

OXFORD ECONOMICS

An SROI analysis of Anchor House

October 2011

A report for Anchor House



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Executive Summary

This study evaluates the impact of Anchor House, a hostel and life skills centre for homeless adults in Canning Town in London. In 2009, it provided accommodation for 114 residents at any point in time.

- The study finds that for every £1 invested in Anchor House in 2009, it delivers £3.98 of impacts for society.
- The core impacts Anchor House delivers provide a return to society of £3.38 for every £1 invested in the centre. Excluded from core is the valuation of the benefits a resident receives from completing his progression and personal development in Anchor House and moving out in a planned way.
- Compared to other SROI and CBA studies of homelessness projects in the UK, Anchor House is found to provide a high return to society.
- In total, Anchor House is estimated to deliver £5,062,000 in gross outcomes for society in 2009. Of these, £4,296,000 were core outcomes.
- The most significant benefits are the cost savings from lower crime (£3,221,000), more employment (£388,000) and savings to society from hosting Alcoholics Anonymous (£225,000).

1 Introduction

This report details the results of a Social Return on Investment (SROI) study on Anchor House and its activities in 2009.

1.1 Anchor House

Anchor House is a hostel and life skills centre for homeless adults in Canning Town in London. In 2009, it provided accommodation for 114 residents at any point in time. The centre aims to help homeless residents develop aspirations, confidence and self-esteem to enable them to move towards leading independent, self-fulfilling lives.

Core to a residents' experience at Anchor House is the Aspirations Programme. This is an individually tailored personal development plan which aims to:

- Develop new found aspirations for the future
- Regain self-confidence and self-esteem
- Tackle any drug and alcohol problems
- Defeat loneliness and depression
- Becoming better money managers and to help sort out any debt problems
- Work on rebuilding external relationships – addressing such issues as family breakdowns
- Attain relevant NVQ level qualifications that can help them on their way, back into full time employment
- Get a job
- Acquiring other fundamental skills to help deal with life's stresses and challenges

The Aspirations Programme is implemented through education, training and guidance.

Anchor House also serves as a resource to the local community in Canning Town. It hosts a variety of vocational training courses, alcohol abuse and health support groups, and social functions for local people.

1.2 An introduction to SROI analysis

The social return on investment (SROI) is a popular metric used to quantify the positive impacts charities and other types of institutions generate per £1 invested.¹ To calculate the SROI a charity needs to monetarise (give a

¹ Two very helpful introductions to SROI analysis are the Cabinet Office and Office of the Third Sector (2009) and New Philanthropy Capital (2010).

monetary value to) the economic, social and environmental outcomes its efforts produce over the time period of interest. This is not an easy task as a significant proportion of the benefits will be difficult to translate into a monetary value. The monetarised value of the impacts are then divided by the costs incurred by the charity in running the project to calculate the SROI.

SROI was developed from a concept used to appraise investments in the world of commerce called the return on investment (RoI). SROI differs from RoI in that it considers social and environmental benefits, as well as economic ones. Moreover, SROI seeks to analyse all benefits, not just those that accrue to the individual or body that paid for the investment (typically, a single firm in the commercial world).

Proponents of SROI analysis typically argue the benefits are: it demonstrates the full impact (economic, social and environmental) of a project; aids resource allocation by providing a common metric to compare different projects across; and is familiar to people from a corporate background (who use RoI). But as with any impact measurement tools it is not a panacea. Its data requirements are fairly onerous (usually academic evidence has to be drawn from other studies and assumptions and expert judgement used). It absorbs resources and is liable to alienate staff or volunteers who are more interested in service delivery. The disadvantages are common to virtually all project evaluation techniques.

This SROI is carried out on Anchor House's activities in 2009. It draws heavily on the centre's outcome monitoring and management accounts. The study has also benefitted from input from its senior management and interviews with a number of the residents.

1.3 Structure of the report

The report is organised as follows:

- Chapter 2 gives a monetary value to the benefits Anchor House delivers to its residents.
- Chapter 3 estimates the monetary value of the benefits Anchor House delivers to the local community and borough of Newham in which it is situated.
- Chapter 4 discusses the costs of running Anchor House.
- Chapter 5 present the results of SROI analysis, discusses deadweight and compares the SROI results to other SROI studies on homelessness.

