

**Kids Under Cover**  
**SOCIAL RETURN  
ON INVESTMENT  
REPORT**  
**EXECUTIVE SUMMARY**





**Building foundations  
to prevent youth  
homelessness**



# **SOCIAL RETURN ON INVESTMENT EXECUTIVE SUMMARY**

## **INTRODUCTION AND PURPOSE OF REPORT**

Kids Under Cover is a not for profit organisation dedicated to preventing youth homelessness through early intervention and prevention.

The Kids Under Cover model is delivered via the Studio and Scholarship Programs.

We work in partnership with approximately 60 Community Service Organisations (CSOs), along with government departments and young people. Our Studio Program aims to respond to the issues associated with inadequate, or a lack of access to, stable and affordable housing, especially during important developmental years.

In the belief that prevention is better than a cure (and knowing it is more cost effective) the Studio Program provides safe, stable and secure accommodation for vulnerable young people (12-25 years) who are homeless or at risk of becoming homeless.

The Studio Program coupled with the support of a Kids Under Cover scholarship enables at-risk young people to remain connected to family or carers, the community, education or training. The scholarship is designed to assist with the costs of education or training, has been shown to substantially reduce the risk of homelessness among young people.

This early intervention and prevention approach benefits not only at-risk young people, their carers also benefit from the efforts of Kids Under Cover. The programs have also benefited CSOs and state and federal governments through reduced costs and improved efficiency.

Supported by EY (formerly Ernst & Young), a Social Return on Investment (SROI) analysis of the Kids Under Cover programs was undertaken to determine the socio-economic returns for all stakeholders affected by the issues of youth homelessness and overcrowding. Returns over a six-year period from 2010-2016 were considered.

The SROI methodology was used to identify, measure and value the impacts of the Kids Under Cover intervention for each stakeholder, including young people and their carers along with government and community sector partners.

SROI is an internationally recognised, principles-based approach for understanding and measuring the impacts of a program or organisation. It provides a framework for measuring and accounting for the broader concept of value.

## **KEY FINDINGS**

The findings from the SROI report are clear; the Kids Under Cover Studio Program is effective in achieving its aim of creating life-changing value for young people living in overcrowded conditions and who are vulnerable to homelessness.

- Most of the value of Kids Under Cover's interventions is felt directly by those assisted by the Studio or Scholarship Programs, with EY calculating that the social return for those young people equates to over \$30 million over the last six years.
- Kids Under Cover's benefits are felt more widely than just by those young people identified as being at-risk. Other young people over 12 years old within the household have returned a social value greater than \$16 million.
- The social value returned to primary carers (parent or carer of the young people) was greater than \$9 million.

The evidence provided within the SROI analysis has shown:

- For every dollar invested in Kids Under Cover over the past six years, \$4.17 of social value is returned.
- Over six years the Kids Under Cover model generated \$63.129 million of social value.
- The social value returned to the Government and to CSOs was more than \$6 million across six years.
- The criminal justice system, health system and specialist homeless services have benefited through Kids Under Cover's early intervention, resulting in sizable savings. The homeless service system, providing emergency or short-term accommodation, accrues the majority of these savings, relieving pressure that would otherwise have cost \$4 million over the last six years.



The findings also show a Kids Under Cover intervention can transform the lives of young people and their carers.

Lives of young people have improved as a result of the Kids Under Cover Studio and Scholarship Programs. The greatest improvements in the lives of young people were in the following ways:

- Decreased likelihood of homelessness
- Improved interpersonal relationships
- Improved emotional wellbeing and peace of mind (reduced stress, greater safety and identity)
- Improved independence

For the carers of young people, the results have also been excellent. The positive outcomes for carers included:

- Improved interpersonal relationships
- Improved emotional wellbeing and peace of mind (reduced stress, more personal time)
- Improved social inclusion
- Improved financial health

## METHOD

An SROI analysis assesses the 'impact' of activities, rather than simply measuring the delivery of activities such as 'number of studios built' or 'number of scholarships provided'. This involves identifying and measuring social outcomes and, where appropriate, applying financial proxies to represent those outcomes.

The value of the outcomes can be compared to the investment required to generate them, providing an indication of cost-effectiveness. In this way, SROI puts social and environmental effects into a language that is widely understood by investors and decision-makers. It also helps organisations to better understand the processes that affect their stakeholders, by identifying the links between activities and impacts.

