

**Manchester
Metropolitan
University**

EVALUATION OF EVERYONE IN SOCIAL INVESTMENT PILOT – FEASIBILITY STUDY


BIG SOCIETY CAPITAL

A REPORT BY THE POLICY EVALUATION AND RESEARCH UNIT AT MANCHESTER
METROPOLITAN UNIVERSITY, IN PARTNERSHIP WITH THE CENTRE FOR HOMELESSNESS IMPACT,
CACHE, PEOPLE'S VOICE MEDIA AND THE SOL PRICE CENTER FOR SOCIAL INNOVATION.

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Executive Summary

Introduction

This is the first report from the evaluation of the Everyone In Social Investment Pilot. It reports on feasibility study to determine the best approach to evaluating the Pilot.

The Everyone In Social Investment Pilot was launched as a follow-on to the Everyone In initiative

It is piloting a social investment approach to homelessness and is a partnership between Big Society Capital (BSC), the Department for Levelling Up, Housing, Communities (DLUHC), Bridges Fund Management, Resonance and Social and Sustainable Capital (SASC). The Pilot contributes to five social investment funds run by three Fund Managers, all of which work with local not-for-profit providers of accommodation and services for people who are homeless or at risk of homelessness. The funds help these Providers with the purchase of existing housing from the commercial property market in partnership with local not-for-profit organisations and making them available at Local Housing Allowance rent levels to ensure they remain affordable.

The main aim of the feasibility study was to identify whether an impact evaluation with a counterfactual group will be possible, or whether another method of impact evaluation may be more achievable/practical. Alongside this options for an economic and a process evaluation have also been considered.

Theory of Change

The Feasibility Study started with a theory of change exercise. The five funds operate to several different models and four distinct theories of change are discernible:

- 1. A leasing model for charities** based on leasing from a social investor. The fund manager acts as a social landlord for the period of the lease-term (7-10 years). Example: Resonance with Nacro in London
- 2. A leasing model for small, specialist Housing Associations** based on leasing from a social investor. The fund manager acts as a social landlord for the period of the lease-term (7-10 years). The structure and terms of the lease relationship are more friendly towards housing associations than commercial lease arrangements. Example: Resonance with LetUs in Manchester.
- 3. A property ownership model** based on debt finance from a social investor for charities who wish to grow their property ownership portfolio. The fund manager provides a loan facility for a 10-year period for the charity to source and purchase properties and, at the end of the period the charity can return the property to the fund manager or buy on preferential terms. Example: SASH
- 4. An equity investment model** that involves investors owning a stake in an ethical lettings company and sharing in the risk of failure and proceeds of company profits. In this model properties are owned by the company. Example: Bridges investment in the Ethical Housing Company in the North East.

Impact evaluation options

Due to the structure of Funds our ability to collect data to support a consideration of impact (and process and economic) evaluation designs has been restricted by various factors. For instance, individual level data that would be essential for some forms of evaluation design are captured only by housing Providers and the relevant local authorities. We have been unable to make initial contact with many of these organisations. For our purposes, Funds acts as gatekeepers to the relevant

Providers and have dissuaded us from contacting them due to concerns around the burden the evaluation might place on them.

Based on the data and information we were able to collect we first considered the potential to design and implement a counter-factual impact evaluation to determine the effect of the Pilot on outcomes for those housed as a result of Pilot activities. We considered three types of counterfactual impact evaluation:

First, we considered a randomised controlled trial (RCT). An RCT would involve intervening in the allocation of homeless families and individuals to housing. Most finance has already been dispersed by Funds, and Providers have already acquired property and in many cases allocated space to homeless individuals and families. Furthermore, no approach has been made to either Providers or Local Authorities to facilitate randomisation. These circumstances effectively make an RCT impossible.

Secondly, we considered a quasi-experimental design (QED) in which families and individuals housed through the Pilot would be compared with similar people housed through the commercial private rented sector. Essential to the process is being able to collect personal and possibly sensitive data on families and individuals in different forms of accommodation from both Providers and Local Authorities. Data Sharing agreements would be required with all parties, an onerous task. There is no guarantee that the relevant parties would agree to release data. Furthermore, there is also no guarantee that even if such consents were obtained from over 25 local authorities, all Providers (and possibly also all Funds), the types of data available and their quality would fulfil all the necessary requirements of a QED. It is conceivable that these data issues could be overcome, however, there is also another challenge for designing a QED based on individual-level data and this relates to treatment contrast. The theory of change suggests that people accessing the accommodation and services might achieve better outcomes because properties are more appropriate to their needs and more continuity is possible because the Providers have more control over the properties they reside in. However, the difference between this experience and the experience of someone housed by a similar organisation in a property owned by a commercial, private landlord is one of degrees, it is not a fundamentally different experience. This suggests that the likely 'effect size' will be relatively modest and that therefore a large intervention group and control will be needed to discern this difference with statistical confidence. However, the Pilot will only result in a relatively small number of properties and beds being brought forward. For these reasons, we do not see potential for an individual level QED in the case of the Pilot.

Thirdly, we considered an area level QED that makes a comparison between areas that receive investment via the Pilot, to those areas that receive no such investment. Given that this approach relies on existing, published sources, we have been able to explore the prospects for an area level impact evaluation in somewhat more detail. For an area-based evaluation design the Pilot's 'signal' relative to the 'background noise' would have to be more pronounced than for an evaluation design based on individuals and families. However, the number of housing units brought forward in each local authority areas is very small relative to the level of. The scale of investments relative to need means we are unlikely to be able to detect any changes in aggregate homelessness statistically resulting from such investments.

Leaving aside the issue of data accessibility, the three more fundamental obstacles to a traditional, counter-factual impact evaluation are first that there are only a relatively small number of people/families effected in each area in which housing has been brought forward raising questions about the likely power of a traditional counter-factual impact evaluation; secondly that many of the

impact questions relate to impact on the providers and local housing economies of which there are only a small number of cases within the Pilot; and thirdly, the complexity of the Pilot where key outcomes relate to the organisational capacity of Providers, the relationship between social investors and Providers, and the impact of social investment on local housing markets for specialist housing for people experiencing or at risk of homelessness. These challenges suggest that a traditional counter-factual impact evaluation, even if possible, may not be suitable for addressing important relationships between causal factors that act together to produce outcomes. A more appropriate approach to designing an impact evaluation to address such complexity will be to adopt a case-based (sometimes called a small 'n') approach to the impact evaluation.

Preferred impact evaluation design

Key to all small *n* approaches is the idea of analysing one or a small number of cases to derive causal statements about the impact of an intervention. These relatively recent methodologies and designs for impact evaluation can be distinguished from traditional understandings of 'case studies'. Although they use small numbers of cases they are still designed to support statements about causal inference.

We will use Process Tracing and Most Significant Change to evaluate different aspects of the impact of the Pilot. For this evaluation we will treat each provider and the local authority area within which it operates as a single case. Process Tracing will provide a methodologically robust approach to evaluating impact without the need for a counterfactual. In each area we will assemble a wide range of qualitative and quantitative 'diagnostic' pieces of evidence to support or overturn alternative explanatory hypotheses. Central to this process will be identifying sequences and causal mechanisms. Alongside Process Tracing we will use Most Significant Change (MSC) in the case study sites. MSC is a dialogical, story-based monitoring and evaluation technique that involves the collection and selection of significant change stories which have occurred in the field. 'Significant change stories' are in most cases elicited directly from project participants and in this evaluation we will train tenants and service users who are beneficiaries of the programme as Community Reporters. They will tell their own stories and gather stories from other tenants and beneficiaries. Then, alongside a range of programme stakeholders, they will analyse them to identify the 'most significant changes' the Pilot has created from their perspectives.

Economic evaluation

A key element of the evaluation will be an assessment of cost effectiveness or value for money of the 'everyone in' social investment pilot. The pilot has two basic economic elements: the relative effectiveness of social investment in acquiring units of accommodation and second, the relative effectiveness of the pilot in operating and maintaining such accommodation and tenancies (i.e. how it works in practice). We will consider benefits and costs to three groups of stakeholders: society at large, including the public purse; those housed; and social investors. The basic approach of the economic evaluation is to describe and monetise the 'additionality' of the pilot. By additionality we mean we must compare the benefits and costs of the outcomes of the pilot and compare these two realistic estimates of the benefits and costs which would have been accrued had the pilots not run.

Process evaluation

If the impact evaluation had employed a traditional, counterfactual methodology then the Process Evaluation would be specified as a separate, but complimentary strand of the evaluation. However, the adoption of Process Tracing as the main element of the impact evaluation results in the Process

Evaluation being much more closely integrated with the impact evaluation, albeit with its own set of evaluation questions.

Next steps

We conclude this report by briefly outlining our next steps. We assume that the main evaluation commences in September 2022. Early tasks include seeking ethical approval, establishing full contact with Providers and developing detailed research instruments. We would aim to work through the early stages of a Process Tracing evaluation and recruit and train Community Reporters by the time the the first evaluation report (changed from Month 12 to Month 14, to allow for slippage at the Feasibility Study stage).

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List of abbreviations

ASSIA - Applied Social Sciences Index & Abstracts

ATE - average treatment effect

ATT - average effect of treatment on the treated

BSC – Big Society Capital

CHI – Center for Homelessness Impact

CPI – Consumer Price Inflation

CV – Coefficient of Variation (%)

DCLG - Department of Local Communities and Local Government

DLUHC – Department of Levelling Up Housing and Communities

EHC – Ethical Housing Company

FRI – Fully repairing and insuring lease

GM – Greater Manchester

GMCA – Greater Manchester Combined Authority

HA – Housing Associations

HCLIC – Homelessness Case Level Information Collection

LA – Local Authority

LHA – Local Housing Allowance

MHCLG – Ministry of Housing, Communities and Local Government

MMU – Manchester Metropolitan University

MSC – Most Significant Change

NHPF2 – National Homelessness Property Fund 2

PICO(S) - Population, Intervention, Comparison, Outcome, (Study)

PRS – Private Rented Sector

PSL – Private Sector Landlord

QED – Quasi-Experimental Design

RCT – Randomised Control Trial

REIF – Resonance Everyone In Fund

RSAP – Rough Sleeping Accommodation Model

RSI – Rough Sleeping Initiative

SASC – Social and Sustainable Capital

SASH – Social and Sustainable Housing

SD - Standard deviation

SIB – Social Investment Bond

ToC – Theory of Change

VfM – Value for Money

1. Introduction

This is the first report from the evaluation of the Everyone In Social Investment Pilot. It reports on feasibility study to determine the best approach to evaluating the Pilot.

The Everyone In Social Investment Pilot was launched as a follow-on to the Everyone In initiative that was launched by the government in March 2020 as the Covid pandemic took hold and lockdowns became inevitable. It is piloting a social investment approach to homelessness and is a partnership between Big Society Capital (BSC), the Department for Levelling Up, Housing, Communities (DLUHC), Bridges Fund Management, Resonance and Social and Sustainable Capital (SASC). DLUHC has provided a grant of £15 million and the social investor Big Society Capital has matched this grant with £15 million of its own funding. The Pilot is funding the purchase of existing housing from the property market in partnership with local not-for-profit organisations and making them available at Local Housing Allowance rent levels to ensure they remain affordable.

The evaluation team is led by the Policy Evaluation and Research Unit at Manchester Metropolitan University, working in partnership with the Centre for Homelessness Impact, UK Collaborative Centre for Housing Evidence, the Institute of Social Policy, Housing and Equalities Research (I-SPHERE), People's Voice Media and the Sol Price Center for Social Innovation at the University of Southern California.

The feasibility study is the first element of a three-year evaluation that will start in Autumn 2022. As specified by Big Society Capital in their Project Brief for the evaluation the main aim of the feasibility study is to “identify whether an impact evaluation with a counterfactual group will be possible, or whether another method of impact evaluation may be more achievable/practical” (Big Society Capital 2021: 4). Specific questions specified by Big Society Capital (2021) and addressed in this report are as follows:

- a) To what extent do existing impact reporting frameworks and outputs provide adequate data from which to conduct the evaluation analysis?
- b) Where insufficient, what additional data collection processes will be required and what will be the expected level of contribution of evaluation stakeholders (time and resource)?
- c) To what extent can part of the evaluation budget be used to support stakeholders to meet these requirements?
- d) How can effective timing and sequencing of the work align with stakeholder s existing processes to help minimise disruption and ensure operational and resource efficiencies?
- e) What is the existing evidence base on social investment for accommodation for people who have experienced homelessness?
- f) What is the size of the social investment market for rough sleeping or homelessness accommodation compared to other sectors that have received social investment funding? What trends can be seen in social investment between these different sectors?
- g) Logistically, how should the evaluation be conducted and what methodological approaches should be considered across impact and process evaluations?
- h) Can a counterfactual group, which receives accommodation through non-social investment means, be established for the impact evaluation? What are the alternative options if not?
- i) How can financial investment additionality be measured as part of the VfM evaluation?
- j) What is the scope for the process evaluation what range of partners is it practical to conduct research with?

- k) Can other mechanism(s) for Ministry of Housing, Communities and Local Government (MHCLG) funding for homelessness accommodation be established as a comparator to assess the relative Value for Money (VfM) of the social investment process?
- l) Consider a dissemination plan to ensure all stakeholders can benefit from the learnings of this process (to inform this, stakeholders should also be asked what practical insights they would want to gain from pilot)
- m) What data (if any) will be required from MHCLG as part of the evaluation?

During preparation of the feasibility study a decision was made that question f) (What is the size of the social investment market for rough sleeping or homelessness accommodation . . . ?) would be best covered in a stand-alone report to be delivered during Summer 2022. This report therefore consists of the following sections:

- A description of the methodology adopted for the feasibility study
- A description of the Everyone in Social Investment Pilot and the current evidence-based on the role of social investment in homelessness.
- Our understanding of the Pilot’s theories of change.
- A revised set of potential evaluation questions, based on our understanding of the theories of change.
- Findings from the impact evaluation feasibility study
- Findings from the process evaluation feasibility study.
- Findings from the economic evaluation feasibility study
- Plans for disseminating evaluation findings
- Conclusions from the feasibility study and next steps for the evaluation including a consideration of questions of resource and capacity within evaluation partners to participate in the work

2. Methodology for the Feasibility Study

There were a number of strands of work in the feasibility study:

Ethical approval: We sought ethical approval for the Feasibility Study from the Manchester Metropolitan University Arts and Humanities Research Ethics and Governance Committee.

Literature review: We undertook a structured review of the literature searching for empirical studies¹ on social investment for accommodation for people who are homeless or at risk of homelessness. We searched for academic research papers in Applied Social Sciences Index & Abstracts (ASSIA), which includes bibliographic information from approximately 500 English language scholarly journals covering topics including housing, mental health services, social work and substance abuse. We developed a Boolean search string to search for relevant papers within ASSIA². We also searched

¹ Reference Number: 40344

² (noft(("social invest*" OR "social impact bond*" OR "impact invest*" OR "community invest*" OR "mission invest*" OR "responsible invest*" OR "sustainable invest*" OR "ethical invest*" OR "ESG" OR "ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE" OR "ENVIRONMENTAL, SOCIAL AND GOVERNANCE")) AND (noft((homeless* OR hous* OR "rough sleep*" OR evict* OR "housing excl*" OR "residential stability" OR (street* OR "private accom*" OR "improvised accom*" OR shelter* OR "emergency accom*" OR "temporary accom*" OR "insecure accom*" OR overcrowded OR "precarious accom*" OR "stable accom*") OR runaway* OR "Run away from home" OR "Running away" OR "Ran away" OR "Going missing" OR Houseless* OR Unhoused OR "without a roof" OR Roofless OR Destitut* OR "Skid row*" OR "sleepers out")))

websites of organisations in the UK and US likely to have published relevant research and checked the bibliographies of promising papers. Just over 100 papers were initially identified and these were reduced to 31 papers after an initial assessment. These were primarily papers that reported on Social Impact Bonds or similar social outcomes contracts delivering homelessness services. No evaluations of the impact of social investment in accommodation were identified. Some papers describing the size of and trends within the market for social investment in accommodation have been published, several by Big Society Capital.

Theories of change: We worked with Big Society Capital to develop four distinct theories of change covering each of the three separate investment funds, with two distinct theories of change developed for Resonance. We then convened a workshop with staff from SASC and another with staff from Resonance to review these initial theories of change and further develop them. We went through a similar process with Bridges via a series of email exchanges due to limited capacity on the part of Bridges/Ethical Housing Company to become more involved in the Feasibility Study. The theories of change are described in Section 4.

Data review and initial data analysis: Based on our understanding from the theory of change work we reviewed local and national data sets that might support the evaluation including data about the programme collected by Big Society Capital from the investment managers in the form of ‘impact canvases’ (a set of agreed metrics covering inputs, outputs and outcomes compiled by fund managers and reported to Big Society Capital), local authorities and the Department for Levelling-Up, Housing and Communities. We had hoped to also speak to local organisations in receipt of funding to assess what additional data they might collect that was not reported up to the fund managers and hence included in the impact canvas. However, fund managers were not able to facilitate contact with local organisations within the timescale of the Feasibility Study. Using publicly available data we also constructed quarterly datasets of local authority data for those owed a relief duty and annual data for those on the homeless waiting list. This was then combined with information from the impact canvas on the location of properties to describe initial role out of the programme including its geography.

Consultation with key stakeholders. We interviewed officials in Big Society Capital, the Department for Levelling-Up, Housing and Communities and fund managers to ascertain their expectations of the evaluation and to better understand both policy and operational decisions that the evaluation results might feed into. We had hoped to also speak to local organisations in receipt of funding to identify any needs they might have that the evaluation might address. However, fund managers were not able to facilitate contact with local organisations within the timescale of the Feasibility Study.

3. Context

3.1 Social investment and homelessness

As noted in section 2, a structured review of the literature has not identified impact of social investment in accommodation. A number of papers reported on Social Impact Bonds (SIBs) or similar social outcomes contracts delivering homelessness services. Some papers describing the size of and trends within the market for social investment in accommodation have been published, several by Big Society Capital.

Social outcomes contracts to fund services

The use of social investment to address issues around homelessness is not new. Over the last ten years a number of Social Impact Bonds have targeted homelessness. Well documented examples in the UK for which a number of studies have been published include the London Homelessness SIB and The GM Homes Partnership in Greater Manchester.

Initiated in 2016, the GM Homes SIB was able to house more individuals than originally targeted at a cheaper cost to government per person when compared to more traditional methodologies (BSC, 2022). As per the delivery model, with help from Bridges Outcome Partnership the programme sourced investment from One Manchester, Trafford Housing Trust, and a group of socially motivated organisations (such as the Greater Manchester Pension Fund, Pilotlight, Big Society Capital and the European Investment Fund) (GMCA, 2020). Utilising three pre-existing organisations (Shelter, Great Places and The Brick) it separated 10 local authorities within GM into areas of expertise (GMCA, 2020). By the end of the programme of the 365 individuals who were housed 262 were still in accommodation at the end of the SIB, evidencing how vital such a programme is to enable individuals to secure housing they would otherwise not have access to (BSC, 2022; GMCA, 2020). An evidence review by a leading academic expert on homelessness in 2020 concluded that “The GM Homes Partnership exceeded goals and expectations with more housed than initially anticipated ... Very successful programme in many respects, and offers a range of lessons for improvements in future programme design and implementation.” (BSC, 2022).

The London Social Impact Bond was commissioned in 2012 by Greater London Assembly and funded by the Department of Local Communities and Local Government (DCLG, 2017). Social investors provided up front to two providers in order for them to deliver interventions to 830 rough sleepers. Using a Navigator approach, key workers adopted a personalised and flexible approach in an effort to assist the cohort in accessing provisions and move towards sustainable long-term outcomes (DCLG, 2017). The aims of the programme included achieving sustained long term accommodation and where appropriate improving health, employment and employability for those housed by the programme (DCLG, 2017). Results of an impact evaluation showed that when comparing the areas that received funding to a well-matched comparison group, the intervention methodology led to a significant reduction in rough sleeping over a two-year period and that the intervention group was ‘significantly more likely to completely desist from rough sleeping’ (DCLG, 2017). There was also evidence within the impact evaluation that the intervention had a positive impact on the numbers of people entering into long-term accommodation one and two years after the programme (DCLG, 2017).

The focus of homelessness SIBs is primarily on service delivery. SIBs themselves represent an important, but very small part of the social investment market.

Social investment in accommodation

As documented by Big Society Capital (2021a), in recent years, the social housing sector has seen the entrance and rise of private equity-funding models including the launch of affordable housing investment funds. But not all will necessarily be underpinned by social purpose. Big Society Capital (2021a) call for an impact investing approach when investing in social and affordable housing, which they define as investments made with the intention to generate positive measurable social and environmental impact, alongside financial returns (BSC, 2022). They estimate³ that the value of all social investment in the UK was worth £6.4 billion at the end of 2020, a 771 percent increase since 2011, and that social property has been the fastest growing sector of that market over the last decade, accounting for 45% of these investments by value as at December 2020. Of the £6.4 billion at the end of 2020 (representing 5,438 transactions) £1.2 billion was committed to charities and social enterprises in 2020 alone (representing 1,152 transactions). Investment has seen something of a boom period over recent years, with investment in social property funds increasing by 35 percent since 2019, and deal flow for 2020 increasing by 12 percent when compared with 2019. £643 million of deals were committed in 2020 (See Appendix 1 for complete list of investors and breakdown 2020 deal flow).