2 Monetaring the outcomes Anchor House delivers for its residents

This chapter gives a monetary value to benefits (or outcomes in the jargon) Anchor House delivers to its residents.

2.1 Employment

In 2009, 28 of Anchor House's residents gained employment. Of these, 22 secured full time employment and 6 part time. No data are available on the wage rates the 28 residents earned or the hours they work. It is therefore assumed they were paid the Minimum Wage, which was £5.73 an hour before October 2009 and £5.80 an hour for the last three months of the year.² Residents working full time are assumed to work 35 hours a week and part time workers half that length of time.

As a result of getting a job, the individual gains a wage on which they pay income tax and employee National Insurance contributions. The Exchequer also receives employer National Insurance Contributions (£607 per full time employee) and saves the foregone social security benefits. Singh (2005) shows 48% of homeless people's main benefit was Incapacity Benefit, 32% received Job Seeker's Allowance and 15% received Income Support. At the benefit rates pertaining in 2009, this is a weighted average of £4,026.³

In total, therefore the 28 residents gaining employment earned society a gross sum of £388,000 in 2009.

2.2 Volunteering

In 2009, Anchor House helped 85 residents to undertake some voluntary work for external agencies. Many of the same residents, 84 also undertook some voluntary work within Anchor House (for example, staffing the office).

It is generally perceived that voluntary work enhances an individuals' employability. Volunteers acquire skills that are valuable to a future employer. This view is reinforced by survey evidence. Hirst (2001) finds that 88% of unemployed respondents believed that their volunteering would help them get a job. V(2008) finds three-quarters of those aged 16-25 thought that volunteering could have a positive effect on career progression.

Unfortunately, there is little, if any, academic research on the extent to which volunteering enhances the probability an individual will gain employment. As a result, the analysis relies on Hirst's (2001) survey finding that "41% of those who

² See the Low Pay Commissions' website for the past levels of the minimum wage www.lowpay.gov.uk.

³ Uses Singh's (2005) survey evidence on the percentage of each type of benefit homeless people receive.

are now employed believe their volunteering helped them to get their current job." This is a lower proportion than for some individual charities. The Institute for Volunteering Research (2009) reveals over 80% and 45% of volunteers for the National Trust and British Trust for Conservation Volunteers subsequently gain employment, respectively.

The benefit of Anchor House's facilitation of volunteering work is calculated by multiplying the probability of gaining employment by the benefits of gaining employment (discussed in Section 2.2). This figure is then scaled down to reflect volunteers on average volunteering one day a week. In total, Anchor Houses facilitation of its residents volunteering is estimated to deliver £209,000 of gross benefits for society.

2.3 Vocational training

Anchor House provides an array of training courses for its residents. The aim of sending residents on training courses is to improve their skills, in order to boost their employability. The courses cover a wide range of skills, specific to careers in certain industries (for example, the construction and security industry courses), while others teach more generic skills, including soft skills (communication, self confidence, etc). Table 2.1 provides data on the number of participants on courses in 2009. Many courses are open to both residents and people in the local community.

Table 2.1: Numbers participating in training courses run by Anchor House in 2009

Course title	Resident	Non-residents
Newco	23	46
Community Links/Reed Employment	113	0
SIA Programme	16	0
Personal Best	18	0
ESL	27	0
Lets Build	82	793
BCC (Construct Your Career)	54	0
Newceys	32	17
Musical Way Forward	34	0
Media & Technology	18	0
Construction Awareness Training	155	762
Citizenship Course	29	0
Mayors Employment Pilot Scheme	129	0
Welcome Host	61	8
Employability Skills	120	0

Source: Anchor House

The acquisition of skills (termed 'human capital' in the academic literature) enhances the labour market outcomes people achieve. Building human capital increases the probability an individual will gain employment. It also boosts the wage rates they are paid when they secure employment. This is because

training increases the individual's productivity or signals to the employer they are a higher productivity worker.

