

THE HOUSE OF GOOD



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UPDATE 2021

The economic and social value of church buildings to the UK



For people who love church buildings

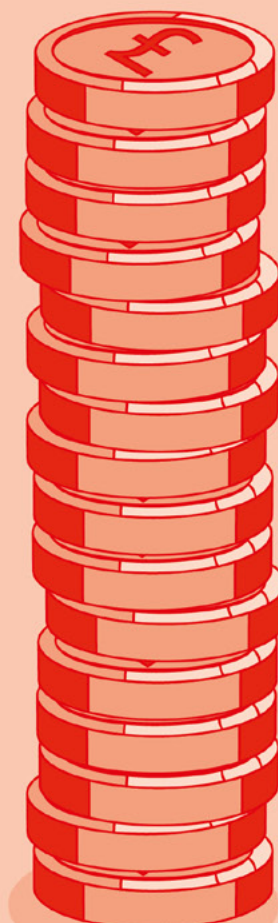
FUNDING CHURCH BUILDINGS IS A FANTASTIC INVESTMENT



When you invest
£1
in church buildings...



2020 research showed a return of **£3.74**



...but HM Treasury Green Book calculations now show a return of over **£16**

THE HOUSE OF GOOD - CHURCHES ARE VITAL TO LEVELLING UP

Update to the National Churches Trust 2020 report on the social and economic value of church buildings to the UK following changes to the HM Treasury Green Book guidance on policy appraisal and evaluation.

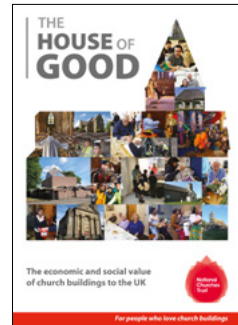
Introduction

In September 2020 the National Churches Trust published The House of Good report. For the very first time, the report quantified the economic and social value of all church buildings to the UK. Not just the bricks and mortar but the welfare and wellbeing they create in our communities.

What's changed at The Treasury?

As the National Churches Trust was publishing this work, HM Treasury was working on two significant changes to The Green Book – the gold standard of policy evaluation and economic appraisal. Both of these changes have now been published and they offer a significant boost to the findings in The House of Good.

This short update shows how the changes to HM Treasury's The Green Book have substantially increased the economic and social value of church buildings to society. One change to The Green Book strengthens HM Treasury's framework for supporting policy interventions to address regional economic disparities. The other change affects how it measures the economic benefits of wellbeing.



1. November 2020 - The Green Book 2020 and levelling up

The Conservative government, elected in 2019, has as one of its main aims - "to address the longstanding problem of the UK's regional economic disparities." (House of Commons Library 2021). It seeks to do this partly through a process of levelling up.

To back up their levelling up agenda, in November 2020, after The House of Good was published, the Government produced an update to its key document used for policy appraisal: The Green Book (2020).

The Green Book, provides "guidance on how to appraise and evaluate policies, projects and programmes." Importantly, it helps to understand whether policies offer good value for money to the Treasury and the tax-paying population.

The November 2020 update was "in response to concerns that the government's appraisal guidance may mitigate against investment in poorer parts of the UK and undermine the Government's aim to level up these areas." The resulting adaptation was intended to "enable ministers and other decision makers to fully understand what investments they need to make to most effectively drive the delivery of the levelling up agenda."

Churches are levelling up every single day

As The House of Good report made extremely clear, church buildings provide massive social support to people and communities throughout the UK; many of the most socially active groups are based in church buildings situated in deprived areas. In this way they provide a ready-made, efficient, responsive network of social value and community care which helps to build more resilient communities.

Church buildings are the heart of a ready made nationwide network of community care - helping the people most in need through providing volunteer-led help including drug and alcohol support, financial advice, youth clubs, after-school care, and job clubs. There are more foodbanks than McDonald's in the UK¹ and almost every single one was set up by, is linked to or is run by, a church and its volunteers.

1. <https://fullfact.org/electionlive/2019/dec/9/food-banks-more-mcdonalds/>

These church building based services provide a safety net for those in need, and also allow people to improve their lives, thereby helping to build human capital.

As well as the benefit this offers to those who need the help directly, the provision of these services by volunteers brings people together in support of the common good and strengthens local communities. In this way, church buildings provide a double benefit to society for both those benefiting directly from support and also for those providing support.

The House of Good report shows us that church buildings help to level up every single day; it is what they do and have always done, and the House of Good study makes clear just how valuable this is to British society.

2. The July 2021 HMT Green Book supplementary guidance on wellbeing² and a new value for the WELLBY

Alongside the new prioritisation of levelling up in The HM Treasury Green Book, there has been another important change to the way that government measures and values wellbeing. This new guidance was published in July 2021.