Some of this growth could be attributed to funds launched as a response to the coronavirus pandemic. For instance, the Community Investment Enterprise Facility and the Access Foundation's Growth Fund met the crisis by providing additional flexibility and liquidity. Banks reported record levels of demand during 2020 due to the offer of an increased availability of non-bank lending with the government providing emergency liquidity support in an unstable environment. However, the individual number of social enterprises and charities taking investments was roughly unchanged.

However, despite this huge increase in investment there is remarkably little evidence of the effectiveness of this approach. We know relatively little about the impact of social investment on local social housing providers, whether investment changes local social housing eco-systems, the relative value for money of this approach and, importantly, how it is experienced by people who have experienced, or are at risk of, homelessness. Effectiveness can thus be considered along a number of different points of view: for example in the quantity, and/or quality of social housing, in the impact on renters, the homeless and those at risk of homelessness and in changing the market for social finance itself – potentially drawing in more funds.

3.2 The Everyone In Social Investment Pilot

The information in this section comes from briefings provided by Big Society Capital and initial meetings with investment funds.

Everyone In

The 'Everyone In' initiative was launched by Government to bring people sleeping rough or at risk of sleeping rough off the streets in the early stages of the Covid-19 pandemic when a national lockdown was planned and then implemented. Through 'Everyone In' the Government has taken huge steps working with local authorities and their partners to protect rough sleepers during the pandemic. This work has not stopped, and by the end of January, over 37,000 people had been supported into accommodation, with over 26,000 already moved on into longer-term accommodation. Research published in the Lancet (Lewer et al. 2020) shows in the first lockdown alone the programme prevented more than 21,000 infections and 266 deaths. There was a high concentration of people from the cohort in London, Manchester, Bristol, Bournemouth, Christchurch

³ <https://bigsocietycapital.com/our-approach/market-data/>

and Poole (BCP) and Birmingham (BSC, 2021). When *Everyone In* was implemented there were concerns about an anticipated increased incidence of homelessness post-lockdown and a recognition that there was limited existing stock from local authorities and housing associations (BSC, 2021).

The Everyone In Social Investment Pilot

The Everyone In Social Investment Pilot was announced in June 2021⁴ with the aims of creating a single, efficient and coordinated social investment response that utilises existing social investment infrastructure to provide housing for people at risk of or experiencing homelessness.

Fifteen million pounds came from a DLUHC grant and £15 million from Big Society Capital. The £15 million of funding from DLUHC was in the form of a non-repayable, investable grant. In other words, any return on investment or repayment of the principal would be available to BSC to reinvest and would not be repaid to the Department. It was a condition of the grant agreement that use of the grant and subsequent reinvestment of the returns or principal repaid from the grant must be used to deliver accommodation available for rough sleepers, those at risk of rough sleeping and those at risk of homelessness for 30 years. These re-investments do not have to be with the original three fund managers. The DLUHC's preference is for all or the majority of reinvestments to be made in England.

BSC currently has over £100 million committed to housing and the three fund managers were selected because they were already within BSC's portfolio and had demonstrated the most relevant experiences and track record in delivering housing for people experiencing and at risk of homelessness. They also had an identified pipeline of charity partners that could be mobilised quickly to meet deployment targets by the end of March 2022 (BSC, 2021). The £30 million was allocated across the three fund managers as follows:

- Social & Sustainable Capital (SASC)⁵: £15m
- Resonance⁶: £12.5m
- Bridges Fund Management⁷: £2.5m

There are five investment funds.

- Social and Sustainable Capital has two funds. The Social and Sustainable Housing Fund (SASH)⁸ was launched in May 2019 and provides flexible secured loans to social sector organisations that have experience of providing both housing and support to disadvantaged people. SASC has committed £11 million of its £15 million BSC investment to SASH and this in turn has been committed to 5 borrowers: P3, Target housing, Simon Community Scotland⁹, Homelessness Oxfordshire, Emerging Futures. The remaining £4 million has been invested in the SASH side-car and this has been committed to P3 to provide accommodation in Lincolnshire and Gloucestershire. SASC lends to charities, smaller housing associations and social lettings agencies. The units are acquired by the housing provider who typically enter into a loan arrangement of 10 years or more with an option to purchase the property at the end of the loan period at 15 percent discount to market using mortgage finance.

⁴ <https://bigsocietycapital.com/latest/why-we-invested-supporting-the-everyone-in-homelessness-scheme/>

⁵ <https://www.socialandsustainable.com>

⁶ <https://resonance.ltd.uk>

⁷ <https://www.bridgesoutcomespartnerships.org>

⁸ <https://www.socialandsustainable.com/social-and-sustainable-housing/>

⁹ Scotland was not part of Everyone In and DLUHC has no jurisdiction in Scotland

- Resonance has two funds. Resonance has committed £7.5 million of BSC funding to the Resonance Everyone In fund (REIF)¹⁰ that provides an emergency response to the numbers of people sleeping rough in London. The fund has partnered with Nacro and will work by acquiring properties and leasing them to the charity to provide individuals who are currently rough sleeping, or in a hotel or hostel accommodation with a settled home. Five million pounds has been committed to the National Homelessness Property 2 fund (NHPF2)¹¹ that was launched in December 2020 following the model of the National Homelessness Property Fund which launched December 2015 and closed for investment in December 2018. The fund launched in partnership with Let Us, an Ethical Lettings Agency run by a group of housing providers working across Greater Manchester. The Resonance funds work by acquiring properties and leasing them to the social housing sector and homelessness charities to provide individuals and families at risk of homelessness with a settled home. The units acquired belong to the investment fund and are typically let through ‘fully repairing and insuring (FRI) leases’. An exit plan allows properties to be retained for their intended use
- Bridges runs one fund with all of its £2.5 million of capital committed to the Ethical Housing Company in Teeside. The Bridges fund has taken an equity stake in the Ethical Housing Company¹². Units are purchased by the Ethical Housing Company with the expectation that it will own and manage them in the long-term.

The revenue to underpin these models comes from Housing Benefit – a mixture of Local Housing Allowance¹³ or Exempt Rent¹⁴). To attract capital at scale, social investors typically look for a net yield of 3 - 4 percent per annum, which translates to 6 - 7 percent gross yield. The difference between gross and net yield is accounted for by property management costs and fund management costs. This information is summarised in the Figure 1 drawn up by BSC.

| | Social and Sustainable Housing (SASH) and SASH side-car | Resonance Funds (NHPF2 and REIF) | The Ethical Housing Company (Bridges) |
|----------------------|--|---|--|
| Investment type | Lending / Debt | Lease | Equity in the business |
| “Investees” | Typically charities, smaller housing associations, social lettings agencies | | The Ethical Housing Company (EHC), a Social Lettings Agency |
| Housing ownership | Units belong to housing providers | Units belong to property fund | Units belong to the EHC |
| Duration | Typically 10+ years loan term, option to purchase property at 15% discount to market after 10 years using mortgage finance | Typical 10 year ‘fully repairing and insuring’ (FRI) lease. Responsible exit plan allows properties to be retained for their intended use | Expectation that the EHC owns and manages the properties for the long-term |
| Underpinning revenue | Housing Benefit – a mixture of ‘Local Housing Allowance’ (LHA) and ‘Exempt Rent’ regime | Housing Benefit – a mixture of ‘Local Housing Allowance’ (LHA) and ‘Exempt Rent’ regime | Housing Benefit – ‘Local Housing Allowance’ |

Figure 1: Overview of the 5 funds, taken from BSC internal briefing

¹⁰ <https://resonance.ltd.uk/for-investors/investment-opportunities/property-funds-1/resonance-everyone-in-fund>

¹¹ <https://resonance.ltd.uk/for-investors/investment-opportunities/property-funds-1/national-homelessness-property-fund2>

¹² <https://www.ethicalhousing.co.uk/about-us>

¹³ Local Housing Allowance rates are used to calculate housing benefit for tenants renting from private landlords and vary by geography.

¹⁴ Exempt accommodation is shared housing that is not funded or commissioned by local authority or social care funding. It is often used as accommodation for people with few other housing options, such as rough sleepers. There is an element of care, support and supervision provided to claimants, which means it is exempt from Local Housing Allowance (LHA) caps, hence organisations providing this type of accommodation can charge ‘exempt rents’ which will typically be higher than LHA caps.

Additional funding raised by fund managers

With the exception of SASH side-car, the investment from the BSC Social Investment Partnership is only a part of the total investment that the different fund managers have raised. In its press release for the project BSC said that “together with other investors including trusts and foundations, local authorities and pension funds, as well as support from public bodies, £80.4 million of additional funding has been generated for social and affordable housing funds.”¹⁵ For example, Bridges has raised £7.5 million of investment including from BSC and in total, its investment in the Ethical Housing Company is expected to deliver 150 units in Teeside - one hundred more than are funded by the BSC investment. The SASH fund was established prior to the pilot and reports that over its lifetime it has invested £46 million in 13 organisations¹⁶

Housing support services

All five funds are also able to generate additional revenue to pay for housing support services:

- SASH and the side-car work with charities providing medium to high levels of support. Revenue for support services comes through two routes:
 1. Rent paid for from LHA and revenue funding secured through separate local authority commissioning contracts
 2. Exempt rent claims made to housing benefit office which include a provision for support funding
- NHPF2 works mostly with people and families with low needs. Ethical Lettings ‘Enhanced Tenancy Support’ is provided using LHA revenue. Around about 30% have higher needs and are supported with ‘Housing First light’. This is paid for through separate Rough Sleeping Accommodation Programme¹⁷ funding.
- The REIF fund’s charity partner Nacro has secured funding from the Greater London Assembly to provide support services for 4 years to the tenants of properties. Individuals will be supported 2-3 hours per week to maintain their home, set down roots in a community, engage in employment or training and transition to permanent accommodation within 2 years.
- The Ethical Housing Company that Bridges has invested in will work with low need clients. Lettings and council placement fee will provide for costs of ‘Enhanced Tenancy Support’ provided by the Ethical Housing Company.

Further funding

During 2022 an additional £20m investment (£10 million from DLUHC and £10 million from BSC) was agreed as part of the programme. This funding is earmarked for the Resonance National Homelessness Property 2 fund (NHPF2) and will focus on people stuck in Temporary Accommodation. This funding was agreed late in the process of the Feasibility study and we have not yet developed a specific theory of change for it. However, we do intend to incorporate this new funding into the scope of the main evaluation.

¹⁵ <https://bigsocietycapital.com/latest/why-we-invested-supporting-the-everyone-in-homelessness-scheme/>

¹⁶ <https://www.socialandsustainable.com/social-and-sustainable-housing/>

¹⁷ The Rough Sleeping Accommodation Programme was launched in 2020 by the DLUHC provides funding to support up to 6,000 rough sleepers into longer term accommodation.

4. Theory of change

Developing a theory of change for the pilot programme is an important first stage in the evaluation. A theory of change identifies programme resources, activities, and intended outcomes, and specifies a causal chain to link resources, activities, shorter and longer-term outcomes with the programme's ultimate goals (Wholey, 1987). The theory of change thus contributes to understanding the programme and helps in specifying the most appropriate evaluation strategy to adopt.

4.1 Elements of the theory of change

The Theory of Change (ToC) covers inputs, outputs, short-term outcomes, long-term outcomes, mechanisms and contextual information.

- **Inputs** (green in diagrams) are the activities associated with the programme. As the ToC is not a detailed description of the operation of the programme not all activities are represented. Instead, the ToC includes only those which have been clearly theorised to be associated with the short-term outcome chains identified.
- **Mechanisms** (white in diagrams) describe the interaction between individuals and an organisational or social system. Mechanisms are difficult to directly observe, but help to explain how the implementation of policy or programme leads to its outcomes. They describe the interaction between individuals and the programme or policy itself. This includes individual beliefs, attitudes and decisions, and the resources and opportunities afforded to them by the programme or policy. As such they often resist simple definition and observation, but are critical to the success of a programme or policy. Mechanisms are always understood to be present, but vary in their degree of activation and consequent effect on outcomes.
- **Outputs** (blue in diagrams) are directly associated with inputs, being the operational result of activities.
- **Contextual** information describes details about the social and political climate at the time of the programme, taking into account the location of the programme and issues linking to the PRS within these geographies.
- **Short and mid-term outcomes** (pink for short-term and purple for mid-term outcomes in the diagrams) are logically consequent to activities. They are the outcomes which are expected to be observed during the operation of the programme, and which can therefore be measured or understood by the evaluation.
- **Long-term outcomes** (gold in the diagrams) are conceptually linked to the mid-term outcomes, and represent effects which are more distal to the programme. Consequently, they are not expected to be observed during the evaluation, and will not be directly measured or assessed.

4.2 SASH Theory of Change

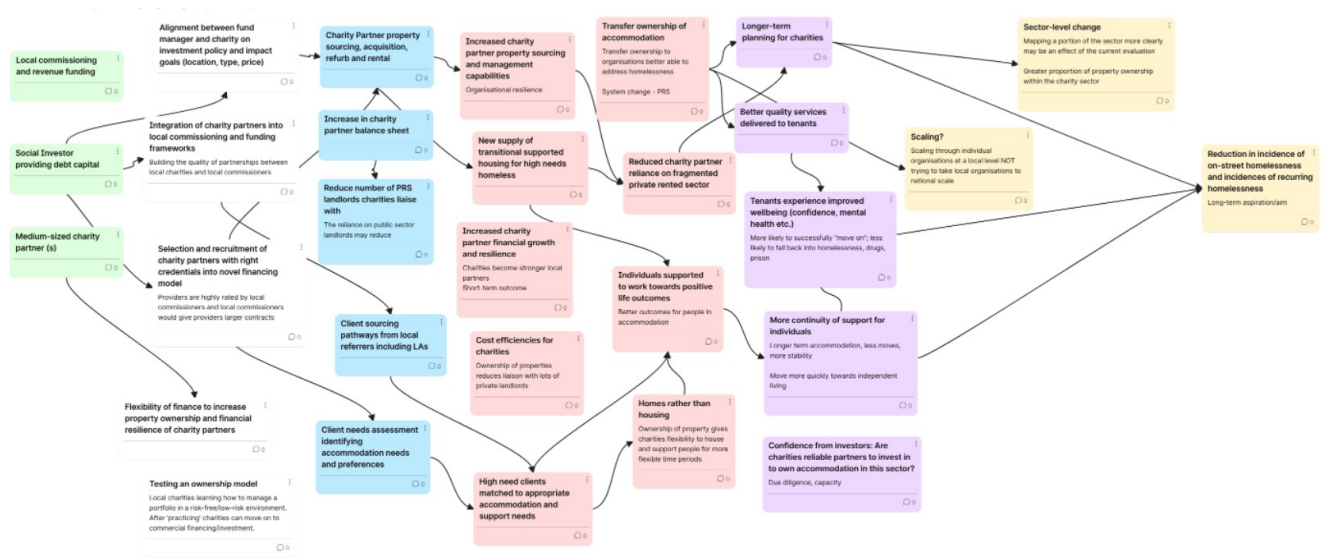


Figure 2: SASH Theory of change

Mechanisms

Before the SASH ToC workshop four key mechanisms were identified by initial work conducted by BSC. During the ToC workshop in April 2022 these four were confirmed to be accurate with a fifth mechanism identified.

- 1) Alignment between fund manager and charity on investment policy and impact goals (location, type, price)**
- 2) Integration of charity partners into local commissioning and funding frameworks** Building the quality of partnerships between local charities and local commissioners enables the correct partners to be identified for the funding which will enable the funding to be implemented in a way that will help to fulfil the outcomes of this particular investment.
- 3) Selection and recruitment of charity partners with right credentials into novel financing model** Providers that are rated highly by local commissioners based on their credentials and history will be given larger contracts by those local commissioners to ensure the capital is being used in the way the programme is designed.
- 4) Flexibility of finance to increase property ownership and financial resilience of charity partners** with the funding that has been granted as a part of this project the portfolio of the charity partners will be greatly increased while providing homeless individuals with accommodation and enabling the capital to be returned at the end of the investment. This enables the charities to repeat the model in the future, further helping homeless individuals but potentially on a larger scale if they can provide their own financing alongside investments from organisations such as BSC.
- 5) Testing an ownership model** This mechanism is a positive side effect of the nature of the work being conducted. Local charities are able to learn how to manage a substantial property portfolio in an environment where there is little-to-no-risk. After this 'practice' charities are able to move on to commercial financing and investment with the knowledge and experience of potential pitfalls that can be avoided more easily.

Inputs and associated outputs

The ToC workshops and initial work conducted by the BSC outline the social investors providing debt capital as the key input to the overall process. The funds made available by this capital make it possible for charities to acquire properties they would not have been able to via other means, this leads to a reduction in the reliance on both charities and individuals on the mainstream, commercial PRS and reduces the capital present within. This will also lead to an increase of capital on the charity's behalf, further reducing individuals being forced to rely on the PRS. This methodology of funding triggers the key mechanisms associated with selecting and integrating local charity partners into the finance model.

Another input is that of the charities themselves which will need to be identified and possess the flexibility of finance in order to increase their overall property ownership. This input is only essential in order for the charity to be eligible to partner with the social investor.

Outcome pathways

The interaction of *inputs*, *mechanisms* and *outputs* is expected to give rise to two outcome pathways each incorporating multiple short and mid-term outcomes.

- 1) Changes to the sector** In what is potentially a long term side effect of the current evaluation, the fund is likely to enable mapping of a portion of the sector more clearly than previous investments have allowed. Mapping of the market in this way will enable a reduction in the level to which charities, fund managers and homeless individuals are forced to rely on the private rented sector (PRS) and will assist the transfer of ownership from the PRS that this model relies upon. This will be reflected in a greater proportion of property ownership within the charity sector. The ToC theorises that this will lead charities to rely less on a fragmented PRS, transfer ownership of accommodation will be achieved with the ownership moving towards organisations that are better able to address homelessness rather than the PRS.
- 2) Improvement of support measures made available to homeless individuals to help them 'move on'** A long term aim of the evaluation would see a series of outcomes that would lead to a more significant support network put in place to help individuals move towards positive lifestyle changes. This support will be achieved via the following set of outcomes:
 - a) Charities owning the properties enables the flexibility to support individuals for flexible periods of time based on individual needs. This leads to the mentality of 'homes rather than housing' in both the charities and the client.
 - b) Individuals will receive support in working toward positive life outcomes, it is hoped that the continuity in support provided will create a hospitable environment in which tenants are able to make positive changes to their lives. The charities owning the properties means there will be less moves and more stability for those who are housed. This is posited to be linked to individuals being quicker to move towards more independent living due to their ability to secure a job and put down more secure roots without fear of constant moving.
 - c) Tenants will experience greater wellbeing in the dimensions of confidence and mental health. This will also lead to individuals being more likely to 'move on' successfully with less people turning back to drugs or returning to prison or homelessness.

It is posited by BSC ToC work that this outcome pathway will potentially see a reduction in recurring homelessness although members of the SASH fund believe this is more of a long-term aspiration than a measurable aim that could be reached as a result of 'everyone in' funding.

- 3) Long term planning** The provider is able to generate more revenue by planning ahead and in turn reducing the dependence on the PRS. This includes sourcing properties that would be appropriate for investment and will return capital. This longer-term planning enables more confidence from investors that they will see a return on any investments and, as a result, will increase their likelihood to invest further capital in future, enabling more houses to be purchased as a result.