Most of the courses are of short duration. There is not much of a literature on the benefits to short duration courses. The analysis therefore uses evidence from Layard, McIntosh and Vignoles (2002) and McIntosh and Vignoles (2000) and The Prince Trust (2008) on the impacts of the acquisition of basic skills (which equate to Level 1 numeracy or literacy).⁴ Acquisition of these skills are found to raise the probability of being in employment by about 5 percentage points. Once in employment, these basic skills raise workers wages by about nine percentage points in the case of numeracy and seven percentage points in the case of literacy. The analysis uses eight percentage points. The impact of the courses is pro-rata-ered down for their length (so a weeks course has 1/52th of the impact on the participants likelihood of gaining employment).

Where possible the salaries selected to calculate the returns to training match the industry the training relates to. For example, the impact of undertaking a construction course is matched with the gross earnings data for a construction worker from the Office for National Statistics' Annual Survey of Hours and Earnings (ASHE) in 2009. As the residents are likely to start the job at entry level (rather than higher up the career and pay ladder), the earnings received by the lowest 10% of workers in that industry are used. Where a course delivers general skills that do not lead to a career in particular industrial sector, the minimum wage has been used.

In addition, to the vocational courses, Anchor House facilitates two forms of employment advice or skills guidance. It was visited by Jobcentre Plus staff, who offer employment advice and guidance to residents on 200 occasions in 2009. It was also the location for a Skills Assessment class, which was used by 175 people, (including non-residents). To calculate the benefit of this it is assumed the participant receives benefits equivalent to the salary paid to the advice workers for an hour. ONS ASHE data for 2009, suggest an hour of a civil servants time who works in compulsory social security services was worth £11.71.

In total, the vocational training courses are estimated to deliver £29,000 in benefits to residents.

2.4 Other personal development courses

2.4.1 Fitness and five a side football

Anchor House provides two types of physical exercise classes for residents aimed at enhancing their physical health. One is an exercise class. The second is a five-a-side football class, with a team from Anchor House participating in monthly tournaments. In 2009, 44 exercise or five-a-side football sessions were held with an average attendance of 12 to 14 residents.

⁴ Level 1 is equivalent to that required of an 11 year old under the National Curriculum.

To get an idea of the monetary value of the benefits these classes deliver a willingness to pay method has been adopted. A local rugby evening class in Newham charged £46 for ten evening sessions (or £4.60 a session). It is assumed participants in the rugby class received at least £4.60 in benefits otherwise they would not have participated. Multiplying the number of residents participating in the fitness and five-a-side sessions by £4.60 a session suggests these classes generated just over £3,000 in benefits.

2.4.2 Personal development theme night

In 2009, Anchor House undertook five personal development theme nights, where an invited guest speaker would discuss their achievements usually based around the acquisition and application of a specific skill or range of skills. The objective is to inspire audience members. These were attended by an average of 40-45 residents. It has not been possible to find the admission price of a similar motivational lecture or event in the local area. So it is assumed the average ticket price for such an event would be £10 (which may well be conservative). This suggests the personal development theme nights delivered £2,000 of benefits to the residents.

2.4.3 Games and recreation night

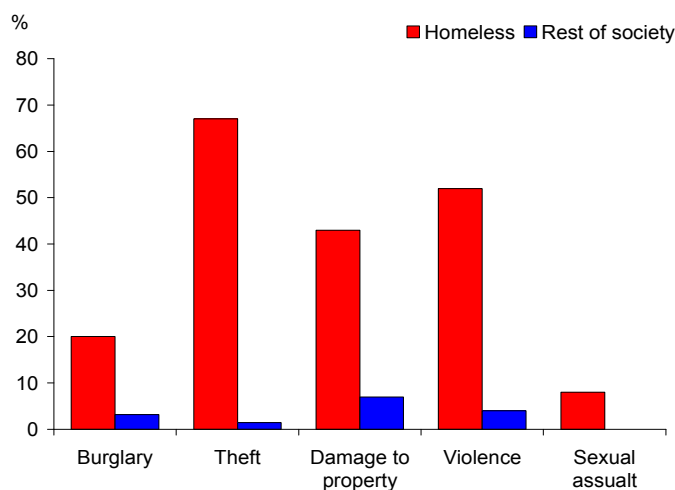
Once a week, Anchor House hosts a games and recreation night for residents. The object is to help build friendships and provide entertainment, while enhancing residents' social and communication skills. On average 13 residents participate in the games and 7 in the art classes which run simultaneously. The benefits this night delivers are priced using a willingness to pay method. An arts evening class at the local adult education authority is £66 for ten sessions (or £6.60 a session). The games and recreation nights held in 2009 are therefore estimated to deliver almost £7,000 in benefits to residents.