Actively engaging with stakeholders is a key element of the SROI methodology. A project steering committee consisting of EY and Kids Under Cover was established to help facilitate the SROI, monitor progress and review the results. The stakeholders for this project were identified in consultation with a steering committee. The list of stakeholders selected for engagement included:

<b>Studio occupants/ Scholarship recipients</b>	Young people (aged 12-25) residing in a studio and those who received a scholarship
<b>Other young people</b>	Other young people residing in the main household over 12 years old affected by the Studio and/or Scholarship Programs
<b>Primary carers</b>	Parent or carer of the young people
<b>CSOs</b>	CSOs that have worked directly in support with families to apply for Kids Under Cover studio or scholarship
<b>Kids Under Cover staff</b>	Staff members working at Kids Under Cover
<b>Government*</b>	Representatives from government. Includes case workers from Department of Health and Human Services.

\*Savings made to budgets for the Department of Health and Human Services to judiciary services and to the Department of Health.



A stakeholder engagement plan was developed to consult with each of the stakeholder groups identified. Engaging directly with stakeholders was essential to the SROI process, as it provided qualitative information about the outcomes stakeholders are, or will be, experiencing because of their involvement with Kids Under Cover programs.

SROI analyses use Theory of Change to understand how and why interventions lead to impact. A theory of change tells the story of stakeholders' involvement in the program and their perception of how their lives have changed or will change. It depicts how inputs are used to deliver activities which result in outcomes (changes) for each stakeholder. A Theory of Change is often documented in narrative, tabular and/or visual formats.

To determine the value or importance of social outcomes, it is necessary to attach a financial value so they can be compared with conventional market investments.

The social value created by Kids Under Cover is calculated by assigning financial proxies to represent the values created through each outcome. The complete value of a proxy is only attributed to an outcome when individuals experience a 100% change along the outcome scales (i.e. a 4-point distance travelled measure, from a 1 to a 5). Where there is only a marginal change in an outcome reported, the proxy is applied accordingly to the outcome (i.e. 10 individuals reporting a distance travelled of 2 points on a 5-point distance travelled measure equates to 50% change and an outcome incidence of 5).

An overview of the calculations involved is presented below:

$$\text{SROI} = \frac{\text{TOTAL PRESENT VALUE OF OUTCOMES}}{\text{TOTAL INVESTMENT ACTIVITIES}}$$

Present value of an outcome  
= outcome incidence x financial proxy value

Secondary literature was reviewed to determine the value of outcomes to stakeholders. Values were identified primarily by using a 'revealed preference' technique to find equivalent values that a stakeholder would pay for an equivalent outcome.

A recently published study by an ARC Linkage (Swinburne) research project entitled 'The Cost of Youth Homelessness in Australia' has provided the most comprehensive and accurate estimations of the cost of youth homelessness to government in Australia.

These have been used to determine the value of outcomes per individual, per year.

## RESULTS

SROI is built on primary data collected directly from stakeholders to indicate the occurrence of an outcome for affected parties. To evidence the incidence and magnitude of outcomes identified through the stakeholder engagement phase, a range of data collection approaches were used, including phone interviews and secondary research<sup>1</sup>.



The results utilise three key components to understanding the extent a Kids Under Cover intervention can transform the lives of young people and their carers.

1. Baseline data represented the average position on a five-point scale (never, sometimes, often, most of the time, always) before the Kids Under Cover intervention.
2. Follow-up data represented the average position on the scale at the time of the interview.
3. Attribution data was captured to represent the contribution of the Kids Under Cover intervention to the change. The carers and young people were asked how much of the change was attributed to the Kids Under Cover programs on a 4 point-scale (none, some, a lot, all).