4.3 Resonance London (REIF)

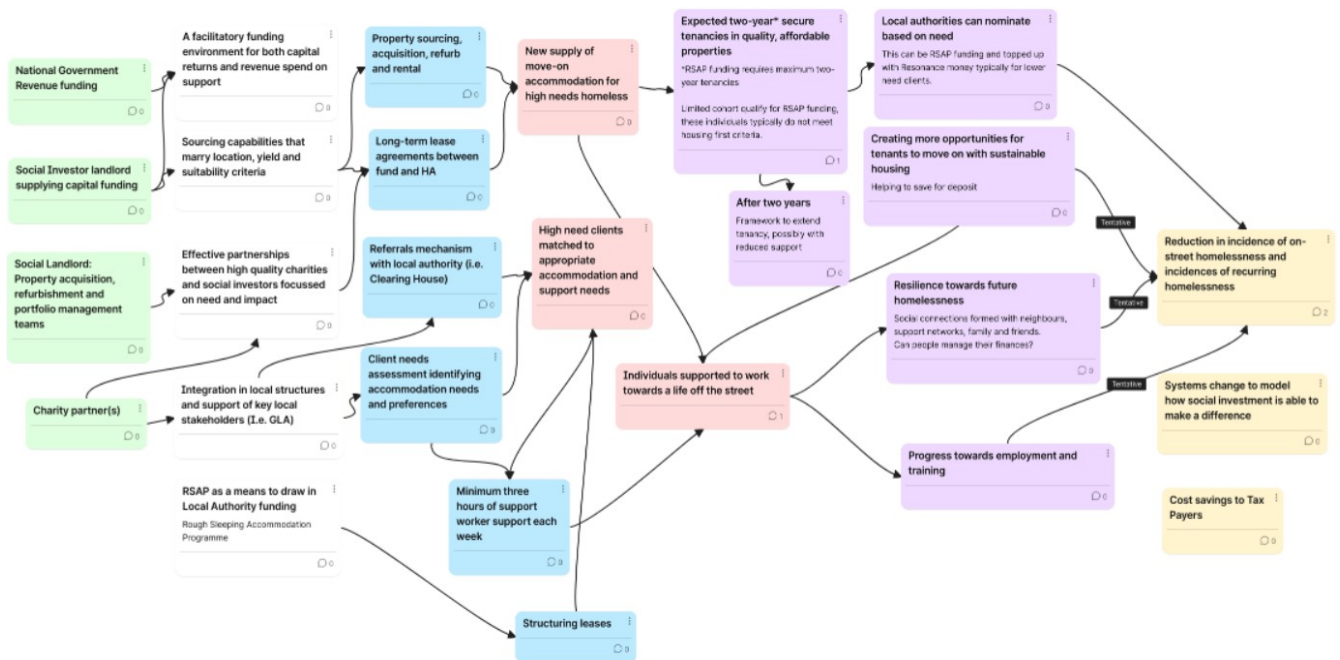


Figure 3: Resonance London Theory of Change

Mechanisms

Before the ToC workshop in April of 2022 there were four key mechanisms identified by initial BSC work. Following the workshop, a further two were added leading to a total of six key mechanisms within the ToC within the REIF fund in London.

- 1) **A facilitatory funding environment for both capital returns and revenue spend on support**
The environment enables funders a very good chance to receive a return on capital. This encourages them to reinvest in the initiative which in turn brings more capital, potentially more returns and more housing for those in need. This cycle of returning on investment leads to investors being significantly more likely to receive a return, leading to more comfort in investing in future.
- 2) **Sourcing capabilities that marry location, yield and suitability criteria** To ensure investors can get a return on their capital, it is an essential aspect of the work to ensure the location and potential yield matches that of the investment. This ensures the investment can continue after a single iteration, meaning investors are more likely to return an investment, leading to more capital for the organisations involved.
- 3) **Effective partnerships between high quality charities and social investors focussed on need and impact** Relationships being built between charities in the LAs where investment will take place and investors enables the capital to be effectively used and targeted where it will be needed most (and is likely to be most effective).
- 4) **Integration in local structures and support of key local stakeholders (i.e., GLA)** Using the pre-existing structures and stakeholders enables local knowledge to be applied and contacts to be established without the need to build trust as these time-consuming dynamics will have already taken place. This enables
- 5) **Rough sleeping accommodation model (RSAP) as a means to draw in Local Authority funding an ownership model** RSAP's goal to provide 'move on' housing to rough sleepers is

directly linked to the aim of this strand of social investment. Making LAs aware of this is potentially a very lucrative source of stable funding for the future.

- 6) **Systems change to model how social investment is able to make a difference** As a side effect of the evaluation model, Resonance aims to map how social investment is able to make a difference in an effort to potentially achieve future funding routes and encourage investors to invest in similar ventures in future.

Inputs and associated outputs

The inputs associated with the REIF fund are the funding routes and organisations in charge of managing these finances. The main inputs are the national government revenue funding and social investor landlord supplying capital funding. These inputs are responsible for the property sourcing, acquisition, refurbishment (in cases where needed) and organising the rental arrangements with the tenant. This also leads to the long-term lease agreements being agreed between the fund and the housing association which can be up to two-years in cases where high needs clients have been identified. Charity partners and the social landlord are also important inputs building effective partnerships between the two is essential to address the needs, preferences, and impact on the current tenants. This also enables a minimum threshold of three hours of support work with each tenant each week to help them move on to more sustainable housing with a bespoke framework of support to improve the tenant's abilities to save money, socially and professionally develop and progress towards long term training and employment.

Outcome pathways

- 1) **Providing necessary support to assist tenants in moving forward** In a parallel to the previous ToC an overall aim and long term aspiration is to reduce on street homelessness and incidences of individuals within the programme returning to the streets after receiving housing support. The pathways attempting to facilitate this offer support and development both socially and professionally. The social development route encourages individuals to build support networks by befriending their neighbours and reconnecting with families and old friends in an effort to build resilience to future homelessness. This will be with a view to supporting those who are less able to manage finances gain some type of support within their personal lives. The professional dimension will be targeted as those within the programmes will be encouraged to progress towards employment or training in a field of their interest. It is thought that these routes will enable more 'move on' opportunities to be possible for a tenant, in helping them save for a deposit and move into sustainable housing. The fund manager acts as a social landlord for the period of the lease-term (7-10 years). At the end of the fund life the fund manager will seek a portfolio sale of the assets to another responsible investor with lease holders in-situ. The risk profile for long-term performing assets is lower than new assets, meaning the new investors cost of capital should be lower. This will allow charities to renew leases but keep a larger portion of the revenues
- 2) **Using the RSAP funding to achieve longer leases for tenants** Using the RSAP route will enable a maximum of two-year tenancies in quality affordable properties for 'high needs homeless' individuals. Though a limit cohort will qualify for this RSAP funding as they do not meet the housing first criteria, local authorities will be able to assist in identifying and nominating those who are within the high needs categories. For those in the lower needs categories, the RSAP funding can be topped up with Resonance funding.

4.5 Resonance Manchester (NHPF2)

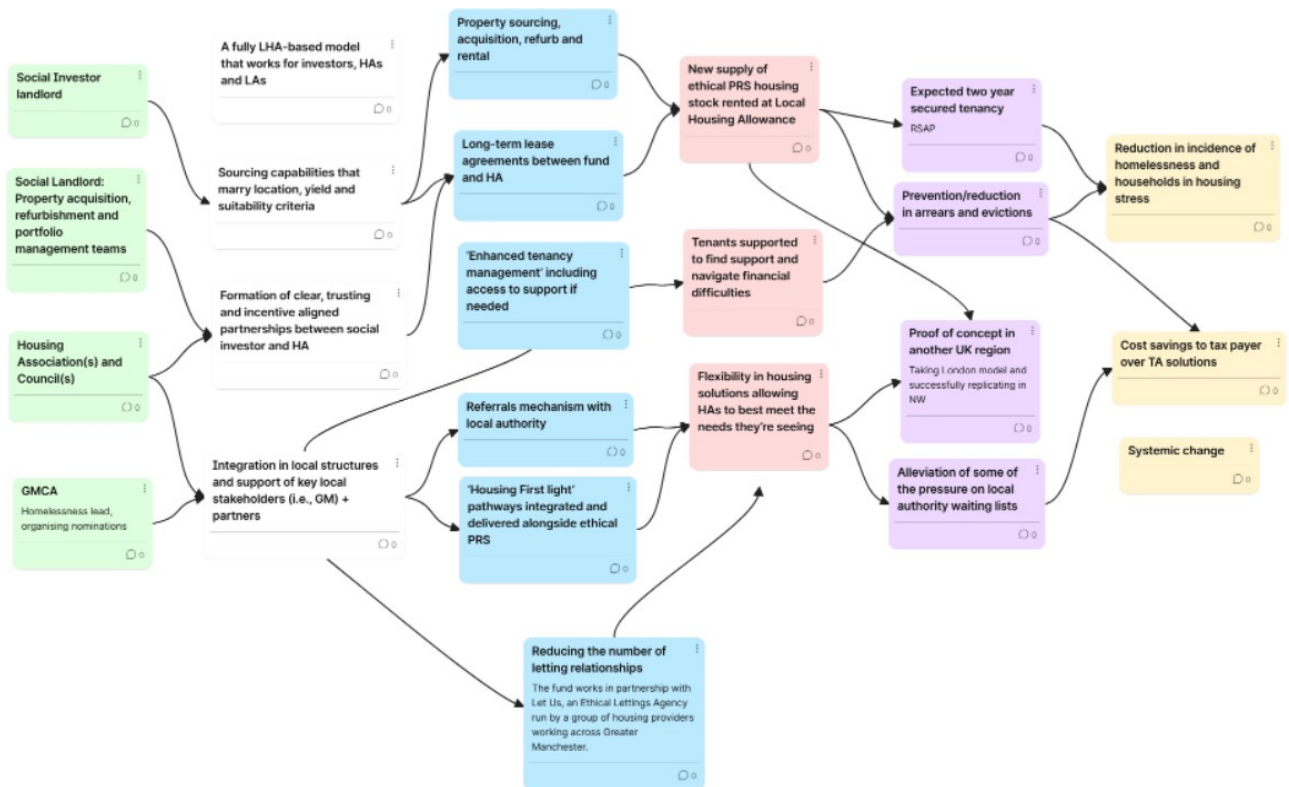


Figure 4: Resonance Manchester Theory of Change

Mechanisms

Initial ToC work conducted by the BSC outlined four key mechanisms in Resonance Manchester's NHPF2 fund. In the same ToC workshop as the previous fund, a further mechanism was identified leading to a total of five that were identified.

- 1) **A fully LHA-based model that works for investors, HAs and LAs** Though it is unlikely to be a new concept overall, having HAs and LAs able to be in contact with investors and having an open dialogue for feedback enables them to voice concerns but also to outline what works well. This will create an environment in which all involved are able to benefit to the best of the ability of the programme.
- 2) **Sourcing capabilities that marry location, yield and suitability criteria** To ensure investors can get a return on their capital, it is an essential aspect of the work to ensure the location and potential yield matches that of the investment. This ensures the investment can continue after a single iteration, meaning investors are more likely to return an investment, leading to more capital for the organisations involved.
- 3) **Formation of clear, trusting and incentive aligned partnerships between social investor and HA** Investors are able to gain more confidence in the HAs ability to generate a return on their capital with more investments. This in turn increases their likelihood to invest in future. When these investors invest repeatedly, it enables more housing to be found and more individuals to be assisted by this method of financing.
- 4) **Integration in local structures and support of key local stakeholders (i.e., GM)** Using pre-existing structures as the foundations for the current investment will give a more rigid support structure that creating one from scratch. This method also enables key contacts

who are knowledgeable within similar investments to become involved, potentially eliminating issues they may have experienced in the initial stages of previous investments.

- 5) Fund works alongside local partners** Using the local knowledge of partners from the LA in an effort to identify the best use of investor funding to generate the most effective use of capital.

Inputs and associated outputs

The inputs associated with NHPF2 utilise a lease-based model whereby there is a level of ‘risk sharing’ between the social investor and housing associations. The social investment managers agree the structure and terms of the relationship which is more friendly towards housing associations. That risk sharing includes: (1) shorter leases of between 7-10 years with break clauses; (2) responsibility on the social landlord to maintain a sinking fund to meet any necessary capital expenditure (different from the ‘standard’ Fully Repairing and Insuring Lease (FRI) terms); and (3) lease payments that are linked directly to the rate of local housing allowance (LHA) not CPI – so that underlying rents and payments to social investors are the same. This methodology enables tenants to be housed and supported through a difficult financial time in obtaining a guarantee of a secure two-year lease but also for houses to be refurbished and reducing the need to rely on letting agencies. NHPF2 also has the benefit of potentially fulfilling RSAP aims, thus unlocking a potentially lucrative and stable funding pathway.

Outcome pathways

- 1) Building a secure foundation for future investment** This will be achieved with a stock of PRS housing entering the ethical housing market and rented at Local Housing Allowance. The fund manager acts as a social landlord for the period of the lease-term (7-10 years). At the end of the fund life the fund manager will seek a portfolio sale of the assets to another responsible investor with lease holders in-situ. The risk profile for long-term performing assets is lower than new assets, meaning the new investors cost of capital should be lower. This will allow Housing Associations to renew leases but keep a larger portion of the revenues.
- 2) Supporting tenants** The above outcome enables tenants to achieve a relatively secure level of housing for a significant enough period of time that they are able to focus on addressing their financial issues. This also ensures there is a level of flexibility in the housing provided for tenants, matching their needs (both financially and related to work) to where they are housed. This will lead to fewer incidences of recurring homelessness.
- 3) Benefit to the tax payer** Any individuals housed as a result of this initiative will be removed from the LA waiting list, meaning there is a slow but sure increase on the reduction of strain on tax payers the more investors are able to get a return and reinvest. When a significant portfolio of housing is built up, this reduction of strain on the tax payer will be more noticeable than at present.

4.6 Bridges - The Ethical Housing Company (EHC)

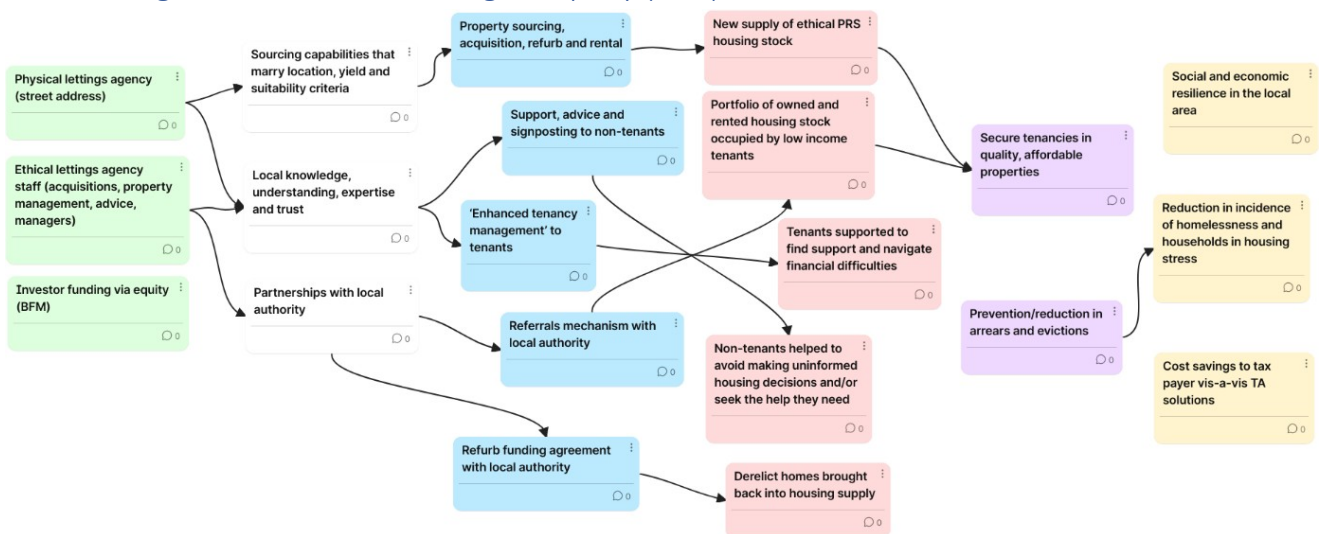


Figure 5: Bridges Ethical Housing Company Theory of Change

Mechanisms

Due to bandwidth issues at the time of the feasibility study, Bridges were unable to meet for a ToC workshop. However, due to initial ToC work conducted by BSC a great deal of the ToC was complete without the need for this workshop. This initial ToC work revealed three key mechanisms.

- 1) **Sourcing capabilities that marry location, yield and suitability criteria** To ensure investors can get a return on their capital, it is an essential aspect of the work to ensure the location and potential yield matches that of the investment. This ensures the investment can continue after a single iteration, meaning investors are more likely to return an investment, leading to more capital for the organisations involved.
- 2) **Local knowledge, understanding, expertise and trust** Organisations such as Bridges have a significant network. An established network in the social investment sector, combined with key local knowledge can be an essential aspect of the work to build trust quickly by utilising pre-existing relationships. This eliminates potentially time-consuming activities in which trust is built over time.
- 3) **Partnerships with local authority** In the last 2-3 months the contacts with the local authority have been used to help fund a very small number of Bridges' properties. It is not seen as a 'key mechanism' in the same light as the others, but is captured to provide a complete picture of the funding model.

Inputs and associated outputs

Within the ToC for the EHC there are two key inputs which are the physical lettings agency and the ethical lettings agency staff. They enter into a partnership in which physical letting agencies source locations, yield and sustainability criteria. This means sourcing, acquiring, refurbishing and renting properties. Ethical lettings agency staff provide local knowledge, understanding, expertise and trust. The ethical lettings agency staff are responsible for providing support, advice and signposting to non-tenants as well as 'enhanced tenancy management' to those who are tenants. Both agencies are responsible for partnerships with local authorities, which will include referral mechanisms and reaching agreements for refurbishment funding with these local authorities.

Outcome pathways

1) Movement of assets The methodology enables a movement of capital from private landlords to a more ethical PRS. Building this portfolio of ethically owned houses enables a more secure tenancy for those housed by EHC, without a focus on profit, leading to affordable housing and fewer evictions.

2) Support pathways for homeless individuals Whether individuals are a tenant of EHC or not, they are supported in making informed housing choices, so they are not left in a bad position due to poor decision making. This also enables individuals to obtain the help they need so they facilitate themselves being placed in a better position.

3) Renovation of area Derelict houses are brought into the EHC and renovated to a reasonable standard, so people are able to live in them, this creates a passive effect that the area receives rejuvenation as a result of the work of the EHC.

4.7 Discussion

The overall pilot aims to create a single, efficient and coordinated social investment response that utilises existing social investment infrastructure to provide housing for people at risk of or experiencing homelessness. However, the five funds operate to several different models and four distinct theories of change are discernible:

- 1. A leasing model for charities** based on leasing from a social investor. The fund manager acts as a social landlord for the period of the lease-term (7-10 years). Example: Resonance with Nacro in London
- 2. A leasing model for small, specialist Housing Associations** based on leasing from a social investor. The fund manager acts as a social landlord for the period of the lease-term (7-10 years). The structure and terms of the lease relationship are more friendly towards housing associations than commercial lease arrangements. Example: Resonance with LetUs in Manchester.
- 3. A property ownership model** based on debt finance from a social investor for charities who wish to grow their property ownership portfolio. The fund manager provides a loan facility for a 10-year period for the charity to source and purchase properties and, at the end of the period the charity can return the property to the fund manager or buy on preferential terms. Example: SASH
- 4. An equity investment model** that involves investors owning a stake in an ethical lettings company and sharing in the risk of failure and proceeds of company profits. In this model properties are owned by the company. Example: Bridges investment in the Ethical Housing Company in the North East.

Whilst Funds may provide capital investment through a range of specific mechanisms, central to each Fund's operating rationale is the expansion of accommodation for homeless families and individuals available through the not-for-profit sector¹⁸.

¹⁸ Note, this is not the same as an overall expansion of provision. The Pilot is not funding new builds, rather, it is funding the purchase of properties from the private sector, thus allowing not-for-profit providers to have either direct control and/or ownership of properties.

5. Evaluation questions

Developing the theories of change provides an opportunity to review the evaluation questions.

5.1 Aims and objectives of the evaluation

As set out by Big Society Capital (2021) The aims of the evaluation are:

- A. To understand what role social investment has in bringing forward units of accommodation for people who have experienced rough sleeping or homelessness or who have been at risk of rough sleeping or homelessness;
- B. To collate evidence on the delivery of accommodation through social investment, and outcomes for people supported through this mechanism.

There are three strategic objectives:

1. To understand whether social investment as a mechanism can effectively channel private capital to increase the supply of social housing for people who have experienced rough sleeping or homelessness or who have been at risk of rough sleeping or homelessness
2. To assess the short and longer-term outcomes social investment delivered accommodation and support can provide for people who have experienced rough sleeping or homelessness or who have been at risk of rough sleeping or homelessness
3. To assess and compare the Value for Money (Economy, Efficiency, Effectiveness) of social investment in bringing forward new units of accommodation for people who have experienced homelessness. This may also be in comparison to traditional funding mechanisms such as government grants.

5.2 Detailed evaluation questions

Specific evaluation questions are set out below. These are based on the project specification developed by Big Society Capital (2021) as modified in response to the theory of change work. It is important to note that these are evaluation questions to guide the design of the evaluation. They are not interview questions and not all evaluation questions will be relevant to all organisations involved in the evaluation nor to all individuals who are interviewed. It is also likely that some evaluation questions will change as we undertake develop theories of change with local providers.