2.5 Crime

By providing a safe environment to live in, training courses aimed at increasing employability and facilitating residents return to work, Anchor House changes the likelihood its residents will be victims and commit crimes.

It is not known how many of Anchor House's residents would have victims of crime if they had remained living on the streets or sleeping on friends floors. To get an idea, it is possible to use Crisis' (2004) survey of homeless people which asked if they had been victims of crime in the past year. This shows that 67% had been victims of theft, 52% had suffered violence, 43% had property damaged, 20% had been burgled and 8% had been sexually assaulted (Chart 2-1). All the percentages are significantly above the averages for the UK population as a whole as evidenced by the British Crime Survey.

Chart 2-1: Rates of being a victim of crime for homeless people and the rest of society



Source : Crisis (2004)

To get an idea of the saving in the financial cost to the victim, the police and criminal justice system from less crime being perpetrated on Anchor House residents because they are living in a safe and nurturing environment, the difference in the probabilities of being a victim of crime for homeless people and the whole UK population are multiplied by the number of residents in 2009. This suggests there would be 75 less thefts, 55 less acts of violence, 41 less cases of damage to property, 19 less burglaries and 5 less sexual assaults. Each crime type prevented has then been multiplied by the amount two Home Office studies (Brand and Price (2000) and Home Office (2005)) estimate that crime cost society. The costs have been indexed from 2000 and 2003/4 using the GDP deflator.

In total, this suggests Anchor House's lowering the probability its residents will be a victim of crime saved society £516,000 in 2009.

Office of the Deputy Prime Minister (ODPM) (2005) argues there is a strong link between homelessness and offending, which is reinforced through many people being homeless on release from prison and the link with problems of drug and alcohol abuse and mental health problems. The ODPM paper assumes 30% of single homeless people have offended and are at risk of re-offending. The Social Exclusion Unit (2002) finds that the average re-offending rate for ex-offenders is 58% within two years. Assuming the risk of re-offending is spread equally over the two year period, this suggests there is a 8.7% probability a homeless person will commit a crime each year. This probability is used to calculate an expectation of the crime that would occur if Anchor House's residents were still on the streets.

Anchor House monitors three indicators of the anti-social and criminal behaviour of its residents. These are the number of criminal offences committed, number of noise nuisance and other anti-social incidents and the number of adult abuse and other untoward incidents. In 2009, there were two occasions when a resident was caught undertaking a criminal act which ended up with a criminal

prosecution (Table 2.2). There were no incidence of nuisance/anti-social behaviour and adult abuse.

Table 2.2: Actual anti-social and criminality indicators and those estimated to occur if the residents were still homeless

	Actual	Expectation	Crime prevented
Offending or re-offending	2	10	8
Noise nuisance and other anti-social incidents	0	13	13
Adult abuse and other untoward incidents	0	2	2

Source: Anchor House

To estimate the costs of the crime Anchor House saves for society the actual number of offences is subtracted from the expectation. The crime foregone is then multiplied by the average of cost of crime using Brand and Price (2000) and Home Office (2005) data. As it is not known what type of crime would be committed, the number of each type of offences is multiplied by the cost to create a weighted average cost of crime. This is converted into 2009 prices using the GDP deflator. This suggests the savings in the cost of crime foregone is £38,000.

