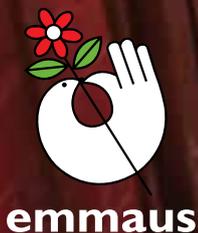


● Making an **impact**

A social return on investment study of Emmaus UK
Executive summary of a report by Just Economics, 2012





Background to Emmaus

Key Findings

- Emmaus Communities create a sizeable amount of social value through providing a place to live and work for Companions. The research forecasts that Emmaus Communities generate £11 for every £1 invested, or an average of £2.2 million per Community per year.
- In 2012/13 the present value 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.
- A key reason why Emmaus achieves such a high Social Return on Investment is because the input cost is very low, as most of the income in the Communities is self-generated.
- The vast majority of benefit accrues to residents – who are known as Companions. The most significant benefits come from improved health and wellbeing, followed by fewer addictions and mental health problems.
- 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.
- The largest share of savings to State accrues to Local Government, followed by the Department of Health, the Department for Work and Pensions and the Ministry of Justice.
- In addition to Companions and the State, the third 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.
- There is a strong business case for investment in new Communities. While the average cost of setting up a new Community is £1.5 million, a new Community is forecast to generate a net social value of £9.3 million over the lifetime of the building (estimated to be 20 years).
- Companions tend to have a similar profile to homeless people elsewhere. Many had histories involving addiction, relationship breakdown and loss of employment.
- For long-term Companions, Emmaus provides a long-term home, friendship and a sense of meaning in their lives. They often play an important role in the running of their Communities and also contribute to the growth of the Emmaus movement by helping new Communities to get off the ground.
- For short-term Companions Emmaus is seen as a springboard to other things: getting their own tenancy, working outside the Community, or re-establishing relationships with family members.

Emmaus Communities are a group of social enterprises that provide a unique and innovative solution to homelessness. Communities offer homeless and marginalised 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. Emmaus is a secular organisation and Companions come from all backgrounds. It is an international movement, which is underpinned by a philosophy of collectivism, self-reliance and social solidarity.

The first Emmaus Community in the UK was established in Cambridge in 1991. Since then, at least one new Community has opened every year in England and one has opened in Scotland. There are plans to open a Community in South Wales in the near future. When the study was carried out in 2012, 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. The concept of work is essential. Companions work full time to the best of their ability and are supported by a small staff team. Most Communities have at least one staff member who is a former Companion. Companions are involved in all aspects of the business – collecting, sorting, refurbishing and selling furniture – but they also cook, clean and look after the Community home. This supports the Community financially but also enables Companions to develop skills and build a sense of autonomy. Communities aim to be financially self-sufficient through their social enterprise. Individual Communities have a lot of freedom to innovate with their business model, and many run cafés or gardening projects.

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 collaboratively, and Companions attend regular Community meetings to agree strategy.

A founding principle of the movement is that of 'solidarity'. 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.

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 move on to a stable tenancy. A significant minority choose to stay with Emmaus for the long term and create a 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.

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.

The Emmaus movement in the UK is part of a federal structure, which means that each Community is constituted as an independent charity. Each Community operates in the way that suits its local circumstances, while remaining true to the Emmaus philosophy.

Background to the research¹

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.² The analysis is conducted in line with the UK's official SROI methodology.³

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. Firstly, it places monetary values on non-traded benefits such as quality of life, which have historically been considered non-quantifiable. Secondly, 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. This makes it a suitable method for an organisation like Emmaus that has a wide range of stakeholders and aims to create value across a complex 'triple bottom line' of social, environmental and economic benefits. Its participative methodology is also appropriate for an organisation such as Emmaus that has a 'co-creation' ethos.

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. Social value incorporates economic measurement and financial savings but is not driven solely by these. This study aims both 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.

Tony's account of the task group

A task group of Companions and staff members from across the Emmaus Federation worked closely with the researchers to ensure that the voices and viewpoints of different Communities were taken into account.

Tony, a task group member, describes his experience of 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 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'."

Theory of change

Companions

Stakeholder engagement was used to identify the stakeholders that materially benefit from Emmaus' work and to establish the 'theory of change' underpinning the Emmaus model. 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.

Forty Companions and 20 members of staff were interviewed across seven different Communities of varying ages, sizes and locations (Brighton and Hove, Cambridge, Glasgow, Gloucestershire, Greenwich, Hastings and Rother and Preston).