Lives of young people have improved as a result of the Kids Under Cover Studio and Scholarship Programs. The greatest improvement in the lives of young people was that of better living environment, improved privacy and reduced crowding. As a result of the improved living environment other benefits were created, including:

- Decreased likelihood of homelessness
- Improved emotional wellbeing (reduced stress, greater safety and identity)
- Improved relationships with family, friends and community
- Greater independence

For the carers of young people, the results have also been excellent. The positive outcomes for carers included:

- Improved interpersonal relationships
- Improved emotional wellbeing and peace of mind (reduced stress, more personal time)
- Increased social inclusion
- Improved financial health

For Government, the results further evidence prevention is better than cure. The state makes sizeable savings in relation to:

- Reduced costs in housing services (short term and crisis accommodation)
- Reduced costs to the health system
- Reduced costs to the justice system

CSOs that provide support to families also benefit from the Kids Under Cover interventions. The most material outcome for CSOs is improved efficiency (better case-management and capacity) in delivering their services. CSOs spend less time, on average, with each family and have more time and ability to support other families.

## POSITIVE CHANGE

### HOW THE KIDS UNDER COVER PROGRAMS BENEFIT YOUNG PEOPLE

A Kids Under Cover intervention reduces the risk of homelessness for young people. Young people not only run away from home less frequently, but they also spend less time away from home. They experience a stronger sense of home, due to less overcrowding and an improved sense of privacy and personal space.

Reduced stress, improved self-image and a greater feeling of safety are also among the benefits to young people. They often report that they have more time to pursue their own interests and make plans for their future.

### IMPROVED PRIVACY



**After the installation of a studio  
10% OF YOUNG PEOPLE FELT THEY  
NEVER, OR SOMETIMES HAD THE  
SPACE FOR TIME ALONE.**

**Prior to the studio being built  
THAT FIGURE WAS 96%.**

<sup>1</sup> Secondary research utilises already present studies that value the impact of appropriate intervention services and the 'willingness to pay' approach.

The Kids Under Cover Studio Program also had a positive effect on family relationships. Young people spend more quality time with their family, and conflicts at home are reduced. Young people also report improved friendships and social capacity. The studios provide a welcoming space for them to invite their friends, and the Scholarship Program allows them to participate in more curricular activities.

## FEELING TOO CROWDED

88%



20%

**ONLY 20% OF YOUNG PEOPLE THOUGHT THEIR HOUSE WAS CROWDED AFTER A STUDIO WAS INSTALLED, compared with 88% who said the house was crowded “most of the time or always” before a studio was built.**

The Kids Under Cover intervention has had a substantial positive effect on young people’s sense of home. It has helped to reduce the number of times that young people have run away from home, and the duration of their absence.

It has also had a very positive effect on young people’s feelings of personal identity, their sense of comfort and security at home, and their education.

## HOW THE KIDS UNDER COVER PROGRAMS BENEFIT THE CARERS OF YOUNG PEOPLE

The lives of those who care for young people have been positively impacted by the Kids Under Cover Studio and Scholarship Programs. In particular, they report improved interpersonal relationships, better emotional wellbeing and peace of mind, increased social inclusion, and better financial health.

## ENJOY TIME WITH FAMILY

73%



57%

**73% OF CARERS ENJOY SPENDING TIME WITH THEIR FAMILY, compared with 57% before the studio was built.**

The Studio Program has improved family relationships. Carers spend more quality time with their families and conflicts at home have been substantially reduced. Now more carers look forward to spending time with the family, and it is a much more peaceful environment.

The carers of young people also have better peace of mind and wellbeing as a result of the Studio and Scholarship Programs. They are experiencing less stress — including financial stress — than before. Carers are also finding the time to pursue their own interests with a high percentage saying they now have time for themselves, a change in their lives they attribute directly to the Kids Under Cover intervention.

Allied with the positive changes in the carers’ personal lives is an improved sense of social inclusion. A growing percentage report that they never felt connected to or supported by their community until they joined the Kids Under Cover programs.

## FINANCIAL STRESS

59%



37%

**JUST 37% OF CARERS REPORTED FINANCIAL STRESS AFTER THE STUDIO WAS BUILT, compared with 59% before the studio.**

The Scholarship Program in particular has been a big help financially for a lot of carers. Carers who have taken part in the program report that their finances are in much better shape and they now have enough support to pay for the education of the young people in their care. This, in turn, has a great effect on the quality of life and the educational prospects of young people in their care.



## CONCLUSION AND RECOMMENDATIONS

Kids Under Cover's pre-emptive work of building, supporting at-risk young people, has been delivering proven prevention methods since 1989. Early intervention has been successfully shown to interrupt the spiral of homelessness, and is a far more effective strategy both economically and socially.