Process evaluation

Our broad approach to the process evaluation will be in line with the framework for implementation process evaluation from Durlak & DuPre (2008), which poses the following, broad questions:

- Fidelity – how far is the delivery of the programme consistent with its design – identifying facilitators and barriers to delivery.
- Dosage – the amount of support and/or engagement received by programme recipients
- Quality – are programme outputs delivered in ways which conform to regulatory or professional service standards/guidance?
- Responsiveness – how well do programme activities respond to actors/stakeholders and do service users and practitioners see programme activities as meeting their needs?
- Reach – the extent to which programme recipients engage in its constituent activities?
- Service differentiation – to what extent is the programme genuinely new and innovative – does it offer support in ways not previously available to service users and practitioners?
- Adaptation – to what extent does the programme diverge from its initial design over time? What is the nature of these adaptations and reasons for them? Are they beneficial or detrimental?

Specific process evaluation are set out below and, in sum, will address the broad questions set out above.

Overarching questions:

- a) Has the programme has been implemented as intended? (fidelity)
- b) Did the programme reach its intended recipients? (reach)
- c) What accommodation and support was received by programme recipients? (dosage)
- d) How does the process of delivering social investment schemes compare with traditional government grant funding streams? (differentiation)

Questions for local authorities

- e) What have local authority partners learnt about building relationships with social investment partners?
- f) What have local authorities learnt about organisational capacity-building through working with social investment partners?
- g) Is there any evidence that social investment (and associated delivery targets / milestones) affects or influences the profile of tenants that an organisation accepts?
- h) Does the pilot either directly or indirectly lead to a greater focus on prevention in addressing homelessness and rough sleeping?

For providers

- i) What role does longer-term social investment have on organisational risk and resilience?
- j) What role does this type of capital funding have on the ability to secure appropriate support funding?
- k) What support and expertise have providers received from investment fund managers?
- l) Has this form of social investment led to changes in strategy or culture for provider organisations?
- m) What would the alternative be for providers if this capital funding was not available?
- n) Does long-term social investment provide greater stability of accommodation schemes?
- o) Does long-term social investment provide greater stability for staff?
- p) What is the impact of social investment led schemes on staff morale, staff retention etc?
- q) Is there any evidence that the social investment (and associated delivery targets / milestones) affects or influences the profile of tenant that an organisation accepts?

For Social Investment Fund Manager and BSC

- a) How were investment fund managers selected and what makes a good social investment fund manager in homelessness provision?
- b) To what extent is the presence of government investment a strength or limitation to the programme?
- c) What have investment managers learned about building relationships with providers in the planning of investment stage, and afterwards in monitoring delivery?
- d) What have investment fund managers learned about where to target their efforts in terms of geography and cohorts-of-need?
- e) Why were investors drawn to invest in this programme? What does it teach us about investor appetite with this cohort more broadly?

For DLUHC

- f) What opportunities does a social investment approach offer to build cross-governmental collaboration, recognising the complexity of the factors behind homelessness?
- g) What does this social Investment mechanism fail to achieve that requires an additional response?

For people who access accommodation

- h) What are the demographic characteristics and backgrounds of people who access accommodation provided through the Pilot?
- i) What experiences of homelessness and rough sleeping do people who access Pilot accommodation and services have?
- j) What support needs do people who access Pilot accommodation and services have?
- k) What support have people accommodated through social investment funding received, and how does this compare to the support that grant-funded accommodation offers?
- l) How long do people stay in their homes? When they do move on, what are the reasons for doing so and what are their outcomes?

Outcome evaluation and value for money

Overarching questions

- a) How efficient, cost-effective and impactful is delivery of accommodation via social investment, in comparison to grant-giving or other established payment mechanisms?
- b) How does the efficiency, cost-effectiveness and impact of different social investment models provided through the programme compare regarding the outcomes for individuals?

Impact on providers

- c) Does the pilot Improve housing Providers' balance sheets through adding to net assets
- d) Does the pilot increase confidence of investors to invest in the organisation?
- e) Does the pilot support organisations to scale their provision?
- f) Does the pilot reduce costs borne by housing Providers and improve their efficiency, i.e. less reliance on managing a large volume of tenancies in the private-rented sector?

Impact on local systems

- g) Does the pilot impact on the local homelessness and rough-sleeping accommodation sector? Does it lead to systemic change?
- h) Does the pilot alleviate some pressures on local authority or Housing Association waiting lists?

Impact on people who access accommodation

- i) Does the pilot lead to longer-term planning and more continuity of service for people in the Pilot?
- j) Does the Pilot impact on the length of time of tenancies are sustained?
- k) Does the Pilot impact on people's satisfaction with accommodation, including its quality, their choice of accommodation, and whether individuals are near to amenities or services, friends and family?
- l) Does the pilot increase people's wellbeing

- m) Does the pilot increase people's resilience and self-efficacy, meaning that they are less likely to experience homelessness or rough sleeping in the future?

5.3 Discussion of evaluation questions

It is noticeable that for many of the impact questions, the unit of analysis is the provider or the local housing sector for people who are experiencing or at risk of homelessness. For instance:

- c) Does the pilot Improve housing Providers' balance sheets through adding to net assets
- d) Does the pilot increase confidence of investors to invest in the organisation?
- e) Does the pilot support organisations to scale their provision?
- f) Does the pilot reduce costs borne by housing Providers and improve their efficiency, i.e. less reliance on managing a large volume of tenancies in the private-rented sector?
- g) Does the pilot impact on the local homelessness and rough-sleeping accommodation sector?
- h) Does the pilot alleviate some pressures on local authority waiting lists?

There are only a small number of providers/local authorities involved in this study, suggesting that a traditional, counter-factual impact evaluation might not be appropriate to answer these questions.

Questions that talk to people's experience of the programme might, prima facie, be more appropriately answered using a counter-factual impact evaluation in which, for example, a survey was used as one of the research tools. These are questions such as:

- i) Does the pilot lead to longer-term planning and more continuity of service for people in the Pilot?
- j) Does the Pilot impact on the length of time of tenancies are sustained?
- k) Does the Pilot impact on people's satisfaction with accommodation, including its quality, their choice of accommodation, and whether individuals are near to amenities or services, friends and family?
- l) Does the pilot increase people's wellbeing
- m) Does the pilot increase people's resilience and self-efficacy, meaning that they are less likely to experience homelessness or rough sleeping in the future?

6. Impact Evaluation Feasibility

6.1 Introduction

In addressing the fundamental questions of cause and effect, impact evaluation seeks to identify whether some intervention/treatment, policy or programme has brought about change in an outcome(s) of interest. That is whether there is any evidence of a causal effect. We refer to this question as one of fundamental causation (Fenton-Glynn, 2021). Further to this, and in addition, impact evaluation can also seek to provide an explanation for the change induced by the intervention/treatment or programme. That is, questions of how, why and under what conditions change did or did not occur?

In this section, we provide an assessment of the prospects for an impact evaluation that addresses questions of fundamental causation in relation to the 'Everyone In' Social Investment Pilot. We consider the outlook for a prospective randomised controlled trial, a retrospective quasi-experimental individual-level impact evaluation, and a group or area level study. These potential study designs all focus on uncovering quantitative evidence of the effectiveness of the Pilot. We conclude that a traditional, counter-factual impact evaluation is not possible and therefore suggest an alternative case-based or 'small n' impact evaluation design (See section 6.5 for details).

6.2 Impact evaluation and the theory of change

This feasibility study assesses the prospects for an impact evaluation of three separate Funds. Each of these Funds has a theory of change and one— Resonance — has two, one for Manchester and one for London. The immediate question is therefore: are these Funds sufficiently varied to require impact evaluations that themselves vary in their design and approach? Or, will a single approach for all Funds be adequate?

Our starting point, is that the variety we observe in Funds and their theories of change, pose less of a problem than might immediately be perceived. This is because, at least in their higher-level components, they are quite similar and seek to achieve similar goals and objectives. But also because impact evaluation, essentially, aims to provide a summary of effectiveness and thus is concerned with the ‘general’ rather than ‘particular’.

The PICO framework provides a guide for developing impact evaluation questions (Schardt et. al, 2007). The original formulation of PICO was devised with clinical research in mind. We therefore adapt the framework for the current study. We take PICO to represent the concepts of Population (who is the target of Funds, or their ultimate beneficiaries), Intervention (what are the Funds in terms of their features, core components and activities), Comparison (what do we compare the Funds to?) and Outcome (what outcomes do the Funds seek to change?).

Let us refer to PICO in assessing each of the theories of change to determine whether a single impact evaluation approach will be sufficient and cover all Funds.

Population

In identifying target populations, we need to bear in mind that there are both conceptual and pragmatic issues to consider. In other words, a proposed evaluation design may not be able to answer the evaluation question in precisely the terms implied by the units targeted by the intervention. In the Pilot, individuals and families declared homeless might be the fundamental target group, or the Funds ultimate beneficiaries. Due to pragmatic considerations, however, an evaluation design may have to proceed by considering the investment to be targeted at an area or geographical unit comprised of the individuals or families in the aggregate. For example, and in contrast to an approach that focuses on the effects of Everyone In on individuals, an area-level approach may be chosen to keep the burden of data collection on investment partners to a minimum, or to contain the costs of data collection more broadly, in that an area-based approach might draw more extensively on existing published data.

Given these considerations, what do the theories of change tell us about the populations targeted by Funds and how similar or different they are? Each of the three Funds provides financing with aim of increasing the stock of housing made available through not-for-profit housing Providers. For example, Resonance provides capital to Nacro and LetUs, who act as Providers. This financing takes a variety of forms. Properties can be leased by Funds to Providers over the medium term (7-10 years) on favourable terms. Alternatively, Funds can lend to Providers, on preferential terms, so that Providers can purchase housing and refurbish it. Finally, Funds can take a stake in a Provider, where the Provider uses the additional capital to acquire housing.

Through a variety of mechanisms therefore Funds stimulate the provision of housing through the not-for-profit sector. Based on this increased provision, Providers then accommodate homeless families and individuals. To date, we have had very limited contact with Providers and so it is not clear precisely how homeless families and individuals are identified, but for the purposes of this discussion we assume they have been identified by the local authority as being owed a ‘relief duty’.

This is a different and larger cohort than the original *Everyone In* cohort. Thus, for each Fund, the objective is to provide accommodation for families and individuals that are homeless. As a result, we can consider in the case of each Fund, that the target populations are homeless families and individuals, even though Funds may adopt varying financed-based mechanisms to support these families.

Intervention

What do the theories of change tell us about the similarity or otherwise of the interventions themselves, where we think of each Fund as representing a discrete intervention? Whilst Funds may provide capital investment through a range of specific mechanisms, central to each Fund's operating rationale is the expansion of accommodation for homeless families and individuals available through the non-for-profit sector. In practice this means that Funds aim to reduce reliance of targeted housing Providers on the commercial private-rented sector. A requirement for further support measures may be required by Funds' as a condition of financing, for example, Resonance Manchester seek to encourage 'enhanced tenancy management' with the provision of additional support where needed. But in essence Funds take a similar approach, providing finance through a variety of means to increase provision of housing for vulnerable families.

The transfer of accommodation for homeless households, from the private-rented sector to the not-for-profit sector, is hypothesised to:

- Reduce costs born by housing Providers and improve their efficiency, i.e. less reliance on managing a large volume of tenancies in the private-rented sector
- Improve housing Providers' balance sheets through adding to net assets
- Create more sustainable housing solutions for homeless individuals and families through more favourable tenancies, e.g., longer tenancies, etc.
- Better matching of accommodation to need – focusing on those with multiple disadvantages
- Free-up resources and create flexibility for Housing Providers to address individuals and families' wider needs, i.e. broker employment and training opportunities, support with personal finance, addressing mental health issues, etc.

It is these features of provision that mark out the distinctiveness of Funds' approach. The central idea here, is that these benefits will not be apparent, or at least not to the same degree, in accommodation provided under business-as-usual conditions – that is through means typical in the absence of Fund's activities (accommodation in the private-rented-sector).

Viewed in these terms, Funds' theories of change, from the perspective of impact evaluation and in general terms, are sufficiently alike to warrant a single impact evaluation design that encompasses each Fund.

Comparator

The purpose of impact evaluation is to determine the effect of Funds on outcomes for those housed as a result of their activities. Theoretically, the causal effect of Funds on an individual is an individual's observed outcome minus their counterfactual outcome. The counterfactual being the outcome that would have pertained for the individual in some alternative state of the world – alternative in the sense of the individual being housed in accommodation not provided through Funds.

Counterfactuals are unobservable for individuals but can be estimated for groups. So, in essence, impact evaluation provides an estimate of the observed average outcome for a group of persons

accommodated through the Pilot, and an estimate of the average (counterfactual) outcome for those same persons had they been accommodated through some alternative means¹⁹. The causal effect of the Pilot, is the difference between the average observed and counterfactual group outcomes.

To do so, we need to define the condition to which we will compare the Pilot. In other words what represents the counterfactual.

Typically, social programmes, such as the Pilot, are compared to circumstances that would have pertained in their absence – sometimes termed ‘business as usual’. The evaluator’s task is to find individuals or families that are similar to those accommodated through the Pilot, but who contemporaneously are exposed to ‘business as usual’. The observed outcome for this group – often referred to as a control or comparison group - is the estimated counterfactual outcome for households housed through Everyone In. The validity of estimated counterfactual outcomes depends on how similar the control group is to those who are housed through the Pilot. Ideally, the two groups would be identical in all important respects but for the means through which their housing is provided.

In the case of the Pilot, the most obvious contrast (or counterfactual condition) would be the private-rented sector. Counterfactual outcomes for those accommodated through the Pilot could be estimated from a group of similar homeless families and individuals housed contemporaneously in the private-rented sector. This would require outcomes to be measurable for both groups, using similar instruments at roughly the same points in time.

An evaluation conceived of in these terms would provide an estimate of the effectiveness on households and individuals of being housed in accommodation provided by the not-for-profit sector and funded through the Pilot, compared to being housed in the private-rented sector.

Outcomes

Having identified the target group, set out the general features of Funds and defined a common comparator against which we wish to compare them, the remaining task is to identify a primary outcome for the evaluation.

In identifying a primary outcome both conceptual and practical considerations are again relevant. Not all outcomes are measurable for groups accommodated through the Pilot as well as for the relevant comparison or control group. Outcomes need to be measured similarly for both, over the same time periods. The costs of data collection and any demands on Funds and Providers need to be considered. Of paramount importance is that any outcome should be consistent with and fully justified by the theories of change.

One outcome that is present in each of the four theories of change is homelessness. In other words, the expectation is that for those individuals accommodated through the Pilot, their risk of future homelessness is reduced compared to that risk that would have prevailed had they been accommodated in the commercial PRS. This is for various reasons including the ability to offer better continuity of support, more appropriate accommodation and linking accommodation to wrap-around services that improve personal efficacy and resilience. The outcome can be defined at both

¹⁹ Technically the parameter discussed here is the average effect of treatment on the treated (ATT). An alternative parameter of interest maybe the average treatment effect (ATE). With full compliance and no loss- to-follow-up, a sample estimate of ATE is usually the target parameter in randomised controlled trials; whereas ATT tends to be the target parameter in retrospective QED designs.

an individual level and area level; though in doing so, some important distinctions should be kept in mind; these are discussed in the following section.

Questions

Given these considerations, the relevant effectiveness questions might be:

1. What is the risk of homelessness for individuals housed in accommodation provided by the not-for-profit sector and funded through the Pilot, compared to the risk of homelessness at the same point in time among those housed contemporaneously in the private-rented sector? Or,
2. What is the aggregate and subsequent incidence of homelessness, in areas in which accommodation has been funded by the Pilot, compared to the contemporaneous incidence of homelessness in areas that have not received funding?

The assumption in this second question is that investment into an area through the pilot raises the stock of housing provided directly by the not-for-profit sector, relative to the level in its absence. However, the comparator condition is not an absence of provision through such means. It is entirely likely that areas that have not received Pilot funding will have provision provided directly by the not-for-profit sector. The assumption is that we should see a net increase in not-for-profit provision in areas receiving funding and that will result in a reduction in the incidence of homelessness compared to what it would have been.

This is a somewhat less clear-cut contrast when compared to the question defined at the individual level. In some senses, it also requires the Pilot to have a larger effect than for an individual level evaluation. This is because a Fund's 'signal' relative to the 'background noise' would have to be more pronounced in the case of an evaluation conducted at the area or aggregate level. The contrast between areas Funds are operating in and control or comparison areas is less clear cut than the contrast between individuals housed either in the not-for-profit or private sectors. Furthermore, it could be that Everyone In does not necessarily add to the total stock of housing in an area, other than potentially bringing abandoned or derelict housing back under occupation. Rather it is assumed that Funds' bring forward supply that is directed at a particular segment of the market; that is new supply, for those previously homeless that would otherwise not be forthcoming, or alternatively offered through the commercial PRS.

6.3 Fieldwork to support impact feasibility options

Before assessing the prospects for different approaches to impact evaluation, drawing on the discussion thus far, we set out details of the fieldwork we have been able to undertake in order to inform our assessment.

In our proposal, we set out the requirement for initial fieldwork that would enable us to collect information and data to help us assess prospects for different approaches to impact evaluation. This fieldwork was to involve discussions with stakeholders, both Funds, Big Society Capital and, housing Providers. We proposed conducting semi-structured interviews with stakeholders to build a working knowledge of each Fund and Provider, across the areas in which Providers were operating, collecting any relevant administrative data, data concerning individual beneficiaries and identifying any further issues that might be important.

Due to the structure of Funds our ability to collect data has been restricted by various factors. For instance, individual level data that would be essential for some forms of evaluation design are captured only by housing Providers and the relevant local authorities. We have been unable to make

initial contact with many of these organisations. For our purposes, Funds acts as gatekeepers to the relevant Providers and have dissuaded us from contacting them due to concerns around the burden the evaluation might place on them.

The only data that has been made available to us by Funds are what are known as the KPI impact canvas reports. These are helpful because they provide information about the number of properties that been made available by Providers as a result of funding received, the size of those properties, the timing of provision and property locations. This information does not contain details of persons housed and their characteristics at an individual level, which would be essential for identifying groups that have been supported. We also do not have information on the types of tenancy offered how long people remain in accommodation and how long accommodation remains empty before being re-let.

Impact canvas reports are required by BSC, but representatives of the Funds indicated a reluctance to capture any further information additional to the summary information currently provided.

There was a sense among Fund managers, that the level of resources they had received constituted quite a small proportion of the capital they had under management. At the same time, there as a perception that cooperating with the evaluation was likely to be time consuming and expensive for both Funders and Providers²⁰. Thus, Funds wanted to limit the amount of time and resource expended in providing additional data and other information to evaluators.

As a result, our assessment of the impact evaluation designs open to us, is based mainly on the data from the Impact Canvas Reports, supplemented with publicly available data from national and local government sources.

6.4 Potential counter-factual impact study designs

There are three types of impact evaluation design that we consider as a means of assessing the effectiveness of the Pilot. Two of the three types of design examine the impact of housing funded through the Pilot on an individual's or family's risk of homelessness. This type of evaluation addresses question 1) above (see Question 1 in Section 6.3). A third option is an area-based study. This would examine whether areas receiving funding through Everyone In saw a reduction in homelessness and thereby addresses Question 2 in Section 6.3). All three study types draw on the idea of counterfactuals, control or comparison groups.

Following on from our assessment of the theory of change and the data and information that has been obtained, we look at individual level designs first, then turning our attention to an area-level study.

Individual level impact evaluation designs

Because we have been unable to engage fully with Funders and Providers there are limitations to how far we can assess the scope for an impact evaluation drawing on individual level data. What we are able to do is suggest credible designs that might be implemented, and assess the prospects for such designs in the light of what we know.

Individual level designs can be further subdivided into two groups: 1) prospective and 2) retrospective designs.

²⁰ We are strongly of the view that this will not be the case, particularly given the approach to impact evaluation we propose later in this paper.

A prospective design

As the name implies, a prospective design involves design elements that look forward. A randomised controlled trial design or RCT is a prospective approach.

An RCT in the case of the Pilot, would involve intervening in the allocation of homeless families and individuals to housing. For example, researchers would take families or individuals for whom the local authority had identified a 'relief duty' and create two groups of them at random. One group, which we might consider the intervention or treated group, would be offered accommodation in housing provided by a not-for-profit provider funded through Everyone-In. The second group, which we would refer to as the control group, would be offered housing through the private-rented sector (representing business as usual).

The individuals or families in both groups would then be tracked over time and at certain points in time we would observe whether they were homeless or not. Effectively, we would ask whether such families appeared on lists of families who were either owed a 'relief' or 'prevent' duty by the local authority, which we might interpret as being homeless or at risk of homelessness. Any difference in the homelessness rate (as defined) between the two groups would be interpreted as the causal effect of housing funded through Everyone In on the risk of homelessness²¹.

As we will be seen in our discussion of the data below, most finance has already been dispersed by Funds, and that Providers have already acquired property and in many cases allocated space to homeless individuals and families. Furthermore, no approach has been made to either Providers or Local Authorities to facilitate randomisation. These circumstances effectively make an RCT impossible, and for these reasons, such an approach can be set to one side.

