels.
- Better information on what would have happened if Companions had not been at Emmaus and what happens once Companions leave Emmaus. Baseline and exit questionnaires are recommended to capture these data. There is also a need for more longitudinal data around what happens to Companions after they have left and how lasting the benefits of living in a Community are.
- Better estimates of who qualifies as short- and long-term Companions (e.g. how many plan to stay for the rest of their lives and how many will eventually leave the Communities)
- Better estimates of the attribution of outcomes between Emmaus and other interventions.
- More research to value the difference in experience between long- and short-term Companions to ensure that these are reflected properly in the SROI.

**Research areas that could increase value.** There are some additional areas of research that could help increase the social and financial value of Emmaus in the future:

- Research on provision for people that are inappropriately housed and the suitability of Emmaus for this group.
- Research into the ingredients that lead to more successful 'move ons' e.g. how effective is move-on housing?
- There is some qualitative evidence from this research that some Companions are motivated by the success of the business. The value of the commercial aspect of the enterprise e.g. to customers and Companions could not be quantified here but requires further consideration.

**Focus on areas where outcomes are less positive.** At the moment only six per cent of Companions move into paid employment upon leaving. Although full-time work may not be a realistic option for some Companions, many we spoke to were very keen. This is particularly important given the importance of work to people's wellbeing and self-esteem and its role in creating and preventing homelessness. Some of the Companions and Communities complained about the quality of training that is available. However, there were also examples of people developing marketable skills at Emmaus. Because of this Emmaus should distinguish itself from other 'charity shops'. More needs to be done to improve the quality of training, particularly with vocational skills, and to integrate the training provided with the skills that people are learning while with Emmaus. This was also a recommendation from a report into strategies for expansion by the University of York (Bretherton and Pleace, 2011).

**Ensuring the right mix of Companions.** Previous research has looked at what the right mix of Companions is for Emmaus. It found that a mix of gender, age and ethnicity was desirable, as was a mix of needs (ibid). This was confirmed during our stakeholder engagement, as one of the sites we visited had a high proportion of Companions with mental health needs, and staff struggled to manage this.

**Improve institutional understanding of marketing and business skills.** In addition to providing a supportive environment for Companions, running a successful social enterprise is also important. Communities are reaching different kinds of markets. Some sell a high volume of cheap items, whereas others have inserted themselves higher up the value chain with more refurbished 'vintage' products. The ability to do this partly depends on the quality of the donations, which relates in turn to the affluence of the area in which the Community is based. There are a number of potential business models to be explored. This is particularly important for the establishment of new Communities that have the option of matching their model to the most appropriate market. Recent research has found that there are some areas with high levels of homelessness and no Community or furniture provision – a situation that Emmaus is well placed to exploit (FreshMinds, 2011).

**Better information sharing and integration.** It is a strength of Emmaus that organisations have grown and flourished independently of each other in response to local needs, skills and so on. However, there is also a risk in this, which is that some Communities are more likely to fail, or that achieving self-sufficiency will extract a heavy toll from staff, volunteers and Companions. Sharing best practice, and learning from the mistakes of others, is not the same as having 'top down' organisation. Hitherto, this has been resisted as conflicting with the ethos of Emmaus. However, with the advent of a new strategic plan there is widespread commitment across the Federation to working together more closely, and general agreement that solidarity can also be achieved through the dissemination of knowledge and skills and perhaps the exchange of personnel across Communities.

**Companion empowerment.** The Federation aims to create a national link between Companions, for example through a Companions' Forum, which takes place three times a year, and through the intranet. While some Companions participate a lot and write blogs for the website, this varies across Communities. Ways to ensure that all Companions have access to the internet should be explored, as online communities and social media now make up such an important part of people's lives.

**Communicate the social value of Emmaus.** This research shows that Emmaus creates value to a range of stakeholder groups. However, this is not currently being communicated as effectively as it might be to government, customers and funders. The SROI analysis should be used as a way to communicate the value, to encourage more custom and support the development of new Communities. This is particularly the case with local authorities, for which lots of financial savings are generated. There is a real opportunity for Emmaus to increase its profile and impact by focusing on this area.