Both the 2018 and 2020 Green Book maintained a focus on welfare economics, stating that

*the appraisal of social value, also known as public value, is based on the principles and ideas of welfare economics and concerns overall social welfare efficiency, not simply economic market efficiency. Social or public value therefore includes all significant costs and benefits that affect the **welfare and wellbeing of the population**, not just market effects. For example, environmental, cultural, health, social care, justice and security effects are included. This welfare and wellbeing consideration applies to the entire population that is served by the government, not simply taxpayers.*

Measuring wellbeing as a tool to measure the social impact and non-market value of church buildings was a key part of The House of Good report. State of Life, the economic consultancy that authored the report, used a new measure of wellbeing impact and value called the WELLBY (see Wellbeing Guidance for Appraisal for reference). This is equal to a 1-point change in a person's life satisfaction on a scale of 0 to 10.

The values presented in The House of Good are now five times higher

The House of Good took a cautious approach to converting wellbeing into a monetary equivalent value by using a very conservative rate (**£2,500**) based on the NHS costs of production - the average amount of money spent on health improvement interventions of the NHS to generate one extra quality-adjusted life year (QALY). This fits within the framework of comparing two forms of vital social and community care - churches and the NHS.

The July 2021 HM Treasury Green Book supplementary guidance on measurement and evaluation of wellbeing confirms the WELLBY as the primary measure of wellbeing. However, the new guidance provides an officially recommended flat rate at which to convert WELLBYs into a monetary equivalent value. This is **£13,000** per WELLBY, with a lower bound of £10,000 and an upper bound of £16,000.

These values are the result of an amalgamation and selection of the optimum research methods developed thus far to measure the social value of wellbeing. The lower bound is benchmarked and based on the impact measure used by the NHS³ – the QALY (Quality Adjusted Life Year). The upper bound is based on a widely used approach estimating the amount of income an average individual would have to trade off for a similar wellbeing change.

2. <https://www.gov.uk/government/publications/green-book-supplementary-guidance-wellbeing>

3. We see the WELLBY and wellbeing in many ways as a measure of preventative health - and we can see in House of Good that it is precisely these preventative services that churches are stepping up to provide e.g. foodbanks preventing hunger.

These new HM Green Book-endorsed valuation rates are considerably higher than the cautious rates used for the headline figures in The House of Good report: the lower bound is 4 times higher, the upper bound is 6.4 times higher and the central value is **5.2 times higher**.

What this means is that The House of Good report remains accurate in its overall methodology and analysis but understated the value of the social good and wellbeing uplift generated by church activities, attendance and volunteering.

The headline total social value of church buildings in the UK calculated in the original The House of Good report of 2020 was around £12.4 billion (roughly equal to the total NHS spending on mental health in 2018).⁴

Churches are delivering care to those in need worth twice as much as the total spend on adult social care by local authorities

By applying the new HM Treasury Green Book supplementary guidance of July 2021, and in particular the recommended conversion rate for a WELLBY, the yearly social value of churches in the UK and the activities undertaken therein is around **£55 billion** (lower bound £43bn; upper bound £67 bn). That is roughly twice as much as the total spend on adult social care by local authorities.⁵

Appendix 1 presents updated tables from The House of Good study, with wellbeing values revised, based on the new wellbeing valuation rates from the 2021 supplementary guidance in The HM Treasury Green Book.

The graphic on the next page contains a summary of the updated numbers for the circles of value that result from the updated guidance from HM Treasury.

Benefit-Cost Ratio (SROI) is now over 16 to 1

By comparing the total economic and social value of an average church building, now estimated at £1,382,250 (based on the revised central wellbeing values), with that of the raw yearly church expenditure average of £82,406 (NCT 2020 Survey), a church building will yield a net benefit of £1.3 million (lower bound ca. £1 million; upper bound £1.6 million) and an average benefit-to-cost ratio (also known as SROI) of 16.85 (lower bound ca. 13.2; upper bound ca. 20.5).

What this means is that for every £1 invested in a church, the return is over £16. This is an extraordinary figure (a reasonable return is 3 or 4). But as The House of Good makes very clear – in running foodbanks, youth services, mental health counselling, often provided by volunteers – church buildings are places that are doing extraordinary work in levelling up our communities every single day.

There is no question that church buildings provide a very positive return on every £1 invested.

The change in the rate used to value wellbeing impacts for volunteering and church attendance as well as church social action in the latest HM Treasury Green Book supplementary guidance is over five times higher than that used for the headline figures in The House of Good report. This change only affects non-market value; market value figures remain unaffected.⁶

It is important to stress that even with this new, bigger value, the scope of our original study remains partial. For instance, we did not include values for all areas of social and community care provided by churches, but rather only chose four key, widely delivered activities. Nor did we attach a value for church buildings from tourism, heritage and non-use value.

4. <https://www.england.nhs.uk/publication/nhs-mental-health-dashboard/>

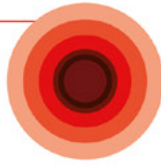
5. <https://www.kingsfund.org.uk/audio-video/key-facts-figures-adult-social-care>

6. There is a slight change in the nationwide aggregate market values and cost replacement values that is due to a small change in the estimate of the number of churches in the UK. From 40,300 in the original House of Good report this has been revised downwards to 39,800.

WHAT WE FOUND

WHAT WE THOUGHT

The 2020 research showed that the total economic and social value of church buildings to the UK was **£12.4bn**.