A retrospective design

In very crude terms, a quasi-experimental design, or QED, can be seen as a retrospective equivalent of an RCT. In the case of a QED, researchers do not manipulate the flow of homeless families into accommodation. Instead, housing allocation proceeds as normal. What is required is that retrospectively, researchers can identify the families placed in different forms of accommodation – accommodation provided by the not-for-profit and private sectors – over a fixed period of time within all the areas receiving funding via the Pilot. Further, that we can access information on all these families capturing their characteristics and ideally their housing histories, across both groups uniformly. We refer collectively to these forms of data as covariates. Covariates would contain details of family composition, socio-demographic and economic information as well as information about the family's housing history.

Covariates would be used to retrospectively to construct a control group of families housed in the private sector that looked ideally the same on average, based on these covariates, as families housed in the not-for-profit sector that had received support from the Pilot. Thus, a data source is required that enables families housed in both sectors to be identified; as well, that these data either contain or could be linked to data containing a plausible set of covariates. Finally, all the families identified through this process would need to be tracked over time in the same way as described for the RCT.

Essential to the process is being able to be able to collect personal and possibly sensitive data on families and individuals in different forms of accommodation within an area. Such data would need

²¹ In a RCT with full compliance

to be forthcoming from both Providers and Local Authorities. Data Sharing agreements would be required with all parties, an onerous task. There is no guarantee that the relevant parties would agree to release data. Furthermore, there is also no guarantee that even if such consents were obtained from over 25 local authorities, all Providers (and possibly also all Funds), the types of data available and their quality would fulfil all the necessary requirements of a QED. In many ways QEDs require more and richer data than RCTs, even though they require less intrusion into the operation of Funds, Providers, and local authorities.

Whilst some of the data required for a QED does appear to be available, it is not clear yet how it could be accessed, particularly given the level of cooperation received from Funds thus far and our lack of contact with Providers. It is conceivable that these data issues could be overcome, however, there is also another challenge for designing a QED based on individual-level data and this relates to treatment contrast. The theory of change suggests that people accessing the accommodation and services might achieve better outcomes because properties are more appropriate to their needs and more continuity is possible because the Providers have more control over the properties they reside in. However, the difference between this experience and the experience of someone housed by a similar organisation in a property owned by a private landlord is one of degrees, it is not a fundamentally different experience. This suggests that the likely 'effect size' will be relatively modest and that therefore a large intervention group and control will be needed to discern this difference with statistical confidence. However, as described below the Pilot will only result in a relatively small number of properties and beds being brought forward (see Figure 6).

For these reasons, we do not see potential for an individual level QED in the case of the Pilot.

Area level designs

An area level design shifts the focus of attention away from individual families to areas; more specifically a comparison between areas that receive investment via the Pilot, to those areas that receive no such investment. Such designs address Question 2 in Section 6.3).

Essentially, we use area level data that are publicly available for all local authorities, to find a group of authorities that historically look similar (based on observable characteristics and matching them to LAs with similar historical trends) to those areas receiving funds. These authorities act as a comparison group. Based on information contained in the Impact Canvas reports, we know which local authorities Funds, via Providers, have invested in. We can use published data on homelessness going back to 2018, available quarterly, data on local authority waiting lists (back to the late 1980s – see Table 1 in the Annex), as well as data on housing supply, available for all local authorities, to sample local authorities that *have not* received the Pilot support but who on the basis of these data have similar historic trends to those areas receiving investment.

We would therefore have a group of intervention or treated areas – those receiving Pilot funds – and a group of comparison areas. We would then track future numbers of homeless families owed either a relief or prevent duty going forward in both areas on a quarterly basis. Any difference between the two, depending on the quality of the matched groups and certain assumptions, could be interpreted as the causal effect of receiving Funding on an area.

Given that this approach relies on existing, published sources, we have been able to explore the prospects for an area level impact evaluation in somewhat more detail. Before we do so, we first look at some of the sources of data available.

Sources of data

Initially we intended collecting data from the following sources:

- Public-facing local authority level statistics, captured by the Ministry of Housing, Communities and Local Government. This information includes the number of individuals owed a relief duty, a prevent duty and details of areas' housing waiting lists (see Appendix 2)²²;
- KPI impact canvases captured for BSC by Resonance, SASC and Bridges, which indicate useful statistics such as the number of individuals housed, where these houses are and the start and end dates of funding
- Organisation level data captured by the Providers and partners funded by SASC, Resonance and Bridges, this is where data is captured at an individual level.

We have been able to collect public facing, local authority data. These provide an overview of the number of individuals who are homeless for each local authority and, furthermore, how many of these individuals are owed a relief duty by this local authority. This data is captured quarterly, and we have used data from 2018-2021. The data overall is useful for comparison between areas but the data are not without issues. We have also been able to collect public facing, local authority data for the numbers of individuals on accepted as homeless and awaiting rehousing. While these data have been collected for a number of years, giving a much better idea of the effect the significant temporal change has had on the numbers there are drawbacks to these data. One is that the data are not captured quarterly leaving a lack of detail for the shift of numbers of homeless people included within the same year. The other issue is when compared to relief duty, while both measures are relevant, the waitlist is much broader. It includes every individual looking for social housing. Those who are homeless will be only a small fraction of this number. Consistency within the data is lacking. For instance, there is some missing data where a local authority's data is not captured for one quarter, then data capture resumes the next.

Data from the KPI impact canvas is captured for the BSC by Resonance, SASC and Bridges. The information included within this spreadsheet includes:

- The number of individuals housed
- The number of units purchased
- The breakdown of whether those housed are adults or children (including a breakdown of household types)
- The length of the stay including any evictions or abandonments
- A property report indicating the postcode, local authority, number of bedrooms, date of acquisition and whether the property is occupied at present.

These data enable a comparison both within areas (to determine the level to which funding has impacted those owed relief duty in local authorities) and between similar areas (to determine if there is a noticeable difference in similar geographies as a result of social investment). This data is largely without gaps and has some consistency between each of the fund sites due to BSC having designed a standard template for the Pilot, with some Fund-specific variations.

²² Aggregate level data is regularly reported by DLUHC at the LA level. This includes information such as the number of people owed a homelessness duty, and people in temporary accommodation DLUHC also collects additional management information for the Rough Sleeping Initiative. This data is collected monthly for all LAs (about 93% completion rate), but is not publicly available due to quality concerns. This information could be requested from DLUHC as part of the evaluation.

Combining information from the impact canvas and local authority data has enabled us to generate average numbers of individuals who are homeless and owed a relief duty for local authorities that have received funding as well as average numbers for local authorities that both received funding and areas that received no funding to determine differences in numbers on the waiting list. Given that we also know the dates of purchase of these properties it is also likely we will be able to determine the levels to which there is any impact directly linked to this round of social investment funding. This will allow comparisons to be made to similar geographies.

Preliminary analysis of area level data

In this section, we analyse some of the area level data we have been able to collect. We examine the data and comment on their consequences for an area level impact evaluation.

Figure 6 examines the Funds and the local authority districts that received their investments. Bridges have made capital available resulting in investment in four districts. These are urban/semi-urban areas of moderate to high population density in the north east of England. Homelessness is defined as households identified by the local authority as those for whom a relief duty is owed in each quarter. A time series of number of households on local authority waiting lists, by five-year periods, since 1987 is also provided (see Annex). It is important to note that we cannot assume households on waiting lists are necessarily homeless – they are also a measure of prevalence rather than incidence, and periodically need to be cleansed of redundant information.

Our attention is directed toward the average incidence of homelessness per quarter in Figure 6 (column 8). On average across the 15 quarters of data available, 126 households for example, were owed a relief duty by the local authority in Middlesbrough. Across all the districts that had received funding from Bridges, 405 households were on average identified by the four authorities as being owed a relief duty per quarter.

Take home messages from the preliminary analysis of data are easily condensed into the following points:

- 1) The areas supported by the Funds have a higher incidence of cases so it will be difficult to find a valid counterfactual among the other areas
- 2) The number of units brought forward by each of them is very small relative to the level of need so it will be difficult to see any impacts

Figure 6: Funds by local authority area, housing waiting lists, homelessness and scale of investment

| Fund/Area | Local Authority Waiting Lists – average annual households | | | | | | | Incidence of homelessness: Average quarterly households owed a relief duty (1) | SD | CV (%) (2) | Date first property handed over | Date last property handed over | Number of properties | Number of bedrooms |
|-------------------------|---|-----------|-----------|-----------|-----------|-----------|-----------|--|-------|------------|---------------------------------|--------------------------------|----------------------|--------------------|
| | 1987-1989 | 1990-1995 | 1996-2000 | 2001-2005 | 2006-2010 | 2011-2015 | 2016-2019 | | | | | | | |
| Bridges | | | | | | | | | | | | | | |
| Hartlepool | 3,074 | 5,120 | 2,527 | 3,718 | 3,153 | 2,643 | 2,918 | 46 | 15.4 | 33.5 | 30/10/2020 | 09/04/2021 | 4 | 12 |
| Middlesbrough | 7,742 | 4,847 | 3,420 | 3,741 | 7,731 | 5,174 | 4,242 | 126 | 33.3 | 26.5 | 16/10/2020 | 07/05/2021 | 8 | 20 |
| Redcar & Cleveland | 5,038 | 5,738 | 4,352 | 2,779 | 2,803 | 2,443 | 2,366 | 60 | 14.6 | 24.3 | 30/10/2020 | 23/04/2021 | 6 | 15 |
| Stockton on Tees | 5,069 | 6,337 | 7,024 | 3,894 | 3,487 | 3,839 | 4,136 | 177 | 31.1 | 17.6 | 18/12/2020 | 05/02/2021 | 9 | 19 |
| Totals | | | | | | | | 405 | | | October 2020 | May 2021 | 27 | 66 |
| SASC | | | | | | | | | | | | | | |
| Gloucester | 2,904 | 1,952 | 2,135 | 3,506 | 4,774 | 4,560 | 4,709 | 195 | 22.4 | 11.5 | 26/04/2021 | 24/06/2021 | 2 | 2 |
| Hyndburn | 2,354 | 2,299 | 970 | 1,907 | 2,767 | 2,591 | 1,585 | 25 | 8.6 | 34.0 | 15/12/2021 | - | 1 | 3 |
| Kingston upon Hull | 8,620 | 10,868 | 8,377 | 9,500 | 10,051 | 8,910 | 6,868 | 426 | 52.1 | 12.2 | 03/11/2021 | - | 1 | 2 |
| North Kesteven | 2,387 | 2,571 | 2,036 | 2,267 | 1,995 | 1,415 | 1,507 | 52 | 12.1 | 23.4 | 26/04/2021 | 26/11/2021 | 2 | 2 |
| Rotherham | 12,614 | 20,150 | 13,422 | 16,009 | 18,217 | 19,799 | 6,537 | 245 | 54.2 | 22.1 | 25/10/2021 | - | 1 | 2 |
| Sheffield | 27,700 | 40,761 | 50,695 | 58,123 | 91,173 | 54,007 | 25,510 | 605 | 103.9 | 17.2 | 30/06/2021 | 20/12/2021 | 5 | 12 |
| South Kesteven | 6,234 | 5,279 | 4,009 | 5,066 | 3,914 | 3,129 | 2,269 | 100 | 15.1 | 15.1 | 21/10/2021 | 21/10/2021 | 6 | 6 |
| Totals | | | | | | | | 1,403 | | | April 2021 | December 2021 | 18 | 29 |
| Resonance - REIF | | | | | | | | | | | | | | |
| Bromley | 3,236 | 2,513 | 2,863 | 3,560 | 4,655 | 3,285 | 2,925 | 120 | 32.9 | 27.3 | 19/08/2021 | - | 1 | 1 |
| Croydon | 4,791 | 4,458 | 5,762 | 7,290 | 9,737 | 7,119 | 5,246 | 434 | 74.1 | 17.1 | 10/08/2021 | 08/09/2021 | 3 | 3 |
| Lambeth | 17,376 | 12,098 | 12,325 | 12,396 | 16,260 | 19,768 | 24,389 | 345 | 72.2 | 20.9 | 04/05/2021 | 10/08/2021 | 7 | 7 |
| Lewisham | 17,316 | 13,606 | 11,864 | 15,333 | 18,040 | 11,680 | 9,657 | 248 | 37.5 | 15.1 | 04/06/2021 | 30/09/2021 | 24 | 24 |
| Newham | 9,104 | 13,065 | 9,621 | 17,283 | 28,562 | 23,907 | 26,144 | 235 | 31.1 | 13.2 | 30/04/2021 | 21/09/2021 | 9 | 9 |
| Southwark | 14,102 | 10,278 | 4,822 | 6,863 | 9,244 | 12,533 | 7,569 | 469 | 103.1 | 22.0 | 18/06/2021 | 16/07/2021 | 3 | 3 |
| Totals | | | | | | | | 1,836 | | | April 2021 | September 2021 | 47 | 47 |

| Fund/Area | Local Authority Waiting Lists – average annual households | | | | | | | Incidence of homelessness: Average quarterly households owed a relief duty (1) | SD | CV (%) (2) | Date first property handed over | Date last property handed over | Number of properties | Number of bedrooms |
|--|---|-----------|-----------|-----------|-----------|-----------|-----------|--|-------|------------|---------------------------------|--------------------------------|----------------------|--------------------|
| | 1987-1989 | 1990-1995 | 1996-2000 | 2001-2005 | 2006-2010 | 2011-2015 | 2016-2019 | | | | | | | |
| | | | | | | | | | | | | | | |
| Resonance - NHPF2 | | | | | | | | | | | | | | |
| Bolton | 5,467 | 6,844 | 4,983 | 12,135 | 22,783 | 22,035 | 22,705 | 253 | 32.6 | 12.8 | | | 21 | 37 |
| Bristol | 8,225 | 8,575 | 10,966 | 11,924 | 11,517 | 12,364 | 11,957 | 432 | 126.8 | 29.3 | | | 8 | 8 |
| Bury | 3,420 | 2,455 | 2,538 | 2,341 | 3,120 | 2,155 | 1,214 | 164 | 23.0 | 14.0 | | | 4 | 5 |
| Manchester | 30,405 | 15,542 | 10,343 | 14,103 | 20,263 | 17,590 | 13,336 | 816 | 136.1 | 16.7 | | | 29 | 50 |
| Oldham | 3,825 | 4,308 | 3,828 | 3,917 | 7,525 | 9,646 | 14,603 | 159 | 32.7 | 20.5 | | | 4 | 6 |
| Rochdale | 12,642 | 7,311 | 4,307 | 4,964 | 4,713 | 4,825 | 6,507 | 179 | 31.8 | 17.9 | | | 4 | 6 |
| Salford | 7,708 | 6,107 | 4,482 | 7,581 | 12,223 | 12,576 | 6,611 | 489 | 68.8 | 14.1 | | | 21 | 31 |
| Stockport | 5,930 | 6,931 | 6,624 | 6,903 | 7,876 | 6,210 | 6,001 | 106 | 14.0 | 13.2 | | | 17 | 26 |
| Tameside | 6,223 | 6,945 | 5,153 | 6,097 | 6,421 | 6,037 | 2,576 | 169 | 21.8 | 12.9 | | | 2 | 4 |
| Trafford | 5,529 | 4,684 | 4,359 | 6,855 | 9,114 | 7,064 | 4,626 | 106.2 | 22.6 | 21.3 | | | 2 | 3 |
| Wigan | 6,355 | 6,185 | 5,235 | 5,054 | 5,217 | 3,434 | 5,820 | 284 | 100.5 | 35.4 | | | 10 | 19 |
| Totals | | | | | | | | 2,872 | | | | | 122 | 195 |
| Notes | | | | | | | | | | | | | | |
| (1) April to June 2018 - October-December 2021 | | | | | | | | | | | | | | |
| (2) Sample standard deviation divided by sample mean – a measure of relative variability | | | | | | | | | | | | | | |

Figure 6 shows that across the four districts that received investment via Bridges, 27 properties were forthcoming over eight months from October 2020. This is equivalent to a period time one month shy of three calendar quarters. Given that roughly 405 families were declared homeless in a single quarter on average across the same four districts, the scale of investment provided by Bridges relative to need appears very modest. In fact, the scale of investment seen in this light is modest for Bridges, SASC and Resonance. SASC brought on stream 18 properties, that were slightly smaller on average than those funded via Bridges (1.6 bedrooms per property compared to 2.4 bedrooms provided through Bridges), over a full three quarters. This compared to an expected average of over 4,000 households becoming homeless across SASC areas in a typical 9-month period. Looking at Resonance, across Greater London they brought forward some 47 properties over the period April to September 2021 – a six-month period or two quarters. In a typical quarter, 1,800 families are identified across the Greater London boroughs in which Resonance are operating, by local authorities, as having a relief duty owed (3,600 over two quarters). Thus again, relative to need, the scale of Resonance’s investment is very modest.

Figure 7 below, plots the trends in the incidence of households owed a relief duty by quarter since Q2 2018 for SASC and Bridges. The average for all SASC and Bridges areas combined are shown per quarter as is the average for all local authorities per quarter.

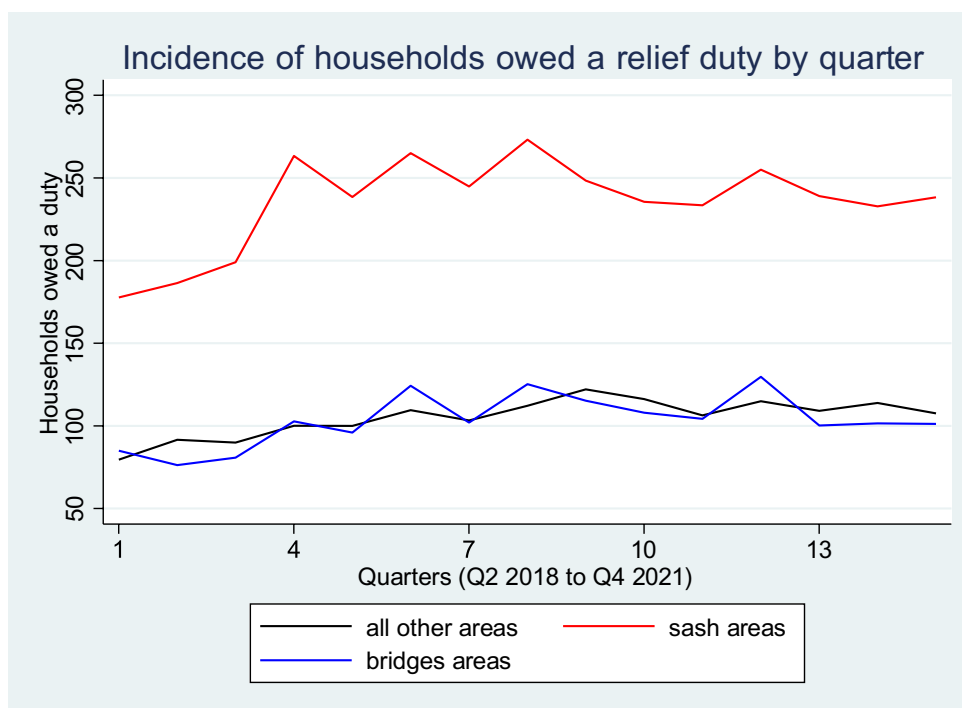


Figure 7: Incidence of households owed a relief duty by quarter

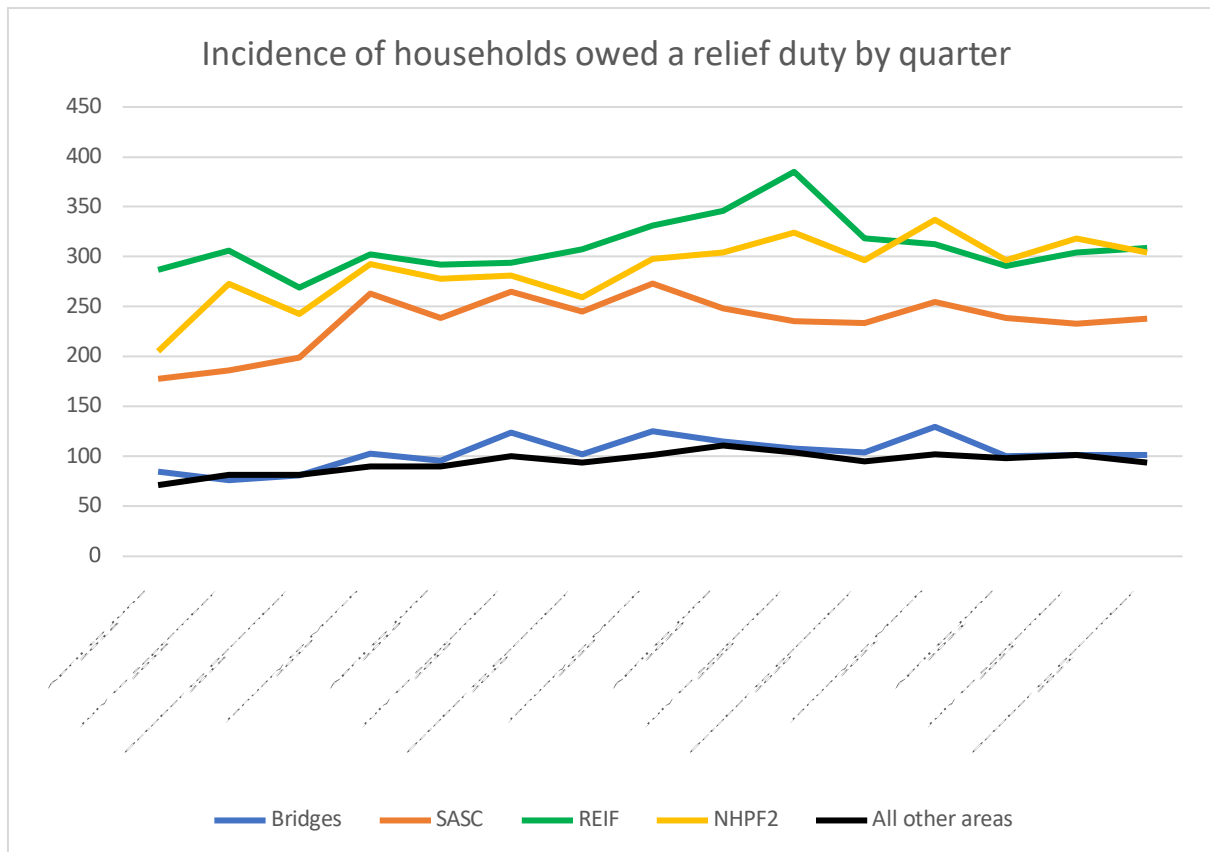


Figure 8: Households owed a relief duty average per quarter: SASC, Bridges and All areas

What is apparent from these data is that there is an upward trend over the 15 quarters available and that SASC, Nacro’s REIF and LetUs’ NHPF2 (the latter two belonging to Resonance) appear to have invested in areas that on average have much greater need. Bridges areas are more like the average for the rest of England.