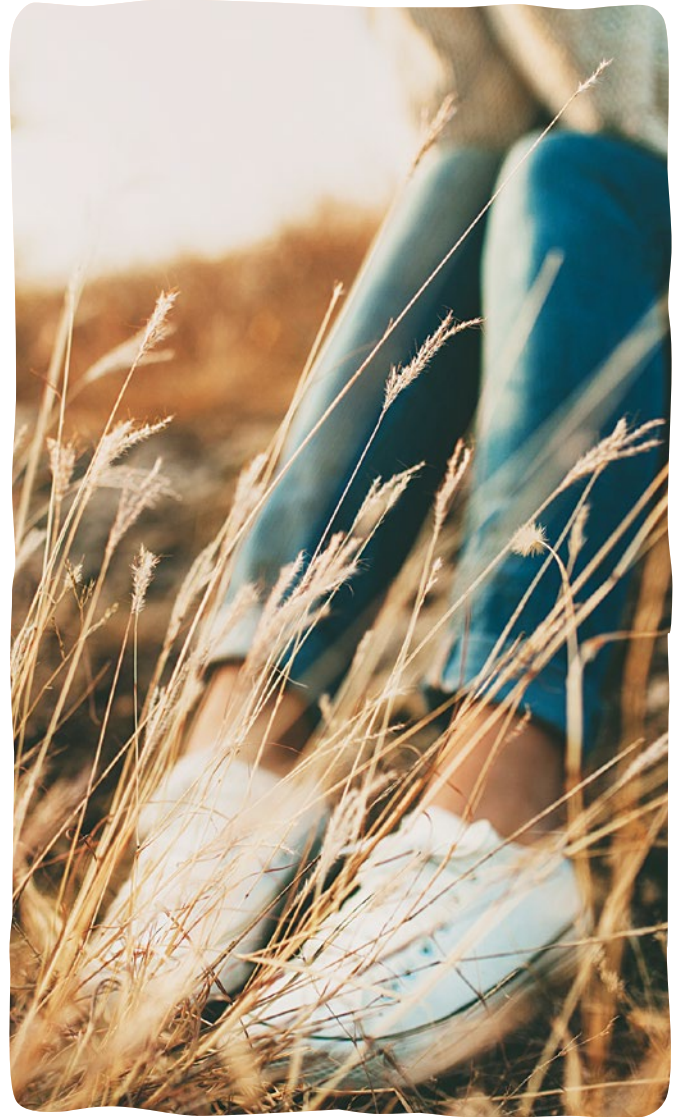
The Studio Program provides temporary, responsive accommodation to young people experiencing difficult living conditions exacerbated by the disadvantages of poverty, substance abuse, physical health complications, intellectual disabilities or mental health issues, combined with severe overcrowding.

The findings from the SROI report are clear; the Kids Under Cover Studio Program is effective in achieving its aim of creating life-changing value for young people living in overcrowded conditions and who are vulnerable to homelessness.

The results further illustrate the importance of investing and creating policy incentives which prevent homelessness before it starts.

The evidence provided through the SROI analysis has shown:

- **From a return-on-investment perspective, Kids Under Cover is an effective intervention and has been consistently providing high social returns for each equivalent dollar invested. Overall the service has returned \$4.17 for each dollar invested over the past six years and an average social return on a typical year of \$4.89.**
- **Kids Under Cover generates the highest amount of value for its primary stakeholders, the young people residing in a studio. The total value created for the young people who live in the studios was found to be \$30,721,084 across the six-year period. The second key beneficiary group, being other young people over 12 years old living in the main residency, returned a social value greater than \$16 million.**
- **The provision of scholarships to young people creates substantial relief for households experiencing financial stress and supports the young people in engaging in education or training, improving their long-term prospects.**



A recent report by Australian Housing and Urban Research Institute (AHURI) 'The funding and delivery of programs to reduce homelessness: the case study evidence' provides insight to the benefits of early intervention in the fight against homelessness.

The report suggests increased expenditure on homelessness services alone does not of itself address the challenge of reducing homelessness.

