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# Charities 'hijacked' by government consultants over social impact reporting

Governance | Niki May Young | 13 Oct 2011

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The director of an East London homelessness charity which has undertaken a social return on investment (SROI) study which demonstrated a £5m annual saving to the British government, claims that the sector has been "hijacked by government consultants who are telling us we need this sort of thing".

Trained economist Keith Fernett, who is the director of Anchor House homelessness charity, said that while he thought the SROI study undertaken by Oxford Economics was important, he believes the government is forcing what is a very "expensive process in terms of cost and resources" upon the sector, despite offering no financial support to undertake such studies.

"Government think tanks say we all have to do this, but are not prepared to put up the funding. Has the government and local authorities got funding to allow us to do this? Well actually, the answer is no they haven't, and no they won't," he said.

Further, Fernett said that there is a divide between what the government says and what local authorities implement, with local authorities largely ignoring the results of social impact reports. "Those at the top talk very academically," he said, "but down here amongst the muck and bullet, it's a very different story."

Anchor House used to receive £375,000 per annum from the Supporting People system, which provided around £60 per week for its 122 residents. Under this system "everyone got a grant," said Fernett. But now the funding model has changed to a tender system where charities must compete with each other for contracts. Anchor House is in the process of applying for a contract, but Fernett says the system does not take outcomes into account:

"The tendering process bears very little relationship to how we are working. It asks for a methodology of how we work but it doesn't talk about outcomes at all."

Anchor House is not big enough to bid for the Department for Work and Pensions' Work Programme (which is currently undergoing an onslaught of criticism from sector bodies), but the charity's expertise is being ignored entirely by the system, he advised, and the potential for funding shut off:

"In essence I think society should back winners," he added. "Our outcomes are at the top end of the system, we have a National Apprentice of the Year...we have one of the best trainers in the UK, and we can't get funding from the DWP."

## Quantifying Anchor House's impact

By monetarising the economic, social and environmental outcomes of the charity, the Oxford Economics SROI report found that Anchor House, which addresses the root causes of homelessness: deprivation; drug addiction; mental illness; unemployment; crime and the lack of skills or education, provides £3.98 in benefits to society for every £1 invested, and saves the UK economy a total of £5m a year.

This includes £3.2m from lower crime, £388,000 from increased employment and £225,000 by housing Alcoholics Anonymous. It also saves the NHS £22,000 in hospital admissions, £14,000 in hospital outpatient treatments, £10,000 in acute mental health services and £5,000 in A&E treatment.

The results have informed Anchor House's strategy, said Fernett: "I'm a trained economist so I knew we had potentially interesting results but we didn't know to what extent. Oxford Economics undertook a thorough review of the charity and our

results and we were surprised at the high level. We were surprised at the components of where we had impact and it's actually making us look at how we do things and what we look to achieve."

But most charities would struggle to undertake the research and record-keeping required for the study, he said, adding: "It represents value for money, but we still had to raise the money."

Other charities which have recently undertaken social impact reports include Whizz-Kidz, which contracted Frontier Economics to undertake a study that found that for every £1 invested, benefits of between £10 and £65 are generated, and Tomorrow's People, which used Oxford Economics to show that its return on investment was at least 2.4:1.

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