Given these data, how might we select a set of areas from the pool of ‘all other areas’ that might together act as a control group for SASC areas. We ask this question to illustrate the processes that might be followed in an area-based impact evaluation, should one be viable. Given the scale of the investments we have already established that it will not be possible to detect any difference between homelessness in SASC areas and a set of control areas. This discussion merely illustrates the possible approach to an area-level impact evaluation.

For SASC the period Q2 2018 to Q1 2021 represents a pre-investment period – that is a period of time for which we have data but which precedes investment from SASC coming on stream. For every local authority in the country, we can calculate the average quarterly number of households owed a relief duty over this period. For each SASC district, we can calculate the distance between the average incidence of homelessness for that district over the period and every other district in the country that *had not* received Everyone In investment. The square of this distance is known as the Euclidean distance. We then find the district which is closest to the particular SASC district under consideration based on this Euclidean score. If we follow this very simple procedure the following areas represent the best matches for the SASC districts (in no particular order):

| SASC – Intervention area | SASC – Matched comparison area |
|---------------------------------|---------------------------------------|
| Gloucester | Barnsley |
| Hyndburn | Bristol |
| Kingston upon Hull | Lewisham |
| North Kesteven | Mole Valley |
| Rotherham | North Lincolnshire |
| Sheffield | Salford |
| South Kesteven | Torbay |

Figure 9: Matched comparison areas – 1 to 1 nearest neighbour matching based on the Euclidean distance derived from average number of households owed a relief duty

This simple procedure has enabled us to derive a matched comparison sample of areas for SASC. These are a set of areas that together have a similar history of homelessness to the SASC areas. These matched are very simple, based only in homelessness data. Other data series could be included in the matching and incorporated using more sophisticated matching algorithms such as Mahalanobis distances or propensity scores. Having established the intervention or SASC areas and a set of control areas, based on pre-investment data, future average homeless incidences can be compared across these two groups. Under certain conditions and assumptions any difference between them might be interpreted as the causal effects of SASC.

Conclusions regarding the feasibility of a counter-factual impact evaluation design

Designing and implementing a counter-factual impact evaluation for the Everyone-In Social Investment Pilot presents several challenges.

An individual-level design, presents challenges in assembling the necessary individual-level data, from the many gatekeeper organisations that would be involved (Fund managers, Providers and circa 25 local authorities). Even if data access issues could be overcome, the theories of change we have developed suggest that the treatment contrast between individuals accessing properties and services funded through the Pilot and similar individuals supported outside the pilot would be relatively modest and therefore a large intervention and control group would be required that is likely to exceed that available in the Pilot.

An area-based design would overcome the key data access issues, but the scale of investments relative to need means we are unlikely to be able to detect any changes in aggregate homelessness statistically resulting from such investments. In essence they are too modest for us to statistically disentangle their signal from the background noise, and aggregate data are simply not sensitive enough to reflect any contribution these investments might have had to reducing homelessness.

The theory of change also alerts us to a third challenge relevant to both individual and area-based designs: the complexity of the Pilot. While the goal of the programme is to reduce rough-sleeping and homelessness, more immediate outcomes relate to the organisational capacity of Providers, the relationship between social investors and Providers, improving continuity of service for people and changing the balance of property ownership in local housing markets between private sector landlords and not-for-profit providers, to name but a few. There are also distinct social investment models being used by different fund managers (In this process funds move through several organisations and are transformed into different financial instruments. These interactions are likely to give rise to emergent properties and the relationship and interactions of the differing parts of the complex system that is developed are likely to be dynamic and, potentially, non-linear, leading to the possibility that small changes might have disproportionate outcomes and vice versa.

Given all of these challenges we conclude that a counter-factual impact evaluation is not feasible. Next we turn our attention to other impact evaluation designs.

6.5 Small *n* impact evaluation designs

'Traditional' impact evaluation is based on a particular understanding of causal inference in which the key question of the evaluator is 'what was the net change caused by the intervention' or 'what are the effects of an intervention?' where the intervention is understood as a causal factor. The classic evaluation design to address these kinds of question is one that involves measuring pre/post treatment change on a treated group, relative to an appropriate control or comparison group. These are the designs we discussed in Section 6.4. However, that approach to impact evaluation presented several challenges when we consider the Everyone-In Social Investment Pilot.

Leaving aside the issue of data accessibility, the three more fundamental obstacles to a traditional, counter-factual impact evaluation are first that there are only a relatively small number of people/families effected in each area in which housing has been brought forward raising questions about the likely power of a traditional counter-factual impact evaluation; secondly that many of the impact questions relate to impact on the providers and local housing economies of which there are only a small number of cases within the pilot; and thirdly, the complexity of the Pilot where key outcomes relate to the organisational capacity of Providers, the relationship between social investors and Providers, and the impact of social investment on local housing markets for specialist housing for people experiencing or at risk of homelessness. These challenges suggest that an 'effects of causes' evaluation question may not be most appropriate and that a counter-factual impact evaluation, even if possible, may not be suitable for addressing important relationships between causal factors that act together to produce outcomes. It is more appropriate to ask the question: 'what are the causal factors that give rise to an effect?' This is what Dawid (2007) calls a 'causes of effects' question, in contrast to the 'effects of causes' type questions asked in traditional, counterfactual impact evaluations. A more appropriate approach to designing an impact evaluation to answer this type of question will be to adopt a case-based (sometimes called a small 'n') approach to the impact evaluation.

Case-based or small 'n' impact evaluations

Key to all small *n* approaches is the idea of analysing one or a small number of cases to derive causal statements about the impact of an intervention. These relatively recent methodologies and designs for impact evaluation can be distinguished from traditional understandings of 'case studies' (Stern et al. 2012). The tradition in evaluation of naturalistic, constructivist and interpretive case studies that generally focus on the unique characteristics of a single case might contribute to richer understanding of causation but cannot themselves support causal analysis (Stern et al. 2012). By contrast these approaches that use small numbers of cases are interested in generalising beyond a single case but distinguish 'generalising' from 'universalizing' (Byrne 2009: 1).

A key distinction between case-based approaches and experimental designs is the rejection of analysis based on variables (Byrne 2009). Case-based approaches reject the "disembodied variable" (Byrne 2009: 4). The case is a complex entity in which multiple causes interact:

It is how these causes interact as a set that allows an understanding of cases This view does not ignore individual causes of variables but examines them as 'configurations' or 'sets' in their context. (Stern et al. 2012: 31)

Small *n*, case-based methodologies are varied but Befani and Stedman-Bryce (2017) suggest that case-based methods can be broadly typologised as either between case comparisons (such as

qualitative comparative analysis) or within case analysis (for example process tracing). Generally, quantitative and qualitative data is used and a sharp distinction between quantitative and qualitative methods is rejected (Stern et al. 2012).

6.6 Process Tracing

Process Tracing is a 'within case' approach to impact evaluation that can be defined as:

"The analysis of evidence on processes, sequences, and conjunctures of events within a case for the purposes of either developing or testing hypotheses about causal mechanisms that might causally explain the case." (Bennet & Checkel, 2015, p. 7)

It has the potential to provide leverage on several aspects of causal inference would be difficult to address in traditional, counterfactual impact evaluations:

- The challenge of establishing causal direction: process tracing involves sequencing who knew what, when and what they did in response can help establish causal direction (Bennett, 2010).
- The challenge of spuriousness: where X and Y are correlated but it is unclear whether X caused Y or a third factor caused both X and Y, process tracing can help establish the causal chain of steps connecting X and Y and whether evidence exists that other factors caused both X and Y (Bennett, 2010).
- The inductive element of process tracing provides opportunities for evaluators to uncover unforeseen or unexpected causal explanations (Bennett & Checkel, 2015).

As Bennett and Checkel (2015) note, because causal mechanisms are operationalised in specific cases, and process tracing is a within-case method of analysis, generalisation can be problematic. However, conversely, the use of process tracing to test and refine hypotheses of causal mechanisms can clarify the conditions under which a hypothesis is generalisable.

Selection of cases

Given that evaluation questions seek to understand the interplay between funding models, types of provider organisation and local housing systems, a focus on local authority areas seems most appropriate. It will not be necessary to undertake a process tracing exercise in every local authority, but rather to select local authority areas to cover all Providers. For some providers there might be logic in selecting more than one local authority where very different context and conditions apply. We therefore envisage selecting between 5 and 8 cases for Process Tracing.

Given our limited contact with Providers to date we are not yet in a position to select areas, however, we can outline the process for making selections. One of each council structure for each Provider will be selected. EHC only operates in Unitary Authorities so this will be the only type of case to evaluate. P3 only operates within district councils, meaning this will be the only type of case to evaluate. Target operates in both Unitary Authorities and Metropolitan Districts and it would be useful to capture one case within each of these structures. Nacro operates exclusively in London Boroughs, meaning this is the only Local Authority Structure to capture. LetUs operate both within Unitary Authorities and Metropolitan Districts, meaning capturing one case from each Local Authority structure would aid this evaluation. This means there will be a minimum of 5 cases and a maximum of 8. Where there is more than one local authority to choose from we will consider demand for accommodation and ensure that our overall selection of cases reflects different levels of demand.

The further funding agreed in 2022 for the Resonance National Homelessness Property 2 fund (NHPF2) might require further cases to be selected.

| Model | Provider | Local authority | Local government structure |
|-----------------------------------|--------------------------------------|-----------------------|----------------------------|
| Equity investment model (Bridges) | Ethical Housing Company | Hartlepool | Unitary |
| | Ethical Housing Company | Middlesbrough | Unitary |
| | Ethical Housing Company | Redcar & Cleveland | Unitary |
| | Ethical Housing Company | Stockton on Tees | Unitary |
| Debt finance model (SASC) | P3 | Gloucester | District Council |
| | | Hyndburn | District Council |
| | Target | Kingston upon Hull | Unitary |
| | P3 | North Kesteven | District Council |
| | Target | Rotherham | Metropolitan District |
| | Target | Sheffield | Metropolitan District |
| | P3 | South Kesteven | District Council |
| | Lease model with charity (Resonance) | Nacro | Bromley |
| Nacro | | Croydon | London Borough |
| Nacro | | Lambeth | London Borough |
| Nacro | | Lewisham | London Borough |
| Nacro | | Newham | London Borough |
| Nacro | | Southwark | London Borough |
| Lease model with RSL (Resonance) | LetUs | Bolton | Metropolitan District |
| | LetUs | Bristol | Unitary |
| | LetUs | Bury | Metropolitan District |
| | LetUs | Manchester | Metropolitan District |
| | LetUs | Oldham | Metropolitan District |
| | LetUs | Rochdale | Metropolitan District |
| | LetUs | Salford | Metropolitan District |
| | LetUs | Stockport | Metropolitan District |
| | LetUs | Tameside | Metropolitan District |
| | LetUs | Trafford | Metropolitan District |
| LetUs | Wigan | Metropolitan District | |

Figure 10: Defining case studies

Undertaking Process Tracing

For this evaluation we will treat each provider and the local authority area within which it operates as a single case. Process Tracing will provide a methodologically robust approach to evaluating impact *without the need for a counterfactual*. In each area we will assemble a wide range of qualitative and quantitative ‘diagnostic’ pieces of evidence to support or overturn alternative explanatory hypotheses (Bennett 2010). Central to this process will be identifying sequences and causal mechanisms (Bennett 2010). Ricks and Liu (2018) set out a series of steps involved in process tracing:

1. Identify hypotheses: We will draw on broader generalisations and evidence from within the case to generate a series of (preferably competing) testable hypotheses about how an intervention may connect to an outcome. The theory of change exercise that has preceded the process tracing will provide a useful starting point for the generation of hypotheses. To date we have developed theories of change with Fund Managers. An early task in the evaluation is to develop more detailed theories of change at the level of the case ie local authority areas in which providers operate. A theory of change will be developed that is specific to each case.
2. Establish timelines: Working primarily with providers but also fund managers we will establish a timeline for each case study. Ricks and Liu (2018) identify several purposes for the time-line. First it clarifies the researcher’s thought processes. Secondly it establishes temporal precedence. Thirdly, it provides a ‘face-validity’ test for the hypotheses being tested. Fourthly it helps to identify major events that could have shaped the outcome of interest.

3. Construct a causal graph: A causal graph visually depicts the causal process through which X causes Y and follows the timeline. It identifies the independent variable(s) of interest and provides structure to the process of enquiry by showing all the moments when the concerned actor (an individual, an organisation or a group) made a choice that could have affected the result (Ricks and Liu 2018).
4. Identify alternative choices or events: At each relevant moment in the causal graph, a different choice could have been made and these alternatives should be identified and should be theoretically grounded (Ricks and Liu 2018).
5. Identify counterfactual outcomes: Counterfactuals are vital to process-tracing, as Ricks and Lui (2018: 844) explain: “When treating hypothetical predictions, it is imperative that another outcome was possible. If there is no plausible theory-informed alternative outcome, then no real choice or event has taken place. Thus, the link between the input and the outcome was predetermined; hence, process-tracing provides little value added.”
6. Find evidence for the primary hypothesis
7. Find evidence for rival hypotheses

Data to support Process Tracing

A range of quantitative and qualitative data would support Steps 6 and 7. This would include, but not be limited to:

- An annual review of documentation including funding agreements between fund managers and providers, implementation and project plans developed by Providers, Provider progress reports to Fund Managers, Fund Manager reports;
- An annual programme of interviews in each selected case study with the following:
 - Providers including a diagonal slice of managers and front-line staff involved in delivering funded services
 - Key agencies including delivering accommodation and services in each area where the investment programme is implemented, including agencies who refer people to and receive referrals from the programmes;
 - Local authority partners to the social investment programme
 - The Fund Manager
- Regular analysis of the KPI tracker, ideally every 6 months if updated data is available.
- Regular structured observations of different elements of the interventions delivered within the programmes over the lifetime of the evaluation. Observations of key processes provide opportunities to develop a richer picture of programme implementation. Ideally, we will be able to observe a range of activities relating to both the commissioning process and the role of social investment in that process, as well as the delivery of services to clients. Observations might therefore include:
 - Management meetings
 - Meetings between partners
 - Front-line staff team meetings
 - Meetings between front-line staff and clients
 - Home visits undertaken by front-line staff

Observations will be structured using observation grids to capture key information. A definitive list of observations and draft observation grids will be developed during the feasibility work.

- Annual analysis of a purposive sample of individual case files. Different Providers will use different systems to manage case files. We anticipate that a substantial amount of the data in case files will be qualitative. Ideally we would agree a list of cases that we would examine annually with, where possible some continuity of cases across years. Data extraction could be done in a number of ways. If local systems allow, our preference would be to agree fields of data required from each case file and for these to be extracted in electronic form and made available to the evaluation team for analysis. If necessary though we can work on site and read

files on the Provider’s system and extract data manually from case file systems.

- Stories of Most Significant Change created by people with lived experience of the accommodation and services funded (see Section 6.7 for more detail).
- Annual analysis of area level data as described in Table 1 to provide context for the programme.

To date, we have had very limited contact with Providers, but from experience of similar projects and evaluations we anticipate that these sources of data can all be collected while placing minimum burden on Providers. Other sources of data might be identified when we have more contact with Providers.

Data analysis

Through the analysis, the evaluator develops a chronology of events which set out hypothesised casual links between each stage. Evidence that has been gathered will be used to overturn or accept rival hypotheses, with the aim of drawing conclusions regarding whether the causal mechanisms at work match those that were predicted when hypotheses were generated (White and Phillips, 2012). Process tracing involves several different kinds of empirical tests of causation, which distinguish evidence with differing probative value. Van Evera (1997) distinguished four tests based on the degree to which a hypothesis uniquely predicts the evidence, and the degree to which it is certain in doing so (see Figure 11).

| | | Is evidence sufficient (uniquely able) to establish causation? | |
|---|-----|---|--|
| | | No | Yes |
| Is evidence necessary (certain) to establish causation? | No | Straw in the Wind Passing affirms relevance of hypothesis but does not confirm it. Failing suggests hypothesis may not be relevant, but does not eliminate it. | Smoking gun Passing confirms hypothesis Failing does not eliminate it. |
| | Yes | Hoop Passing affirms relevance of hypothesis but does not confirm it. Failing eliminates it. | Doubly Decisive Passing confirms hypothesis and eliminates others. Failing eliminates it. |

Figure 11: Four tests for causation used in Process Tracing (based on Van Evera 1997 and Bennett 2010)

In a Hoop test a hypothesis must ‘jump through the hoop’ to remain under consideration, meaning a necessary but not sufficient criterion for accepting an explanation is observed (Bennett, 2010; Ven Evera, 1997). Failure of a hoop test eliminates a hypothesis, but passing it does not increase confidence in it by a significant margin, therefore hoop tests assist evaluators best in eliminating hypotheses (Bennett and Checknel, 2015). Passing a smoking gun test strongly affirms a hypothesis, but failure to pass does not mean elimination. This is due to the fact that the test is unique, but not certain. This means the test does not provide sufficient criterion for confirmation of a tested hypothesis (Bennett and Cheknel, 2015; Van Evera, 1997). Doubly-decisive tests use unique and certain evidence to confirm one hypothesis and eliminate all others (Bennett and Checknel, 2015; Bennett, 2010; Van Evera, 1997). Doubly-decisive tests are rare, to achieve the same goals hoop tests and smoking gun tests are often used (Mahoney, 2012). This is due to a hoop test eliminating hypotheses and smoking gun test’s ability to confirm them. When taken together this means they can both confirm a hypothesis and eliminate alternatives (Mahoney 2012). Where they cannot do this decisively, they may fall into the final category of test (Mahoney, 2012). A Straw-in-the-Wind

test provides either weak or circumstantial evidence that is not unique or certain, they are for this reason not necessary or certain (Bennett and Checknel, 2015; Bennett, 2010; Van Evera, 1997). Although no Straw-in-the-Wind test is decisive, a series of these tests all pointing towards one conclusion can increase (or decrease) confidence in a hypothesis (Mahoney, 2012).

Ricks and Lui (2018) summarise the different steps in process tracing in a diagram (Figure 12).