The profile of Companions was found to be similar to that of homeless people more generally, with high levels of previous substance misuse and mental and physical health problems. Before joining a Community, the majority have been unemployed and in receipt of income support of some kind. Companions will either have been living in unstable accommodation or will have been at risk of doing so prior to applying. Seven per cent of Companions are women. Twenty three per cent of Companions have a criminal record. Seven per cent have served in the military.⁴

A key finding that emerged from the stakeholder engagement was that it was possible to divide Companions into two 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+
- See Emmaus as a long-term home

Key outcomes for Companions include:

- Food, shelter and security
- A long-term home*
- Meaningful work
- Better long-term health
- Reduced drug and alcohol use
- Reduced loneliness
- Improved finances & reduced debt
- Re-establish relationships with children/families
- Friendship and emotional support
- Skills development and employability
- Improved well-being/confidence
- Ability to make plans for the future

*long-term Companions only.

The State

The second material stakeholder was the State. Key outcomes include:

- Fewer rough sleepers
- Fewer people on housing list
- Fewer people on benefits
- Reduced pressure on statutory services from homelessness
- Reduced problematic substance use
- Fewer health problems
- Reduced crime

Local communities

The final stakeholder considered in the analysis is wider communities local to Emmaus, including impact on the environment. Key outcomes include:

- Reduced waste to landfill
- Increased social cohesion
- Improved attitudes towards homelessness
- Impact of social outreach projects (e.g. Companions volunteering in the community)

1. The report can be downloaded in full from www.emmaus.org.uk 2. 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 Emmaus' management information data and partly on data from statutory and academic sources, as well as statistics gathered by voluntary organisations among rough sleepers and hostel dwellers. As part of its commitment to building on the SROI study, Emmaus is increasing social impact data collection with a view to updating the SROI analysis on a regular basis. 3. Nicholls, J., E. Lawlor, E. Neltzer, and T. Goodspeed. 2009. "A Guide to Social Return on Investment." Cabinet Office, London http://www.thesroinetwork.org/publications/cat_view/29-the-sroi-guide-2009

4. Emmaus Management Information Reports 2010/11.

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.

Older Companions 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.

Stakeholder engagement revealed very high levels of satisfaction with 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'. Some Companions had a strong 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 work and had ideas for how sales could be increased. 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 this was a notable difference between Emmaus and other hostel accommodation, and 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.

Finally, there were some very significant accounts of change from Companions. The majority that we spoke to had spent time on the street, in prison, or both. Many told us that their lives had been transformed, and a number told us they would be dead if it were not for Emmaus.

Counterfactuals

A key component in SROI analysis is to establish a counterfactual – what would have happened to Companions if they had not come to Emmaus. Based on stakeholder engagement and secondary data, the researchers identified three subgroups of Companions, based on the alternative options that were available to them:

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.

Table 1: Stakeholder assumptions

	Short-term Companions	Long-term Companions
No fixed abode	55 (16%)	13 (4%)
Other accommodation	182 (53%)	44 (12%)
Prison	39 (12%)	10 (3%)



Sharon's story

Sharon, 23, has been at Emmaus for a year. She had spent about three nights sleeping rough, under a subway bridge and in an abandoned taxi office. The local council had told her that they did not have a duty towards her because she wasn't under 18. She 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.

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 at this Community]. However, she has got used to it and sees the male Companions as older brothers, or like a new family. Eventually, she would like to get a job outside the Community 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.

Projecting outcomes

The next step was to project value into the future. For Companions categorised as long-term, the process of predicting future outcomes was relatively straightforward, as we know that they remain resident at Emmaus. For short-term Companions 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 fall out of the system again. In SROI analysis this is known as 'drop off', and our economic model was adjusted to take account of it.

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. 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.

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, the research assumed a much shorter benefit period. For example, a reduction in welfare 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.

Adjustments were then made for deadweight and attribution. Deadweight is an estimate of

'natural change' i.e. the share of the outcome that would have happened anyway without Emmaus' intervention. Deadweight was very low for Companions who would otherwise have no fixed abode, because research shows that the outcomes for this group are consistently very negative. For other groups it varied depending on the nature of the outcome. For example, Companions who would otherwise be in prison are likely to have also experienced health improvements relative to being on the street. Deadweight for many of the outcomes was quite high for those that would otherwise be in other accommodation. For example, St. Mungos research found that 75 per cent of their hostel residents make progress, although this peaks at six months to a year.⁵ This proportion was used as an estimate for deadweight for this group, diminishing with each additional year of residence at Emmaus.