#### 4.4.2 For Government

Emmaus Communities are a 'win win' for Government. They fit very comfortably with current government policy, and require very little ongoing financial commitment. This research shows that there is a business case for governments to invest in new Communities, particularly in areas where private funds are more difficult to raise, or where the profile of homelessness fits that of Companions.

This study was hampered by the lack of good quality data on costs, particularly unit costs. Most of the published research on single homelessness is provided by charities working in the area. This is enormously helpful, as they have good access to a group of people that can be quite transient and therefore difficult to track over time. However, in terms of costs data, it would be more appropriate if relevant departments published their own spending breakdowns, and they (or academic bodies) calculated unit costs data. This would ensure less variability in cost-benefit work in this area.

At the moment, there are often numerous estimates of costs to draw upon, which are all calculated in different ways. In particular, data are needed on the marginal costs of things like non-custodial and custodial convictions and hostel and night shelter places, which reflect the real costs to the State.

#### 4.5 Concluding remarks

Emmaus Communities create a sizeable amount of social value through providing a place to live and work for Companions. There is also a strong business case for investment in new Communities and providing support for existing ones where they are not yet financially sustainable. A return on the investment is likely to be realised in the short term, however the benefits are likely to last well into the future, particularly where Companions are able to rebuild their lives and are no longer at risk of being homeless again.



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## Appendix 1: Interview guide

1. Can you tell me about why you first came to Emmaus?
2. Can you tell me about your life since you came to Emmaus – can you describe what has *changed* for you?
3. What are your plans for the future – where do you see yourself in five or ten years? Do you expect to stay with Emmaus for a long time or move on elsewhere?
4. What do you think would have happened if you hadn't come to Emmaus?
5. Do you have experiences of other homelessness organisations – how does this compare?
6. What other kinds of organisations have helped you so far. Thinking about the positive outcomes that we have discussed, what proportion of the positive things are attributable to Emmaus?
7. Are you in touch with your family? Can you tell us about whether they have been affected by your move to Emmaus?
8. Do you have you any specific feedback for the service – positive, or negative?
9. What is the most important thing for you about coming to Emmaus?

## **Appendix 2: Additional calculations**

The calculations underpinning this model rely mainly on secondary data. However, there were a number of key assumptions that were drawn from Emmaus's own data and some assumptions made in conjunction with Just Economics (see Section 3.3: Predicting Future Outcomes). In this section we describe all of the additional data sources that we use that have not been explained in the main body of the report. All of the sources of costs data used are listed in Table 8 and are not repeated here. Calculations for Community outcomes were all taken from the MIR.

**Table 13: Assumptions used in Companions calculations**

Outcomes	NFA	Rationale /source	DW	Rationale /source	OA	Rationale /source	DW	Rationale /source	Prison	Rationale /source	DW	Rationale /source
<b>Housing</b>	100%	Previously homeless	0%	Otherwise NFA	100%	Previously homeless	75%	Progress in hostels (St Mungo's, 2007)	100%	Previously homeless	28%	Proportion that get arrested to get off streets (Reeves, 2011)
<b>Addictions</b>	66%	Low estimate	0%	Otherwise NFA	66%	Low estimate (Carlen 1996)	25%	Proportion of homeless in drug treatment	66%	Low estimate (Carlen 1996)	0%	Prison often exacerbates drug problems
<b>Physical health</b>	66%	Percentage with physical health problems (St Mungo's, 2006)	0%	Otherwise NFA	66%	Percentage with physical health problems (St Mungo's, 2006)	29%	Proportion of population with health conditions (Department of Health, 2012)	0%	Not considered material benefit	0%	N/A
<b>Mental health</b>	69%	Average of three estimates (Joseph Rowntree Foundation, 1994; Gill, Meltzer and Hinds, 2003; St Mungo's Client Needs Survey, 2010)	20%	Some difficult to treat and enduring (Dean and Craig 1999)	69%	Average of three estimates (Joseph Rowntree Foundation 1994; Gill, Meltzer, and Hinds 2003; St Mungo's Client Needs Survey, 2010)	20%	Projects that have in-house support for mental health needs (Homeless Link and Resource Information Services, 2009)	72%	Mental health problems amongst homeless people (Social Exclusion Unit, 2002)	20%	Similar rate to homelessness
<b>Relationships</b>	3%	JE estimate (10% of 26% with children – Reeves, 2011)	0%	Otherwise NFA	3%	JE estimate (10% of 26% with children (Reeves, 2011)	0%	JE estimate as small likelihood otherwise	3%	JE estimate (10% of 26% with children – Reeves, 2011)	0%	JE estimate as small likelihood otherwise
<b>Loneliness</b>	38%	Proportion that report spending their day alone whilst homeless (Alexander 1998)	0%	Otherwise NFA	38%	Proportion that report spending their day alone whilst homeless (Alexander, 1998)	75%	Other accommodation can also be sociable – same as for housing	54%	Proportion of prisoners that report being victim or bully (Ireland and Qualter, 2008)	0%	<i>Would require percentage reporting being lonely in Emmaus</i>
<b>Employment</b>	100%	All Companions work	0%	Otherwise NFA	100%	All Companions work	0%	Proportion of homeless that work (Business Action on Homelessness and nef, 2006)	100%	All Companions work	0%	Few prisoners work