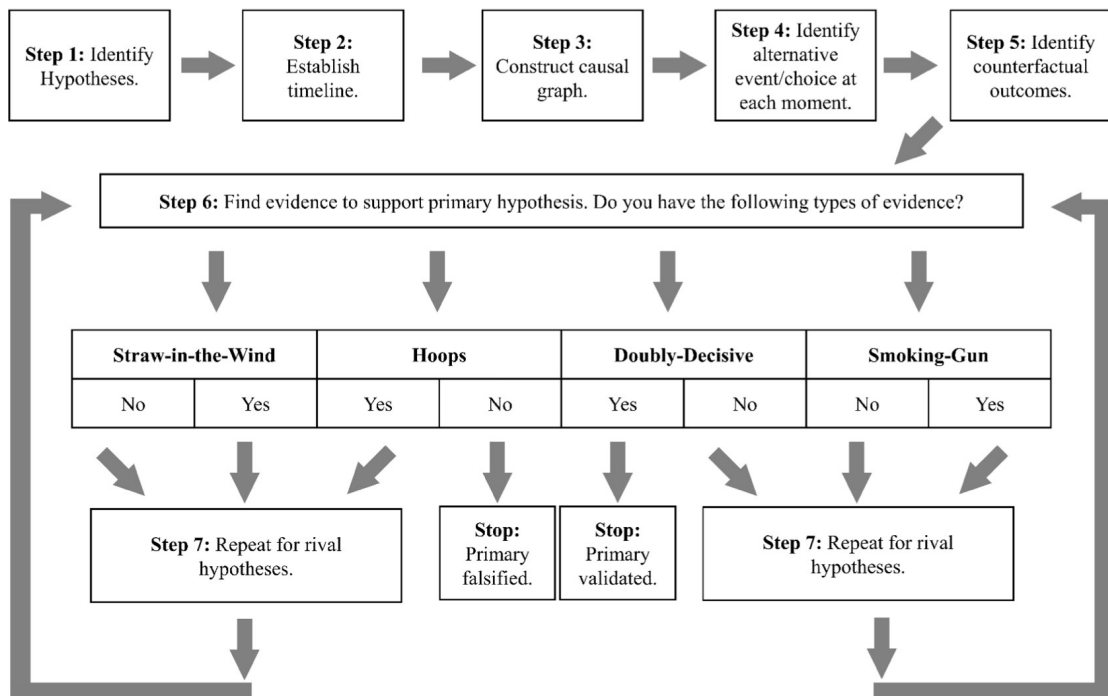


Figure 12: Process Tracing flow chart (reproduced from Ricks and Lui 2018: Appendix, Figure 0)

The tests associated with process tracing would help us establish that: (1) a specific event or process took place, (2) a different event or process occurred after the initial event or process, and (3) the former was a cause of the latter (Mahoney 2012).

6.7 Most Significant Change – a user-led approach to impact evaluation

Alongside Process Tracing we will use Most Significant Change (MSC) in the case study sites. MSC is a dialogical, story-based monitoring and evaluation technique that involves the collection and selection of *significant change stories* which have occurred in the field. ‘Significant change stories’ are in most cases elicited directly from project participants and in this evaluation we will train tenants and service users who are beneficiaries of the programme as Community Reporters. They will tell their own stories and gather stories from other tenants and beneficiaries. Then, alongside a range of programme stakeholders, they will analyse them. As well as contributing to our understanding of project impact, MSC is designed to “facilitate program improvement by focusing the direction of work toward explicitly valued directions and away from less-valued directions” (Mathison, 2005). It therefore fits well with the intention that the evaluation should support ongoing capacity building and learning.

Overview of methodology

In each of the project sites where Process Tracing occurs we will recruit and train Community Reporters who will tell their own stories and those of people in their networks. Although the method can be applied to identify negative impact, it is most typically used to explore exemplary cases rather than negative (or average) ones (Davies and Dart, 2005). The stories in the collection are then reviewed by stakeholders who are guided by facilitators to select the most significant ones. Within each project we will go through three iterations of sense-making and selection, starting with the people who told the stories and then with front-line staff and managers and organisational leaders. Selection criteria are determined by the stakeholders: it can happen through informal discussions or by using a formal rating process. The selected cases and the selection process (i.e. the reason for selection) are recorded by facilitators from the evaluation team. Such reflectivity may also feed into the interpretation of underlying values and preconceptions of different stakeholders. Once we have identified most significant change at the project level we will undertake a meta-analysis of those changes to explore most significant changes at the programme level.

Collecting stories of change

We will start collecting stories during the training sessions and then follow-up story gathering group sessions. From experience we know that some Community Reporters will need little prompting to tell stories and gather stories from others in their networks. Others will need more support. and then Data collection should start with a central open question, such as:

Reviewing the stories to identify the most significant change

MSC uses an iterative process to select the most significant of the stories. Storytellers discuss their stories and identify the most significant ones which are then discussed at mid-levels whereby stories are gradually reduced to a smaller selection. This process is called the ‘summary of selection’ (see diagram below), and it allows identifying widely valued stories among the ones only locally important.

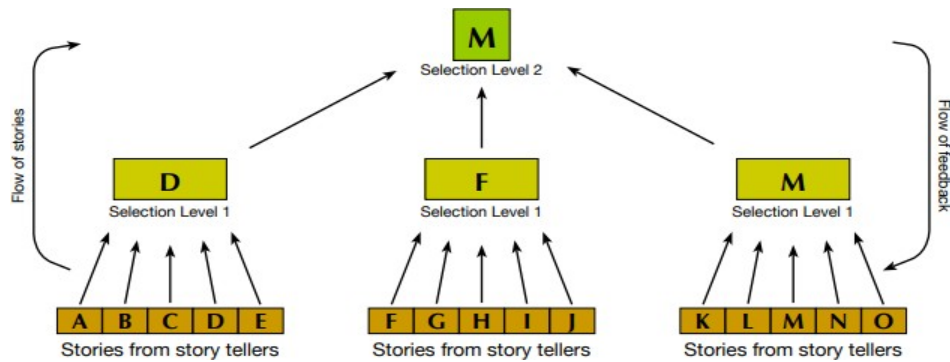


Figure 13: Flow of stories and feedback in MSC (Davies and Dart, 2005: 29)

In this project a first layer of sense-making and selection sessions will be held with Community Reporters in which facilitators will help them review stories and identify extracts in their stories that identify significant changes. A second layer of sense-making and selection will involve front-line staff and managers who deliver the accommodation and services that have been funded. A third layer will take place at leadership level within projects. In each sense-making layer, the number of change stories would be reduced as each layer selects what they see as the most significant change.

Feedback and validation

As in every learning-oriented system, in MSC, results must be fed back to storytellers. Feeding back the reasoning behind choosing the most significant accounts can aid people during the next reporting period and move focus of attention to relevant ideas and away from marginal ones.

Stories will be cross-referenced with other strands of the evaluation in a process of verification to identify deliberate fictional stories, real events that are misunderstood or misrepresented, and those where their significance is being exaggerated.

6.8 Integrating the Process Tracing and Most Significant Change analysis

Analysis from the Most Significant Change work stream can be used as a data source in the Process Tracing where hypothesis testing relates to lived experience of the programme.

7. Process Evaluation

If the impact evaluation had employed a traditional, counterfactual methodology then the Process Evaluation would be specified as a separate, but complimentary strand of the evaluation. However, the adoption of Process Tracing as the main element of the impact evaluation results in the Process Evaluation being much more closely integrated with the impact evaluation, albeit with its own set of evaluation questions (see section 5.2).

7.1 Relationship between process evaluation and impact evaluation

The difference between process tracing and process evaluation can be difficult to distinguish, because they use similar data collection methods and in this evaluation will draw on the same data.

Process evaluations aim to explain how complex interventions work employing a variety of methods (both quantitative and qualitative) (Better Evaluation, 2017). The purpose behind a process evaluation is to explain *how* an intervention generates outcomes and effects. The starting point for a process evaluation is to ask whether an intervention was carried out as intended (Public Health England, 2018). A process evaluation can also help us understand why an intervention is not working. For example, the underlying theory of change may be sound, but the delivery may not have been implemented as planned, i.e., the delivery had poor fidelity (Public Health England, 2018).

Although process tracing focuses on impact and process evaluation focuses on implementation in this evaluation they will draw on many of the same data collection streams.

To answer evaluation questions about the overall implementation of the programme the process evaluation will draw on programme-level data including data on the delivery of contracts between fund managers and Big Society Capital and a programme of interviews with national programme decision-makers in DLUHC and Big Society Capital as well as with Fund Managers.

At the level of Providers, the Process Evaluation will be integrated with the 5 - 8 cases selected for the impact evaluation. This purposive selection of cases should provide sufficient coverage of the programme to suffice for the implementation evaluation.

7.2 Data

The Process Evaluation will use the following data streams:

- An annual review of documentation produced by different actors in the programme including annual reports produced by BSC, Fund Managers and local providers
- An annual programme of interviews with staff at BSC, the Fund Managers and both management and delivery staff working for local providers
- Regular analysis of the KPI trackers prepared by Fund Managers for BSC
- Regular structured observations of different elements of the interventions delivered by local providers
- Annual analysis of a purposive sample of individual case files.
- Stories of Most Significant Change²³
- Annual analysis of area level data published by local authorities and central government departments.

Collectively these data streams will allow us to answer the Process Evaluation questions (see section 5.2).

8. Economic evaluation

A key element of the evaluation will be an assessment of cost effectiveness or value for money of the 'everyone in' social investment pilot. The pilot has two basic economic elements: the relative effectiveness of social investment in acquiring units of accommodation and second, the relative effectiveness of the pilot in operating and maintaining such accommodation and tenancies (i.e. how it works in practice).

8.1 Methodology

We will consider benefits and costs to three groups of stakeholders: society at large, including the public purse; those housed by the pilot; and the providers. Specifically, the research questions asked in this part of the analysis are: to what extent does the social investment model offer net benefits to the public purse and society relative to other plausible ways of funding such homelessness interventions; second, how does the social investment model add value to the outcomes experienced by recipients compared with plausible alternative counterfactuals; and ultimately what is the relative benefit to social investors of homelessness interventions compared to other social innovations which might be financed?

We understand that a key objective here is providing a rigorous value for money assessment of the pilots that will align with the VfM evaluation requirements of the Government co-funder, DLUHC. To

²³ Fictional stories can also be insightful, but need to be treated differently, outside of the MSC process.

do this, we can tap into and apply the UK Government's general VFM Framework (UK Government Department of Transport, 2015) and the specific appraisal guide used in the Ministry (MHCLG, 2016) and we would welcome the opportunity to discuss directly with ministerial analysts, the VFM methods DLUHC wish to use in the evaluation of the current suite of homelessness interventions they plan to evaluate (e.g. the Rough Sleeping Accommodation Programme – see: DLUHC, 2021). We are also aware that DLUHC is currently commissioning research on its VFM evaluation framework as it applies to homelessness interventions, and we see this overlapping closely with this part of the project and would consequently welcome the opportunity to have an ongoing relationship with both the pilot commissioners and the evaluation analysts at DLUHC.

Relationship with the project's proposed approach to impact evaluation

As we have noted, the impact evaluation aims to determine the effect of Funds on outcomes for those housed. The economic evaluation will clearly be in part based on this but will consider also two further stakeholders. Notwithstanding, it is clear a large part of the economic evaluation will be based on the same work and assumptions as the impact evaluation. This is for the purposes both of efficiency of evaluation and consistency of approach. It follows many of the assumptions, benefits and limitations outlined in the context of the impact evaluation will likewise hold for the economic evaluation – at least insofar as it relates to the outcomes for those housed.

In particular, we note the problems with determining an appropriate counterfactual/control in an experimental setting. Thus, the impact evaluation will adopt process tracing and a 'small n' approach to cases, including the 'most significant cases' approach.

The theory of change alerts us to the complexity of the pilots – it is about provider capacity, relationships between investors and providers, impacts on local housing markets, and the outcome for the people directly affected by the projects. This approach asks 'what causal factors explain effects' and embraces mixed methods of qualitative and quantitative methods.

Note that process tracing does construct and calculate effects of alternative (not taken) opportunity costs and counterfactuals – for the purposes of the economic evaluation we note that the impact evaluation nods to the private renting counterfactual.

While the economic evaluation will be informed by the impact evaluation, our reference points are different so while we will consider the PRS counterfactual as a possible analytical basis we carry on with the more fit for purpose counterfactuals based around other forms of public subsidy, since that is key to DLUHC interest.

Cost Effectiveness

The most feasible approach to the economic evaluation is likely to be that of cost-effectiveness. This is because the options here are to undertake different assessment of the cost of achieving the goals of specific theories of change embodied within the different projects of the pilot. In the evaluation literature there is a distinction between cost minimisation, cost consequences, cost utility and cost effectiveness approaches. Briefly, these relate to the following:

- Cost-minimisation analysis. This is the crudest approach and assumes that programme alternatives are equally able to meet objectives – it is simply which way of achieving the outcomes costs the least.

- Cost-Utility Analysis. The objective here is to generate a well-defined 'measure per unit of improvement in outcome', but these are in terms of utility (in the welfare economics sense). Sefton, et al, 2002, illustrate this through Quality Adjusted Life Years (QALY). A QALY deploy weights that adjust for differences in the perceived quality of life associated with different health states. The weights are in turn derived from extraneous credible data sources such as general population surveys and from NICE guidance.
- Cost-Consequences analysis. This approach is distinguished by using more than one outcome measure. Where there are legitimate reasons for using multiple measures, perhaps reflecting the multiple dimensions involved, this model does not try to combine the different outcome measures or indeed to rank them. On the other hand, supporters argue that this allows 'decision-makers to make a more informed judgement, based on their own implicit or explicit weighting of different outcomes' (Sefton op cit, p.10).
- Cost-effectiveness analysis. Cost-effectiveness analysis (CEA) is widely used to evaluate interventions e.g. health care programmes. Distinctively, it measures benefits in 'natural' units such as QALYs. For our research, this might involve outcomes such as accommodation secured for 12 months. The benefits of multiple interventions are combined with their costs, and of the cost per unit. The best performer by this method involves contrasting the pilot projects with their counterfactuals, seeking the lowest cost per unit of outcome gained (Sefton et al, 2002, p.9).

We have ruled out formal social cost benefit analysis (SCBA) in favour of the more intuitive and tractable cost effectiveness analysis. We also think that it is superior to the other options above and we also consider to be more consistent with the DLUHC approach, and the data requirements for pilot projects and counterfactuals, while not straightforward for any of the options above, are less stringent than SCBA.

The underlying objective of the economic evaluation is to describe and monetise the 'additionality' of the pilot projects. By additionality we mean comparing the benefits and costs of the outcomes of the observed pilot and to compare these with estimates of the benefits and costs which would have been accrued had the pilots not run (i.e. the most realistic alternative or counterfactual, fairly measured). Therefore, these benefits refer to those benefits realised by the pilot net of those benefits realised in the counterfactuals. The estimation of additionality will depend in large part on the quality of the counterfactuals.

There are possibly four counterfactuals we will consider: social housing for people in high need (i.e. at or at risk of homelessness) funded through a mix of government grant and vanilla private loan; a private rented form of accommodation (as discussed in the section above on impact evaluation); plus the two counterfactuals used in the recent BSC (2022) report on 10 years of Social Investment: a regional unrestricted grant from MHCLG to LAs to create beds and employ project staff; and, second, grant funding to three regions from MGCLG to help people with a history of homelessness and complex needs off the streets. Big Society Capital (BSC 2022) commissioned a consultant to undertake the analysis with counterfactuals in order to examine the cost effectiveness of its impact bonds social outcomes work (including earlier homelessness projects in the Greater London and Greater Manchester areas).

Turning to the assessment of the financial additionality of the social investment homelessness pilots locates the economic evaluation in the social cost benefit analysis/cost-effectiveness rubric. This means we are interested in providing a common credible set of benefits and costs associated with

different ways of providing the homelessness units and assessing the operational effectiveness over a given period of time.

Modelling additionality

In practice the modelling of the additionality will be based on the theory of change discussed above. Plausible realistic outcomes under the pilot and the counterfactual will be “costed” in line with standard procedures. The wider framework to evaluate such a work programme is based on application of the HM Treasury’s Green Book, UK Government Value for Money approaches and what we know about DLUHC’s approach to evaluating value for money (MHCLG, 2016). We propose to undertake cost-effectiveness modelling for each of the four theory of change models presented in the feasibility study – as the intrinsic versions of the social investment approaches taken in this pilot. We will note and justify any deviations from these approaches. We note that access to the consultant’s model set-up and findings is clearly important to our work (even if that is just to rule out a counterfactual option).

The relevance of this earlier BSC work is that it shines a light on key conceptual and measurement issues: how credible are fiscal, economic and social benefits asserted regarding projects; can they be reasonably costed and assumption sensitivity properly considered; how credible and well thought through are the counterfactuals; is the data properly available and comparable between the social investment and competing models; and are the measures taking sufficient account of additionality and particularly deadweight concerns (what proportion of homeless households would have ultimately resolved their situation without public assistance)? The earlier study by ATQ also gives us confidence that the underlying form of Green Book methodology to do such economic evaluation is clearly feasible. We intend to, throughout, make assumptions explicit and undertake meaningful sensitivity analysis.

8.2 Data capture

While the economic analysis is less interdependent with the impact evaluation than would have been the case if the study was undertaking a more formal quantitative assessment of impact, it is nonetheless highly contingent on the process evaluation and access to data from the local providers and investment funds. Our ability to undertake a full range of cost-effectiveness, financial analysis and to connect these to outcomes clearly depends on the quality of the counterfactual and the willingness of stakeholders and other interested parties to make data available.

We will establish additional cost and related input, output, outcomes and impact information over and above that already being sought or already accessed by the evaluation project team, as well as establishing the extraneous data required to construct, for example, indirect and intangible benefits or savings associated with each project type within the pilot (a similar process of combining project data with justifiable extraneous data adopting measurement and good practice norms was undertaken recently by one of the evaluators regarding a cost benefit analysis on a housing retrofit project – Higney and Gibb, 2022).

Further Reading

Big Society Capital (2022) Outcomes For All: 10 Years of Social Outcomes Contracts, London: BSC <https://bigsocietycapital.com/latest/outcomes-for-all/>

DLUHC (2021) Rough Sleeping Accommodation Programme: Prospectus and Guidance (Outside of London). DLUHC: London.

Department of Transport (2015) Value for Money Framework: the Road Ahead. DoT: London.

Higney, A and Gibb, K (2022) A cost-benefit analysis of a traditional Glasgow tenement net zero retrofit. CaCHE: Glasgow.

MHCLG (2016) Guide to Appraisal. MHCLG: London.

Sefton, T et al (2002) Making the Most of it: Economic evaluation in the social welfare field. Joseph Rowntree Foundation: York.

Sefton, T (2003) 'Economic Evaluation in the Social Welfare Field: Making Ends Meet', Evaluation, Vol 9(1): 73–91.

9. Future dissemination and reporting

Emerging findings from the evaluation will be communicated with stakeholders through a variety of platforms and channels.

The primary purpose of communications activity will be to raise awareness and understanding of the role of social investment in supporting people who have experienced, or are at risk of experiencing, rough sleeping and homelessness. Target audiences are policy makers and researchers interested in homelessness and social investment; commissioners and practitioners providing homelessness services; and more general audiences of people with an interest in homelessness and social policy design.

Communications methods will include website pages, press releases, newsletters, blog posts, short films and audio clips, and written and visual posts including infographics on social media platforms such as Twitter, LinkedIn and Instagram. As the evaluation progresses, the work of People's Voice Media will enable us to capture and share individual stories of residents in some of the properties made available under the Pilot, to use personal story-telling techniques and so generate more engaging content.

For ease of recognition, the evaluation will in some of our communications content be branded as the HOUSE evaluation: this is an acronym for HOmlessness Social investment Evaluation.

In addition to partners' social media accounts, we will also use a Twitter account @HOUSEeval.

Content used in communicating findings from the evaluation will be checked with Big Society Capital and the Department for Levelling Up, Housing and Communities before publication.

10. Operational feasibility

10.1 Main evaluation plan

Following the conclusions that have been drawn during the feasibility stage of this evaluation the initial outline of the project plan for the first two quarters of the main phase of the evaluation can now be drafted. We assume a prospective start date of the 1st October to allow for review of this document by BSC.

Once approval from BSC is granted ethical approval can be sought from the Manchester Metropolitan University ethics committee.

While this work is being conducted, we will aim to continue conversations from the feasibility study with Providers regarding data, additional contributions to the theory of change work and arrange

site visits with a number of the organisations. This will enable a greater level of detail of the project to be captured at an organisational level.

During the first 6 months of the evaluation we will aim to move through Steps 1 – 5 of the Process Tracing and to recruit and train the first cohort of Community Reporters to contribute to the Most Significant Change workstream.

An initial report will be submitted at the 6-month stage of the main study in line with the original bid. This will provide updates on what the consortium has done in various work packages and how these outcomes align with the key outcomes of the overall project and how the key questions from the feasibility study will be answered. Due to the project slippage at the start of the evaluation this will take place in month 14 rather than month 10, this will be reflected in the subsequent annual reports that will take place after the first and second years of the main study, but this will not impact the submission of the final report which will be submitted in month 36.

The evaluation consortium will continue to meet regularly.