The foregone crimes against Anchor House residents and those which would have been committed by residents if they were homeless would have resulted in society incurring expenditure through offenders being sent to prison. It is assumed the offenders committing sexual assault, adult abuse and violence are sent to prison. It is assumed half of the people committing burglary or theft are sent to prison. The Social Exclusion Unit (2002) study find the cost of keeping a person in prison for a year is £37,500 in 2000 prices. Home Office (2002) shows the average sentence length is 7.3 months. Multiplying the number of foregone stays in prison by the average length of stay by the average cost of a year in prison in 2009 prices suggests a saving to the prison budget of £2,863,000.

In total, Anchor House is estimated to save society £3,221,000 in foregone costs associated with crime.

2.6 Health

2.6.1 Health screening at nurses surgery

In 2009, Anchor House hosted a three hour nurses surgery every fortnight for its residents. The objective of the surgery was to act as a screening centre, hopefully catching health issues early before they became more acute, requiring greater treatment and more expense to society.

There are very few studies on the return to health screening activities (through foregone treatment costs when the problem becomes acute). Hogg, Baskerville and Lemelin (2005) look at the cost saving from a number of common types of

screening and preventative medicine.⁵ This study finds the common types of screening saved £1,673 per person screened. This may well understate the benefit for homeless people as they are likely to have far higher disease prevalence rates than the general population due to their lifestyle and extra exposure to risks. Multiplying the saving per person screened by the 82 appointments the nurse had in 2009 suggests the nurses surgeries saved society £137,000 in foregone treatment costs.

2.6.2 Better health

ODPM (2005) looks at the probabilities of homeless people requiring certain types of treatments compared to the rest of the population. It then explores the impact of the Supported People Programme intervention lowering the probability they will need each type of treatment by 30%. In the absence of any data on Anchor House's resident health issues an analogous approach is taken here.

In the ODPM (2005) study, NHS Health Episodes Statistics data are used to show on average people between 15 and 59 years old are admitted to hospital in the UK 0.19 times per year. It is assumed homeless people's added vulnerability and ill health means they are four times more likely to be admitted (or are likely to be admitted 0.76 times a year). With 114 people staying in Anchor House in 2009, this equates to residents being admitted on 87 occasions. ODPM (2005) assumes the SSP intervention lowers the admission rate for homeless people by 30%. It then calculates the average cost of hospital admission and treatment and multiplies this by the difference in the admission rates to calculate a cost saving.

Using this approach, it is estimated Anchor House saves the NHS, £22,000 in hospital admissions, £14,000 in hospital outpatient treatments, £10,000 in acute mental health services, £5,000 in A&E treatment, £3,000 in ambulance costs and less than £1,000 in community mental health services. In total, Anchor House is expected to save society £53,000 in foregone health care costs.

2.6.3 Alcohol and drugs treatment costs

Randall and Brown (2002) estimate that 33% and 32% of rough sleepers have problems with alcohol and drugs, respectively.

In 2009, 14 Anchor House residents in Q1, 15 residents in Q2, 11 residents in Q3 and 6 residents in Q4 were receiving treatment from an external agency or were fully supported internally for alcohol and drugs problems. This is an average of 12 over the year. This compares to an expectation of 38 for alcohol and 37 for drugs if the residents had lived on the streets based on Randall and Brown's (2002) probabilities. The analysis attributes the difference to Anchor House's environment.

ODPM (2005) assumes the treatment costs for alcohol problems amount to 20 hours of counselling. Using Netten and Curtis (2003), they assume each hour of

⁵ Mammograms, Hypertension Treatment, STD screening, blood pressure measurement, Flu vaccinations and cervical cytology.

counselling costs £33 in 2003 prices. Home Office (2000) estimates of health costs per problem drug user are £1,114 in 2003 prices. This suggests the total saving in health costs for alcohol and drugs problems due to Anchor House providing a nurturing and aspirational environment is £53,000.

2.7 Moving on

The last and arguably most important outcome is when the resident moves out of Anchor House into alternative accommodation in a planned manner. In 2009, 17 residents moved into local authority property (Table 2.3), 7 through the Bidding Process. Another 14 moved into small shared properties which are managed by Anchor House in partnership with a private landlord. Another 21 moved out in other forms of structured move-on, this includes 9 who were reconciled with family/partners, 4 moved into supported housing, 6 moved on through the Bond Scheme and 2 moved into private accommodation.