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.

An additional step was included for outcomes for the State, which was to estimate the cost implications for each outcome. The panel on the right describes how this was done for two outcome areas.

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 1). We know that two-thirds of people considered homeless report to have a health problem.⁶ 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 because they are often 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. To ascertain this, we used statistics from a report produced by the NHS that takes aggregated data from a sample of PCTs about the number of people that are treated for different illnesses that are listed as NFA.⁷

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 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.

5. St. Mungos. 2007. "First Results from the Outcomes Star."

6. St Mungo's. 2006. SOS: Sick of Suffering: St Mungo's Report into the Health Problems of Homeless People. <http://www.homelesspages.org.uk/node/22546>.

7. Department of Health, NHS. 2010. Healthcare for Single Homeless People. http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/@ps/documents/digitalasset/dh_114369.pdf.



Valuation and inputs

Valuation

This section describes how we put a monetary value on all of the outcomes described above. To estimate State savings, we used published data on the costs of service use. In many instances it was necessary to identify marginal costs, or the cost to the State of each additional service user. The importance of using marginal, rather than unit costs is illustrated by the example of reductions in incarcerations. Unless the reduction reaches a level which enables a prison or a prison wing to be closed or not opened, the only savings from diverting that number away from prison will be incremental costs e.g. food, laundry and so on. The major costs such as payroll, administration and buildings will not be greatly affected.

Table 2: Outcomes and indicators for Companions (QUALY) and the value of a life lived with 'moderate problems'.⁸

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

relationships, health or self-esteem – were more difficult to value. (For a full list of outcomes and indicators see Table 2). For non-traded outcomes, financial proxies were developed using standard techniques from economic valuation. For example, improvements in physical health were valued using calculations for the difference between average Quality Adjusted Life Year

Inputs

The Emmaus Communities that were fully open in 2011/12 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.⁹

Table 3 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, as much of it pays for the allowances and holidays of Companions, which are already included as a measure of their welfare. This avoids double counting the value of this income.

Table 3: 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
TOTAL INCOME	£10,133,655

* 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.

8. www.economicnetwork.ac.uk/health/EQ_5D_index_calculator.xls A list of the financial values and proxies used in the analysis is available in the full report, which can be downloaded from www.emmaus.org.uk 9. Imputed values for volunteer time or gifts in kind have not been included, in recognition of the fact that volunteers are beneficiaries as well as contributors (see Sharon's story, Box 5). It has not been possible to measure the benefits to volunteers, therefore including their time solely as an input cost might be distorting.

Findings

Peter's story¹⁰

Peter, who is 50, 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. He thinks that they tend to listen to him a bit more because he has been through it.

He is now starting to apply for staff jobs and Deputy Community Leader jobs, and that is his hope for the future. He says, "Emmaus is one of those places where the more you put in the more you get out of it, simple as that."

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, the study forecasts that in 2012/13 the present value¹¹ 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. 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.

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.

The majority of the benefit to Companions comes from improved health and wellbeing, followed by fewer addiction and mental health problems. This reflects the fact that the health of homeless people is often very poor: the estimated life expectancy for homeless people is about 47 years for men and 43 for women.¹² Having regular meals, a stable home and a substance-free environment improves this dramatically. Similarly, Emmaus' zero tolerance policy for drugs and alcohol on the premises means that clients

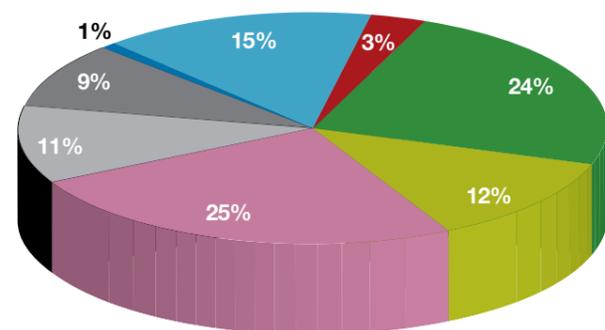
10. All of the names and some of the identifying details have been changed in the cases studies included in this report.

11. The Treasury recommended discount rate of 3.5% was used.

12. Crisis and the University of Sheffield, 2011. "Homelessness: a silent killer" <http://www.crisis.org.uk/data/files/publications/Homelessness%20-%20a%20silent%20killer.pdf>

are able to radically reduce the amount they consume. This is particularly important for those that struggled with addictions, or would otherwise have lived in poor quality accommodation.

