Social Return on Investment - Backpack Beds in the community

Executive Summary

Backpack Bed for Homeless (BBH) is a not-for-profit charity that provides emergency relief in the form of a lightweight and portable Backpack Bed to homeless people in critical need for shelter. The economic value of the social impact that the charity has within Australian society has been calculated to be A$3,319 per Backpack Bed. This report details the significance of this result and the methodology employed in reaching the figure.

Methodology

A thorough analysis of academic literature in social value assessment underpins the financial models discussed in this report. The financial models conform to the industry-wide seven principles for social value. Notably the principles of importance are, the inclusion of value only when it is material to key stakeholders, appropriate attribution of value creation and proper assessment of the actual impacts BBH provides to the community.

Three key areas of quantifiable value that BBH provides were identified as health, economic output and crime. These three channels were employed due to the vast pool of secondary data available to quantifiably compare costs with the counterfactual situation where people were not given a Backpack Bed. Longitudinal data which enables comparison with a counterfactual scenario was obtained from secondary sources such as reliable peer reviewed journals, government reports and other consulting knowledge banks. Every benefit attributable to Backpack Beds was calculated through its direct or indirect relationship with the three channels.

The models are heavily reliant on an array of assumptions as previous research is not sufficiently correlated with the unique value proposition provided by the Backpack Bed. When sensitising the social value calculated across various assumptions, a wide range of social impact calculations were obtained. This wide variance in possible outcomes challenged the accuracy and reliability of assumptions employed. To ameliorate this issue, medians and/or averages were taken across datasets. Nevertheless, the validity of various assumptions remained questionable. In addressing this, two divergent financial methods were adopted, to reach a more agreeable consensus value.

Model One took referable secondary data on health, crime and employment benefits of homelessness programs and aimed to apply it in a way most relevant to a Backpack Bed user. Model Two assesses the value of the Backpack Bed through a bottom-up approach, utilising the improvements data in the survey as the base of value generation.

Results and Discussion

Model One calculates social value to be A$3,349 per Backpack Bed, 44.8% of which is from health benefits, 31.8% from crime reduction and 23.4% due to employment related value generation. Model Two It calculates social value to be A$3,289 per Backpack Bed, 63.6% of which is from health benefits, 20.3% from crime reduction and 16.1% due to employment related value. Despite the similarly in total value, there are significant differences in the value contribution which underscores the fundamental differences in the models. Caution is to be applied when utilising these results due to the wide variability in the possible values obtainable when changing the value of the assumptions.

Further research should aim to collate data to verify assumptions through a data driven approach or quantify assumptions in a more valid manner. Specifically, areas of improvement lie with the days of impact and discount rate assumptions. Furthermore, the premise for method two is based on subjective improvements data in the surveys, from which greater accuracy may be ascertainable.

Improvements in longitudinal data collection such as the utilisation of digital data collection strategies, to address these issues is highly recommended. Even if there are difficulties in obtaining complete datasets, any data obtainable as a primary source from BBH is extremely useful in verifying the assumptions in the model.

Conclusion

Backpack Bed for Homeless offers a far extending range of community benefits from areas ranging from suicide prevention to the satisfaction of basic physiological needs for warmth and shelter. The financial models have attempted to best quantify these benefits through their direct and indirect impacts of health, crime and economic output. The social impact value which was conservatively obtained from the models is $3,319 per Backpack Bed. Backpack Bed for Homeless is of significant value to the Australian community as a national charity with impacts that are not only philanthropic but also economically sound.