Table 2.3: Planned departures in 2009

Type of planned departure	Number of residents
Local Authority move-on	17
First Stage move-on	14
Other structured forms of move-on	21

Source: Anchor House

It is difficult to put a monetary value on a planned departure. The academic literature is not particularly helpful. The analysis therefore borrows from the happiness literature. Through the personal development the resident has achieved, it is assumed they are now able to lead independent and fulfilling lives. This includes making and keeping friends. As a proxy for their personal development, the analysis uses a monetary value Powdthavee (2008) attaches to moving from seeing family or friends once or twice a week to "on most days". This is estimated to be worth £15,500. His analysis is based on how much regression analysis suggests a person would have to be compensated to reach the same level of happiness from seeing their family and friends less.

Multiplying the 52 move-ons by the monetary value for increased social interaction due to the personal development the residents have achieved suggests moving on is worth £806,000.

As increased friendship is not particularly closely associated with moving on, these results are excluded from the 'core' SROI discussed in Chapter 5.

3 Monetaring the outcomes Anchor House delivers for non-residents

This chapter gives a monetary value to the services Anchor House delivers to the local community.

3.1 Provision of vocational training

Anchor House hosts training courses. Some of these are open to non-residents. In 2009, non-residents participated in course held on site on at least 1,626 occasions (Table 2.1). Foremost amongst these were two courses teaching construction skills, Lets Build which attracted non-residents on 793 occasions and Construction Awareness Training which attracted people from the local community on 762 occasions.

To estimate the monetary value of these vocational training on non-residents labour market outcomes, an identical approach is taken as for residents. This involves multiplying the impact of the course on the probability of getting a job by the growth in wages rates by the impact on society of a person switching from Job Seeker's Allowance to being employed (see Section 2.3).

It is unclear how much of the benefit can be attributed to Anchor House for hosting the courses locally. In the absence of taking a survey of non-resident participants asking whether they would be prepared to travel further afield to attend the same course, expert judgement has been used. After appraising the training facilities in Newham and the surrounding area which could host the course, the Chief Executive of Anchor House was of the opinion that 25% of the non-resident attendees would not travel to the next closest destination which could host the courses.

3.2 Lunch clubs

One of the services Anchor House provides to the local community is to host a Lunch Club for elderly people. This provides older people in Newham with the opportunity for social interaction, helping to offset the isolation many suffer in later life. In 2009, Anchor House hosted 36 Lunch Clubs. The average attendance was about 15 people. The average costs of these sessions was £5 per person. They are therefore estimated to deliver £5,000 in benefits.

3.3 Hosting Alcoholics Anonymous meetings

In 2009, Anchor House hosted four Alcoholic Anonymous meetings a week. Due to the confidential nature of this service, the numbers and identities of those attending is unknown. But on average, Anchor House staff believe attendance is between 15 to 20 people at each meeting. As participants' identities remain

confidential it is also not known whether people attend multiple sessions a week or the rate at which they drop out.

To price the benefits of Anchor House hosting Alcoholic Anonymous events the analysis assumes it takes participants attending one session a week for three months to potentially achieve a successful outcome.⁶ No authoritative information is available on Alcoholics Anonymous success rates.⁷ One media article claimed estimates ranged between 75% for “early AA” to 3 to 5%.⁸ The analysis takes the mid-point between these two studies.

A number of studies have investigated the costs of alcohol abuse in the UK. Cabinet Office (2003) estimates the costs are in the region of £18,517 million and £20,044 million each year.⁹ These costs will be attributable to people with a range of drinking habits. It is assumed most are attributable to the 2,834,000 people which the paper argues are dependent on alcohol. Dividing the lower bound of the estimate of the costs of alcohol by the number estimated to be dependent suggests the alcohol misusers cost society just over £6,500 a year in 2000. Indexing this figure for price changes using the GDP deflator suggests, the costs of alcohol misuse in 2009 was £8,100 per abuser.