<b>Financial security</b>	100%	All Companions save	0%	Otherwise NFA	100%	All Companions save	0%	Unlikely to save if not compelled	100%	All Companions save	0%	No income in prison
<b>Crime (perpetrator)</b>	23%	Rate of criminal activity (Kushel et al. 2005)	0%	Almost no offending in Emmaus	23%	Rate of criminal activity	0%	Almost no offending in Emmaus	53%	Reoffending amongst ex-prisoners (Social Exclusion Unit, 2002)	0%	Almost no offending in Emmaus
<b>Crime (victim)</b>	35%	Reported being wounded once (Newburn and Rock 2005)	0%	Very little violence in Emmaus	35%	Reported being wounded once (Newburn and Rock, 2005)	0%	Very little violence in Emmaus	0%	N/A	0%	N/A
<b>Leisure</b>	100%	All Companions get holiday allowance	0%	Otherwise NFA	100%	All Companions get holiday allowance	0%	Specific to Emmaus	100%	All Companions get holiday allowance	0%	Specific to Emmaus

**Table 14: Assumptions used in State calculations**

Stakeholder	Cost implication	Reduced incidents	Source
<b>No fixed abode</b>	Incidence of alcohol treatment	11%	Proportion assigned alcohol worker (St Mungo's, 2006)
	Incidence of drug treatment	16%	Proportion assigned drug worker (ibid)
	Crime and health costs of assault (victim)	15%	13 times more likely to be assaulted (Newburn and Rock, 2005)
	Criminal costs of theft (perpetrator)	20%	50% of homeless people have been in prison (Homeless Link and Resource Information Services, 2009) multiplied by reoffending rate and proportion of non-violent crimes
	Crime, health and output costs of violent crime (perpetrator)	6%	As above multiplied by proportion of violent crimes (Dubourg, Hamed and Thorns, 2005)
	Incapacity benefit savings	47.5%	MIR data
	JSA savings	47.5%	MIR data
	Supporting People savings	100%	Average taken from across UK SP spending (Worcestershire Council 2011)
<b>Other accommodation</b>	Incidence of alcohol treatment	11%	Proportion assigned alcohol worker (St Mungo's, 2006)
	Incidence of drug treatment	16%	Proportion assigned drug worker (ibid)

	Crime and health costs of assault (victim)	15%	13 times more likely to be assaulted (Newburn and Rock, 2005)
	Criminal costs of theft (perpetrator)	20%	50% of homeless people have been in prison (Homeless Link and Resource Information Services, 2009) multiplied by reoffending rate and proportion of non-violent crimes
	Crime, health and output costs of violent crime (perpetrator)	6%	As above multiplied by proportion of violent crimes (Dubourg, Hamed and Thorns, 2005)
	Incapacity benefit savings	47.5%	MIR data
	JSA savings	47.5%	MIR data
	LA expenditure on other accommodation	85%	Proportion of Emmaus clients who would otherwise be in publicly funded accommodation e.g. hostels, supported housing, night shelters, or day centres
<b>Prison</b>	Offending	100%	
	Increased risk of NFA status	25%	Proportion homeless on release
<b>Environment</b>	Reduced risk of waste going to landfill	2794 tonnes	£64 per tonne – landfill tax