The project management team will also continue to meet regularly to ensure the work is progressing. Throughout this stage of the main study there will be a continuation of project management Exception Reports to BSC, although these are likely to change from fortnightly to monthly updates. There will also be a more detailed Gantt chart documenting an in depth, weekly breakdown of where tasks will be completed within different work packages.

| Phase | Task | Oct 22 | Nov 22 | Dec 22 | Jan 23 | Feb 23 | Mar 23 | May 23 | Jun 23 |
|-------------------------|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Initiation | Ethics and GDPR | | | | | | | | |
| | Refine Provider-level theories of change | | | | | | | | |
| Impact evaluation | Front line service and organisation data | | | | | | | | |
| | Site visits ²⁵ | | | | | | | | |
| Process Tracing | Identify preliminary Hypotheses | | | | | | | | |
| | Establish timelines | | | | | | | | |
| | Construct a causal graph | | | | | | | | |
| | Identify alternative choices or events | | | | | | | | |
| | Identify counterfactual outcomes | | | | | | | | |
| Most Significant Change | Identify suitable community reporters | | | | | | | | |
| | Recruit first wave of community reporters | | | | | | | | |
| | Train community reporters | | | | | | | | |
| Reporting | 14-month report | | | | | | | | |
| Project Management | Project planning | | | | | | | | |

Figure 14: Outline plan for next stage of the evaluation

10.2 Data collection

The following table outlines: (1) different data streams, (2) what data we expect to capture, (3) who is the data owner, (4) how frequently we will collect this data, and (5) the work package (or methodology) this data is captured for.

Figure 15: Overview of data streams

| Data stream | What is included in the data | Who owns the data/who will these data be collected from? | How frequently we need to collect these data? | Which element of this evaluation do these data belong? |
|--|---|---|---|--|
| KPI Impact tracker | Number of houses, number of bedrooms, LA of houses, Post codes, date bought | BSC, SASH, Resonance and Bridges | Annually | Process tracing, process evaluation |
| Individual case files | Demographic information. Needs assessments Information on occupation of accommodation and access to wrap-around services Detailed case notes on case worker support of individual clients. Information on onward referral to other services and, where relevant, to longer-term accommodation. | Local providers | Annually | Process tracing |
| DLUHC interviews | Qualitative data relating to DLUHC's development of the programme and perspectives on the current programme implementation. This may relate to workings of the funds; relationship to different policy aims; relationship to other central government programmes; overarching aims and the DLUHC perception of how the intervention is attempting to meet them. | Key civil servants from DLUHC who have oversight of the policy area and the specific programme | Annually | Process tracing, process evaluation |
| BSC interviews | Qualitative data relating to the overarching aims of the programme, and implementation of the programme with a particular focus on relationships with the fund managers. | Directors/Assoc. Directors from BSC with specific responsibility for the programme and oversight of BSC's wider work on homelessness. | Annually | Process tracing, process evaluation, economic evaluation |
| Fund manager interviews | Qualitative data relating to programme implementation including how funding is used, relations with BSC and local providers, selecting local providers and monitoring local providers. | Fund managers from SASC, Bridges and Resonance | Annually | Process tracing, process evaluation, economic evaluation |
| Provider interviews – Managers and leaders | Qualitative data relating to how funding is used and programme implementation including purchase/lease of properties, referrals of clients, assessing client needs, client management, wrap-around services, referrals to other agencies and relationships with local commissioners and other service providers. | Leaders and managers within local provider organisations | Annually | Process tracing, process evaluation, economic evaluation |

| | | | | |
|--|---|---|--|--|
| Provider interviews – front line staff | Qualitative data relating to how the organisation and individual staff work with clients and manage properties including client referral, assessment and management. | Front line workers, identified buy leaders and directors of provider organisations | Annually | Process tracing, process evaluation, economic evaluation |
| Service user stories – to be explored with PVM | Qualitative data relating to individual stories and the significance of the intervention to personal change. This may reveal unexpected outcomes (either positive or negative). | Service users, identified by providers | Annually | Most significant change |
| ToC workshops with fund managers | Inputs, key mechanisms, outputs, outcomes | Fund managers | During initial phase of project, updated annually | Theory of Change, process evaluation, process tracing, economic evaluation |
| ToC workshops with local providers and partner organisations | Inputs, key mechanisms, outputs, outcomes | Managers and front-line staff from local providers. Local commissioners and key partner organisations | During initial phase of main study, updated annually | Theory of Change, process evaluation, process tracing, economic evaluation |
| LA data | Numbers of homeless individuals in each LA, number of individuals owed relief duty, amount of people on LA waiting lists | Publicly available, constructed by MMU and CHI from open access sources | Annually | Process tracing, process evaluation |

During the feasibility study we have reviewed available KPI impact trackers and examined published local authority data.

We have engaged with fund managers, but have only recently started to engage with local providers. At this stage therefore our assessment of what data local providers have is limited and we are drawing in part on our experience of other, similar evaluations. A preliminary assessment of risks associated with data capture is set out below. A more detailed assessment will be undertaken in the first two months of the project once closer relationships are established with local providers and as part of the research ethics application.

Figure 16: Potential risks associated with data streams and associated mitigations

| Data stream | What is included in the data | Potential risks with data | How these risks will be mitigated |
|---|---|--|--|
| KPI Impact tracker | Number of houses, number of bedrooms, LA of houses, Post codes, date bought | Incomplete data Data security – commercially sensitive data | BSC to ensure that KPI trackers are completed on time. BSC to advise MMU if KPI trackers incomplete/overdue. Data will be stored on MMU secure devices with only consortium members with a direct need being granted access. |
| Individual case files | Demographics, time spent in accommodation, needs assessments, key worker case notes, details of wrap-around services, referrals to other services | Potential for data to identify individuals Data security | Data to be pseudo anonymised before it is passed to MMU. Reports will not identify individuals. Data will be stored on MMU secure devices with only consortium members with a direct need being granted access. |
| Qualitative interviews with DLUHC, BSC, Fund managers, management staff from providers and front line staff from providers. | Information relating to how this funding is used, programme implementation, programme outputs and outcomes | Potential for data to identify individuals | Data to be pseudo-anonymised. Data will be stored on MMU secure devices with only consortium members with a direct need being granted access. Reports will not identify individuals. |
| ToC workshops with fund managers | Inputs, key mechanisms, outputs, outcomes | Potential for data to identify individuals | All answers are anonymised and no capture of sessions has taken place |
| ToC workshops with partner organisations and providers | Inputs, key mechanisms, outputs, outcomes | Potential for data to identify individuals | All answers are anonymised and no capture of sessions has taken place |
| LA data | Numbers of homeless individuals in each LA, number of individuals owed relief duty, amount of people on LA waiting lists | No significant risks – data is in public domain. | N/A |

10.3 Demand on the fund managers and partner organisations

To minimise disruption as much as possible, the bulk of the data collection will be completed by our own evaluation team, where the project manager will also undertake much of the data collection with local Providers. Where additional capacity is needed we will use a bank of our postgraduate students workers for some of the more routine data collection tasks.

This section will outline specifically by role what involvement in this evaluation will mean for different

individuals during the initial phases of the main evaluation.

Fund managers

Meetings and discussions regarding the ToC have already taken place. We will update the fund-management TOCs annually via a one hour workshop (on-line or face to face).

A series of annual semi-structured qualitative interviews will take place to support both the implementation and impact evaluations. Fund managers are asked to take part in this process to help us to gain further understanding of the current programme, its delivery, what is done well, what could be improved and other associated questions that may aide us in answering research questions associated with the Process Tracing and Process Evaluation work packages. The data collected as a part of these interviews will be pseudo-anonymised to eliminate the risk of potential harm or anxiety being caused to fund managers in giving open and honest answers. The time demand will be approximately 1 – 1.5 hours per year for between 2 and 5 people per fund, depending on the structure of the fund. Interviews can be face-to-face or on-line.

Fund managers will be asked to continue to fill out the KPI Impact tracker they have agreed with BSC. Completion of the KPI tracker is a continual process that is already agreed between BSC and all fund managers. No additional burden is being created as a result of the evaluation.

We will hold an annual validation session with each fund to review emerging findings. This will be via a one hour workshop (on-line or face to face).

Providers

We will require various types of information from providers. In summary these are:

- Cross-section of staff participating in a theory of change workshops within the next few months
- Annual programme of interviews with a cross section of front-line staff, managers and leaders
- 1 hour per person per year for leaders
- 1 - 2 hours per person per year for managers
- 2 – 3 hours per person for front-line staff
- Access to a small number of case files
- Help to make contact with a small number of service users

The Evaluation team has resource to ensure minimal burden on Providers. More detail of our requirements is set out below.

Leaders and managers

A small number of leaders and managers within the provider organisations will be asked to complete a ToC workshop to assist with our understanding of how delivery works at different levels of the programme. All ToC workshops will take approximately 1 hour and can be on-line or face-to-face. The initial workshop needs to be undertaken in the next month or so with an annual update workshop.

A series of annual semi-structured qualitative interviews will take place to support the process evaluation and impact evaluation. It is expected the time demand to be 1 hour for organisational leaders, per year and that between 1 and 3 leaders will be involved including the Chief Executive and Director of Finance. For managers interviews are likely to take approximately 2 hours per year and in some cases a shorter follow-up interview might be required to support the impact evaluation. Between 2 and 4 managers are likely to be involved including those responsible for front-line delivery of the programme.

Front-line staff

A small number of front-line staff within the provider organisations will be asked to complete a ToC workshop to assist with our understanding of how delivery works at different levels of the programme. All ToC workshops will take approximately 1 hour and can be on-line or face-to-face. The initial workshop needs to be undertaken in the next month or so with an annual update workshop.

A series of annual semi-structured qualitative interviews will take place to support the process evaluation and impact evaluation. It is expected the time demand to be approximately 2 – 3 hours per year and in some cases a shorter follow-up interview might be required to support the impact evaluation.

We would also need the members of front-line staff to assist in our Most Significant Change work package, this would involve them helping identify service users who will contribute their stories, perhaps also making initial introductions. This will be a one-time arrangement as once initial contact has been made we will not need any further introductions to service users.

We hope to capture client information including assessments, referrals and case notes from Provider’s case management systems. The number of service users for whom we capture case file data is likely to be relatively small at around 5-10 in total (minimum 1 per provider). We will need support from Provider staff, typically a data management professional, for this process. We will look to extract data annually.

10.4 Benefits to Providers

The evaluation will be of benefit to Providers. It will help them to better understand and demonstrate the impact of the programme on their organisation and on the local housing market.

During the evaluation we will be able to address specific evaluation questions that are of interest to providers so long as they can be addressed using the methodologies that that have been selected for the evaluation.

We will undertake to produce individual evaluation reports for Providers who would like them that they can then use for their own purposes. This might be of significant value to local organisations who often struggle to commission independent evaluations of their programmes.

11 Conclusions and next steps

Returning to the original project brief we set out our responses to specific questions posed in the brief in Figure 17.

| | |
|---|--|
| <p>a) To what extent do existing impact reporting frameworks and outputs provide adequate data from which to conduct the evaluation analysis?</p> | <p>These data were a limited factor in the choice of impact evaluation. For example, additional, individual-level data would have been required for an individual-level counterfactual impact evaluation design such as an RCT or similar quasi-experimental evaluation design. The data would have been sufficient for an area-level counterfactual impact evaluation and will be sufficient given the preferred impact evaluation methodology (Process Tracing).</p> |
|---|--|

| | |
|---|---|
| <p>b) Where insufficient, what additional data collection processes will be required and what will be the expected level of contribution of evaluation stakeholders (time and resource)?</p> | <p>For an individual-level counterfactual impact evaluation design such as an RCT or similar quasi-experimental design significant amounts of additional, individual-level data from each of circa 25 local authorities would have been required both in relation to the intervention group and a counterfactual. This was deemed to be impractical to gather given the need to create 25 data sharing agreements with local authorities who might have limited incentives to commit time and resource to this process.</p> |
| <p>c) To what extent can part of the evaluation budget be used to support stakeholders to meet these requirements?</p> | <p>In the preferred impact evaluation design using Process Tracing we hope to collect individual case management data from a purposive selection of case studies. If this data cannot be easily extracted by a data manager in the Provider organisation we have allowed resource to spend time on site, reviewing case files and manually collecting the data required.</p> |
| <p>d) How can effective timing and sequencing of the work align with stakeholder s existing processes to help minimise disruption and ensure operational and resource efficiencies?</p> | <p>The main burden on Providers will be to take part in an annual round of interviews involving a cross section of leaders, managers and front-line staff.</p> |
| <p>e) What is the existing evidence base on social investment for accommodation for people who have experienced homelessness?</p> | <p>The existing evidence base is limited. Most published research evidence relates to Social Impact Bonds and similar outcomes-based contracts. There is some analysis of the market for social investment for accommodation, but we have not so far found methodologically rigorous studies of its impact on individual outcomes.</p> |
| <p>f) What is the size of the social investment market for rough sleeping or homelessness accommodation compared to other sectors that have received social investment funding? What trends can be seen in social investment between these different sectors?</p> | <p>This question is being addressed in a separate, stand-alone report.</p> |
| <p>g) Logistically, how should the evaluation be conducted and what methodological approaches should be considered across impact and process evaluations?</p> | <p>We have considered a set of options and set out a preferred approach that recognises the limitations the programme poses for impact evaluation (small numbers of cases spread across multiple local authorities) but that still addresses both impact and process evaluation questions.</p> |

| | |
|--|--|
| <p>h) Can a counterfactual group, which receives accommodation through non-social investment means, be established for the impact evaluation? What are the alternative options if not?</p> | <p>This option has been explored. It is difficult to achieve because of the need to set up data sharing agreements with circa 25 local authorities. However, even if achievable the small numbers of cases in each area mean that any resulting study would be underpowered. It is also the case that, for some key impact questions the ‘case’ will be the provider organisation of which there are a very small number. We therefore prefer an impact evaluation design appropriate for a small number of cases: Process Tracing.</p> |
| <p>i) How can financial investment additionality be measured as part of the VfM evaluation?</p> | <p>We will undertake a modelled Cost Benefit Analysis following Treasury Green Book rules and drawing on some data from the Process Tracing impact evaluation.</p> |
| <p>j) What is the scope for the process evaluation what range of partners is it practical to conduct research with?</p> | <p>We propose a process evaluation with between 5 – 10 purposively selected local providers/local authority areas. We can minimise the burden on providers to make this feasible for them to participate.</p> |
| <p>k) Can other mechanism(s) for MHCLG funding for homelessness accommodation be established as a comparator to assess the relative VfM of the social investment process?</p> | <p>There are possibly three counterfactuals we could consider: social housing for people in high need (i.e. at or at risk of homelessness) funded through a mix of government grant and vanilla private loan; plus the two counterfactuals used on the recent BSC report on 10 years of SIF: first, a regional unrestricted grant from MHCLG to LAs to create beds and employ project staff; and, second, grant funding to three regions from MGCLG to help people with a history of homelessness and complex needs off the streets.</p> |
| <p>l) Consider a dissemination plan to ensure all stakeholders can benefit from the learnings of this process (to inform this, stakeholders should also be asked what practical insights they would want to gain from pilot)</p> | <p>We have set out a multi-strand dissemination plan. This will make use of the existing infrastructure of partners, in particular the Centre for Homelessness Impact and will include multiple channels to reach different stakeholders.</p> |
| <p>m) What data (if any) will be required from MHCLG as part of the evaluation?</p> | <p>Only publicly available data will be required.</p> |

Figure 17: Response to questions in original Brief

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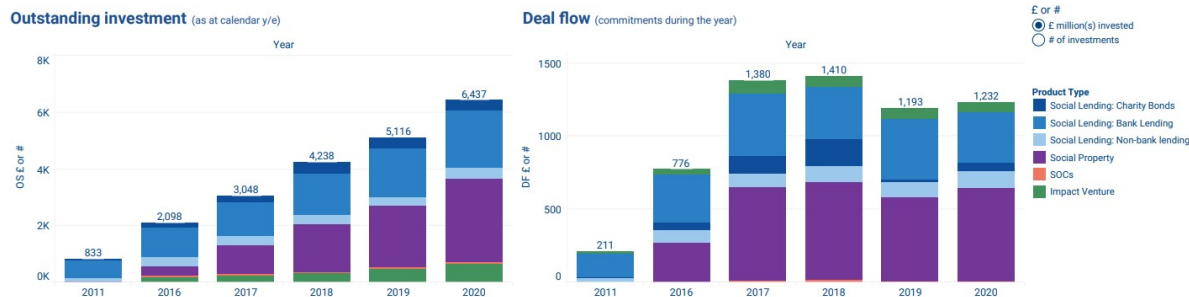
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Appendix 1: Big Society Capital Market Sizing 2020 featuring list of investors

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2020 Market Sizing

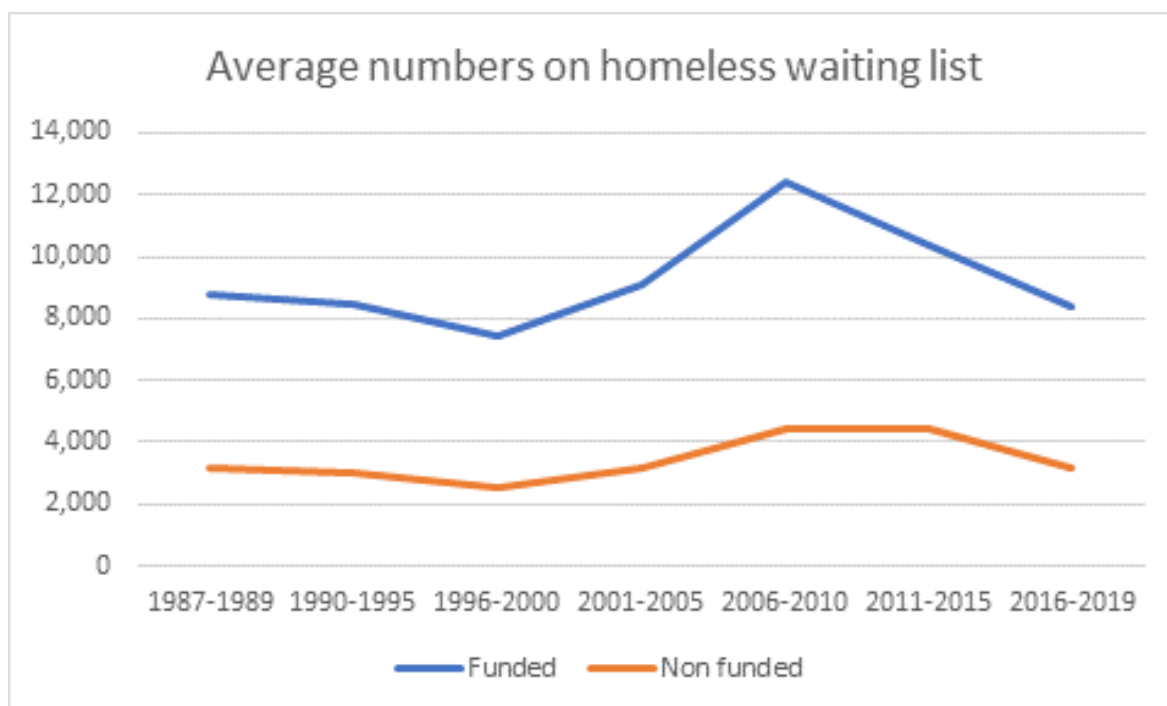
We estimate the value of social investments in the UK was worth **£6.4B** at the end of 2020, representing **5,438** transactions. **£1.2B** was committed to charities and social enterprises in 2020, representing **1,152** transactions.



Who are the investors?

Ada Ventures Ananda Ventures Anthemis Financial Wellness Ascension Ventures Bank Workers Charity Bethnal Green Ventures BGV Bridges ClearlySo Community shares Connect Ventures Eka Ventures Epidarex Ethex Form Ventures Giant Ventures Impact Ventures UK Impact X Joseph Rowntree Foundation Katapult Luminous VC Mustard Seed Nesta Octopus Ventures Outsized Ventures Social Investment Scotland Triplepoint Impact EIS UnLtd Ventures & Equity Allia Bank Lending CAF Bank Charity Bank RBS Social & Community Capital Triodos Bank Unity Trust Bank Allia Charity Bonds Triodos Bank Abundance Access Foundation - Growth Fund Barrow Cadbury Trust Bill Bristol & Bath Regional Capital CIC CAF Venturesome City Bridge Trust DERIC Environmental Finance Esme Fairbairn Ethex Fair4All Finance Guy's St Thomas Charity Joseph Rowntree Foundation Key Fund NESIF Nesta Non-bank lending PURE Resonance Responsible Finance Other SASC SIB Social and Sustainable Capital SASC Social Finance Social Investment Business Group SIB Social Investment Scotland Sporting Assets Triodos Bank Andrews Charitable Trust BMO Real Estate Partners CBRE Global Investors Cheyne Cheyne Capital Civitas Social Housing Commonweal DTZ Investors FAH Home REIT Joseph Rowntree Foundation PIP Capital Property ReSI Capital Management Limited Resonance Social and Sustainable Capital SASC TriplePoint Social Housing REIT plc SOCs

Appendix 2: Housing waiting lists by local authority districts in receipt of funding and those without funding (prevalence)



²⁴ Taken from <<https://bigsocietycapital.com/our-approach/market-data/>>