Multiplying the number of people estimated to attend Alcoholics Anonymous meetings by the estimated success rates by the costs to society of each alcoholic suggests the meetings hosted by Anchor House save just over £900,000. However, it is unclear how much of this is attributable to Alcoholics Anonymous, Anchor House or other influences. In line, with the treatment of non-residents courses it is assumed that 25% of those achieving a successful outcome would not have travelled to a meeting further away from where they live than Anchor House. As a result, £225,000 is attributable to Anchor House.

3.4 Hosting Rehabilitation Club – Schizophrenia meetings

Anchor House also hosts a Rehabilitation Club for people with schizophrenia once a week. Each meeting is attended by about 25 non-residents.

Mangalore and Knapp (2006) estimate the costs of schizophrenia in England. The authors argue the illness cost society £6.7 billion in 2004/5. This was made up from health and social care costs; institutional costs; informal care; lost productivity for both patients and carers, criminal justice system costs and social security payments.

The weekly meetings at Anchor House will only be able to impact some parts of the schizophrenia sufferers’ lives. Those the analysis focuses on are the sufferers’ propensity to commit crime and obtain a job. This is in the belief that the support the club offers will increase attendees’ participation in the labour market and

⁶ ODPM (2005) assume 20 hours of counselling would form a treatment for alcoholism.

⁷ There are also difficulties in defining what success means. It is abstinence for life or consumption levels returning to more normal patterns.

⁸ Spiritual River, (2008), ‘What is the success rate of recovery in AA?’.

⁹ Costs considered in the study are health care costs; alcohol-related and alcohol specific crime; and workplace (absenteeism, lower productivity, lost output due to premature death).

lower criminality activity. Mangalore and Knapp (2006) estimate lost productivity and criminality due to schizophrenia costs society £3,413 million in 2004/5. With 122,000 sufferers, this equates to an average cost that the club could impact of £28,000 each year in 2004/5 prices. This amounts to over £31,000 after indexing using the GDP deflator to control for inflation. Little is known about the club's success rates. It is therefore assumed it helps a third of attendees achieve successful outcomes.

Again, the question arises how many of these outcomes are attributable to the location. This is either its proximity or its atmosphere. Given alternative sites in the borough, it is again assumed that 25% is attributable to Anchor House. This equates to £65,000 in gross benefits.

4 Input costs

This Chapter looks at the operating costs of running Anchor House in 2009.

4.1 Anchor House's operating costs

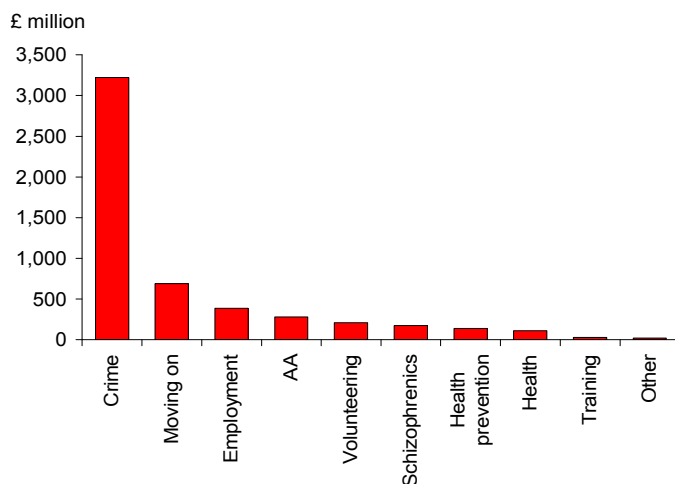
To calculate Anchor House's SROI, it is necessary to know how much was spent on its running costs in 2009. Anchor House's management accounts for the year suggest they spent £1,712,000. However, this includes £458,000 spent on building contractors in preparation for building of the new extension. As this was not judged relevant to the operation of Anchor House this has been stripped out. As a consequence, the figure used in the calculation of the SROI for the operational costs of Anchor House in 2009 is £1,272,000.

5 Anchor House's SROI

5.1 The gross benefits Anchor House delivers

In total in 2009, the analysis estimates Anchor House delivers £5,328,000 in benefits. If the measure of moving on is excluded to look at what might be called core benefits, this equates to £4,522,000. The most significant benefits are the cost savings from lower crime, more employment and savings to society from hosting Alcoholics Anonymous (Chart 5.1).