The AHURI report further states; early intervention or 'turning off the tap' and postvention or 'breaking the cycle' have remained under-developed since the 2008 Australian Government's White Paper. There is clear evidence that additional cost savings are associated with early intervention that reduces the flow of people into homelessness<sup>1</sup>

In reviewing the results within the SROI report one could assume investing in the work of Kids Under Cover makes sound economic sense. Early intervention strategies like the Studio Program are imperative in the fight against homelessness.

Developing policies and greater funding of effective preventative strategies that support young people during the critical developmental stages delivers our greatest hope in ensuring young people do not become the face of homelessness in our country.

1 MacKenzie, D., McNelis, S., Flatau, P., Valentine, K. and Seiwright, A. (2017) The funding and delivery of programs to reduce homelessness: the case study evidence, AHURI Final Report No. 274, Australian Housing and Urban Research Institute Limited, Melbourne, <http://www.ahuri.edu.au/research/final-reports/274>, doi:10.18408/ahuri-5109201.



09<sup>th</sup> April 2017

To whom it may concern,

**RE: SROI Verification of the Kids Under Cover Programme**

We have been asked to provide external independent commentary on the evaluative Social Return on Investment (SROI) analysis of the Kids Under Cover Programme model prepared by Ernst & Young.

NEF Consulting is the consultancy arm of the award-winning New Economics Foundation (NEF), one of the UK's largest independent think-tanks and charity. NEF has a thirty year track record in ground-breaking analysis of the interdependent social, environmental and economic aspects of globalised development. NEF was a key partner in driving the Jubilee Debt campaign, Ethical Trading Initiative and gave shape to the AccountAbility AA1000 standards.

NEF has been developing and mainstreaming new sophisticated tools and logical frameworks that better define and measure social impact (for example Social Auditing and Social Return On Investment); well-being and international well-being indicators (through its internationally renowned Centre for Well-Being); and enhanced value for money (VfM) analysis. nef consulting provide respected rigour and expertise in these areas, and have become a leading advisor to public services, NGOs and charitable foundations, private companies, socially responsible investment funds and social enterprises.

Having pioneered the SROI methodology in the UK, NEF Consulting are world renowned practitioners of SROI. We deliver accredited training in the UK and abroad and have trained over 600 participants since 2009. Alongside delivery of training, we have delivered the greatest volume of SROI analyses of any single organisation. NEF Consulting is constantly working to apply the SROI methodology to a range of contexts and organisations.

In this context we have reviewed the model and the associated documentation to:

- Understand the programme's outcomes and how these have been represented in the model
- Interrogate the assumptions made and applied in the model
- Review the sources of the model's assumptions
- Validate the model's calculations

We find that the model provides a social value analysis which is compatible with a high standard of application of the Social Return on Investment (SROI) modelling process. The model has been developed in a logical and consistent way, following SROI principles, and making reasonable assumptions in regard to all key methodological steps – including deadweight, attribution, valuation of non-monetary outcomes and benefit period.

We also wish to highlight that Ernst & Young has been responsive to all our technical queries as regards the SROI model. The output of this process is an SROI analysis of a high standard, dealing with a complex programme with multiple material stakeholders.

We hope and expect its findings will be helpful to the Kids Under Cover programme and the audiences of the analysis in their understanding of the value created by the Kids Under Cover programme.

Yours sincerely,



Michael Weatherhead  
**International Director,  
NEF Consulting**

For a copy of the full EY report, which includes a full list of assumptions and sources, along with more detailed calculations, please contact Kids Under Cover directly;

**E:** [communications@kuc.org.au](mailto:communications@kuc.org.au)  
Subject line: SROI Report query

**T:** (03) 9429 7444  
**W:** [kuc.org.au](http://kuc.org.au)

Kids Under Cover SROI team  
PO Box 5141, Burnley VIC 3121

© Kids Under Cover 2017



It is with thanks that we acknowledge The Portland House Foundation for supporting the production of this document.

EY is a registered trademark. We have prepared a report for our client, Kids Under Cover, pursuant to the terms of our engagement letter dated 4 May 2016. We disclaim all responsibility to any other party for any loss or liability that the other party may suffer or incur arising from or relating to or in any way connected with the contents of our report, reference to the contents of our report, the provision of our report to another party or the reliance upon our report or the contents of our report by another party. Liability limited by a scheme approved under Professional Standards Legislation.