Figure 1: Share of value across outcomes



- Health and wellbeing
- Mental Health
- Addictions
- Crime
- Employment and finance
- Other
- Accommodation
- Relationships

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. Local Government is the biggest beneficiary. This mainly reflects the costs of alternative accommodation. The estimated saving to the State is lower than previous estimates of the economic contribution of Emmaus, and there is a risk that it undervalues that contribution. However, in order to ensure that costs are genuinely 'cashable' every effort has been made to only include marginal costs in the analysis. 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. The benefit of this more conservative approach is that it is unlikely to overclaim for the economic benefits of Emmaus.

What is clear from the analysis is that the business case for investment from the State's perspective is substantial. 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 (other than housing benefit), misusing drugs or alcohol, or in need of costly alternative accommodation. For example, 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 4 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 benefits.

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

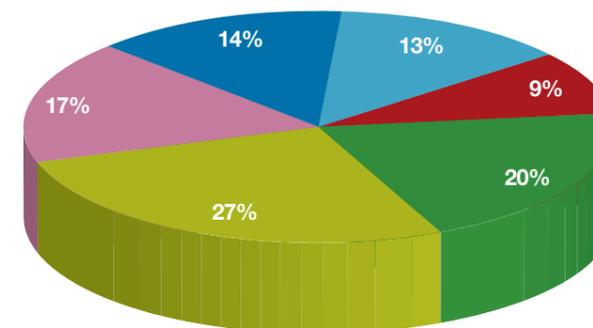
Table 4: Savings by government department

Outcome areas by government department	Present value to State
Department of Health • NHS and emergency service costs	£1,478,506
Local Government • Hostel accommodation • Reduced pressure on drug and alcohol services • Landfill cost savings	£2,447,612
Ministry of Justice • Criminal justice savings	£778,435
Department for Work and Pensions • Welfare benefit savings while Companions are at Emmaus • Future benefit savings when people move into work	£1,252,030
TOTAL	£5,956,584

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.¹³ In addition, the Emmaus Cambridge retail store counted 900 customers on a busy Saturday when they had a sale, indicating that footfall can be quite high. However, insufficient data were available on the magnitude of these benefits to include them in the model.

The graph below shows the breakdown across long- and short-term Companions.

Figure 2: Share of value across stakeholder groups



- Long-term Companions (NFA)
- Long-term Companions (OA)
- Long-term Companions (prison)
- Short-term Companions (prison)
- Short-term Companions (NFA)
- Short-term Companions (OA)



As we can see, the greatest societal value is created for short-term Companions. This mainly reflects the fact that the proportion of short-term Companions is much higher. In addition, the benefit period for this group is five years, compared to one year for long-term Companions. 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. On an annual basis, the value to long-term Companions is three times higher than for short-term Companions.

13. Clarke, A., S. Markkanen, and C. Whitehead. 2007. Emmaus: Sharing in Success. An economic evaluation of Emmaus Village Carlton. Cambridge Centre for Housing and Planning Research, Cambridge: University of Cambridge.

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 of 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.

The findings in Table 5 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. Reducing attribution to 75 per cent reduced the ratio to £9.35 and the value to the State by £0.5 million. It is the view of the research team that the model is quite robust to changes in these assumptions.

Table 5: 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

Robert's story

Robert, 29, is a 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."

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 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.



Conclusion

The research concludes that Emmaus Communities create a sizeable amount of social value through providing a place to live and work for Companions.

Demand for places in Communities far exceeds the number of rooms that are available and Emmaus often has to turn people away. The research shows that there is also a strong business case for investment in new Communities. While the average cost of setting up a new Community is £1.5 million, the research forecasts that a new Community generates a net social value of £9.3 million over the lifetime of the building (estimated to be 20 years). This calculation includes capital and replacement costs.

The results demonstrate that a return can be realised in the short term. However, where Companions are able to rebuild their lives and are no longer at risk of being homeless, benefits are likely to last well into the future.



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Copies of the full research can be downloaded from www.emmaus.org.uk



Emmaus UK, 76-78 Newmarket Road, Cambridge CB5 8DZ
tel: 01223 576103
contact@emmaus.org.uk
www.emmaus.org.uk
Registered Charity Number 1064470