Chart 5.1: Estimate of the gross benefits Anchor House delivers



Source : Oxford Economics

5.2 Deadweight

Most studies that seek to assess the impact of an intervention in the UK follow the principles set out in HM Treasury (2003) guide to appraisal and evaluation (referred to as 'The Green Book'). This argues that outcomes that would have occurred anyway if the intervention had not been implemented should be excluded from the impact assessment. The outcomes that would have happened anyway without the intervention are typically referred to as 'the deadweight'. In this analysis of Anchor House's service the deadweight is the proportion of its residents that would have managed to get back on their feet without staying at Anchor House and participating in its Aspiration Programme. The deadweight also includes those service non-residents benefit from that would have occurred anyway.

Unfortunately, no data are collected on the rate at which people who become homeless, overcome their problems and return to leading independent, self-fulfilling lives.

Discussions with the senior management of Anchor House suggested a percentage of people return to leading independent and self fulfilling lives

without help. However, this proportion was felt to be very small. Although, reluctant to estimate the proportion, they believed it to be in the region of 5%. In the absence of any data, the senior management's expert opinion has been used.

As discussed below most SROI and Cost Benefit Analysis studies do not take deadweight into consideration. This means there is little to compare the 5% assumption with.

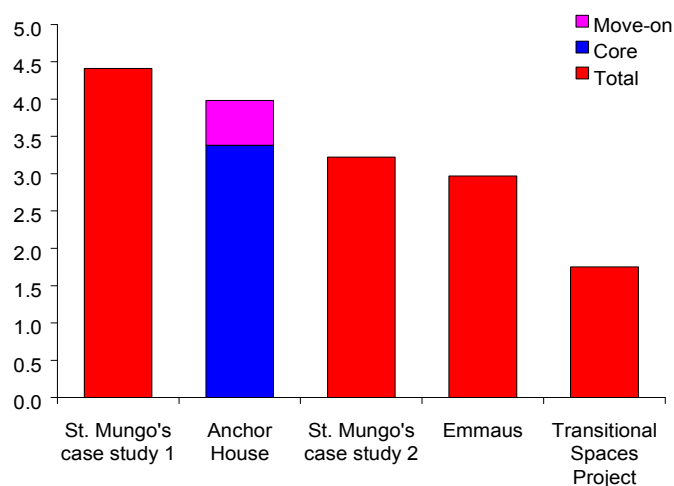
5.3 Anchor House's SROI

Subtracting the deadweight loss from the estimate of the gross benefits suggests Anchor House delivered £5,062,000 of total impacts in 2009. If the benefits from moving on are excluded this equates to £4.296,000 of core impacts. Dividing this by the costs of operating Anchor House suggests its total SROI in 2009 was 3.98 or put another way, for every £1 invested in Anchor it delivers £3.98 in impacts for society. Ignoring the impacts from moving on, suggests the core SROI is 3.38, so society gains £3.38 for every £1 invested.

5.4 How does that compare to other homeless charities activities?

To give an idea of how impressive Anchor House's SROI is Chart 5.2 compares it to other SROI or CBA studies on UK homelessness projects. The caveats to the comparison are included in Table 5.1. It is evident that Anchor House ranks second out of the five projects in terms of return. However, the two St. Mungo's studies are on individual homeless people, so may well not be representative of all the residents. Moreover, these two studies consider the benefits over 5 years rather than just one in Anchor House's case. The time period for the Emmaus and Transitional Spaces Project are more comparable to this study.

Chart 5.2: SROI/CBA studies on homelessness



Source : Oxford Economics

Table 5.1: Comparison with other SROI or CBA studies on homelessness

	St Mungo's Case Study 1	St Mungo's Case Study 2	Emmaus	Transitional Spaces Project (TSP)
SROI	4.41	3.22	2.97	1.75
Deadweight	Zero	Zero	Zero	Included but not specified
Time period	5 year	5 year	1 year	1.32 years
Other noteworthy features	Case study of one person	Case study of one person	Many assumptions based on interviews with Emmaus members	Minimal accounting for benefits

Source: Oxford Economics

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