WHAT WE KNOW NOW

Today, HM Treasury Green Book calculations show the true value to be **£55bn**, more than four times higher than previously thought.

TOTAL VALUE

£55
billion
per year



THIS 'HALO' EFFECT COMPRISES TWO VALUES:

1. Market value and replacement cost

£2.41 billion per year

No significant change from the 2020 research.

2. Non-market (wellbeing) value

£52.6 billion per year

An increase of almost £43 billion from the 2020 research.

▶ **£1.4 billion**

the direct economic value created by the running, staffing and hiring out of church buildings.

▶ **£2.29 billion**

the wellbeing value of volunteering.
An increase from £165 million in the 2020 research.

▶ **£206 million**

the replacement cost of social and community services, like foodbanks, youth groups, mental health services.

▶ **£43 billion**

the wellbeing value to individuals benefiting from community good.
An increase of £34.7 billion from the 2020 research.

▶ **£839 million**

the replacement cost of volunteers' time.

▶ **£7.31 billion**

the wellbeing value of weekly church attendance.
An increase of almost £6 billion from the 2020 research.

It is only the valuation of wellbeing that has changed because of the new UK Treasury guidance, whereas the estimated wellbeing impact, as well as the market values, remain the same. Our figures therefore remain reasonable yet cautious.

But we can now confidently state that the value of church-based care in our communities is over four times higher than we initially stated - **around £55 billion**. This value can be as high as £67 billion or as low as £43 billion if we respectively use the upper bound and lower bound wellbeing valuation rates from the recent government guidance on measuring wellbeing in public policy.

None of this changes the main conclusion of The House of Good report. Churches remain a vital, ready-made network of social care in our communities. We are sure of the fact that these buildings have a crucial role to play in helping communities to level up. They should receive central and local government support to keep them open and in good repair and with up to date facilities for this purpose in the years to come as the UK recovers from the pandemic. Also, all conclusions from the original report regarding urban churches generating more social value (as they are able to host and serve more people) still hold.

Church buildings have a vital role in addressing inequalities

There can be little doubt that if the UK Government is serious about levelling up – and the update to the HMT Green Book in 2021 and the creation of the new Department for Levelling Up, Housing and Communities would suggest it is – then investment in churches as a vital network of support for those in most need is an essential step towards addressing these inequalities that have been allowed to develop in the UK and hold back the improvement of the lives of millions of our fellow citizens.

St Laurence church, Chorley Church of England



“We serve our community even when the foodbanks are closed.”



© Chorley Guardian

Background:

Chorley is a market town with a population of around 35,000. It lies 11 miles north west of Bolton in the county of Lancashire. The town’s wealth came from the cotton industry and in the 1970s the skyline was dominated by factory chimneys.

There are pockets of severe deprivation but there are areas of relatively high affluence as well. Although unemployment is around the national average many people are on low incomes and find it hard to make ends meet.

St Laurence is an active church within the town boundary and serves a parish of around 8,500. Father Neil Kelley is the parish priest.

The Food Phone – Hot Food for the disadvantaged 24/7

In 2014 St Laurence started the ‘Open Table’ initiative, producing a hot meal once a week for people who were struggling to afford to provide basic meals for themselves and their families. Until lockdown forced the church to close, every Monday evening disadvantaged people within the community could come to the church where they were served a hot meal, free of charge.

But lockdown did not stop the church. Demand for hot meals increased dramatically and so a take-away service was introduced with volunteers delivering meals three days a week.

They also established a delivery service of emergency food parcels, nicknamed ‘The Food Phone’.

This is available every hour of every day of every week. The church largely takes referrals from the Council but as more people are becoming aware of ‘Open Table’, they are turning directly to the church. The ‘Food Phone’ is staffed 24/7.

Father Neil says, *“We are not a foodbank, but we are there when foodbanks close their doors. The Food Phone is staffed at all times so that referred families for emergency food parcels can receive a quick response. Food deliveries are sorted with options selected by those who are using the service; prepared meals kept in the freezer can be included to offer something substantial and quick; toilet rolls, sanitary products, cleaning items are all available. We respond personally to every request to ensure what we offer can best meet the needs of our guests.”*

There are between 5 and 20 calls per week to the Food Phone. About half are regulars who struggle with money management and who are referred to debt and finance support charities. The other half are one offs due to specific circumstances such as unexpected expenses draining available income.

Up to 40 volunteers help run the services, with half of these being people who are not part of the church; they simply became aware of what was happening and wanted to volunteer.



© Chorley Guardian

The need for St Laurence

Fr Neil is aware that the situation is going to get worse again with the ending of furlough and rising fuel costs. *“We are already making provision for the future as the demands on our services will severely increase as we lead into Christmas.”*

“If the church closed, people might find some of what the church provides locally but there would be a gap. No other organisation would be able to provide all that St Laurence does for the community. As a result, there would be less provision in the town for people in need.”

Appendix 1 – Updated House of Good tables affected by the change in the wellbeing valuation rate

Note 1: Sums in all the tables below might show an offset of 1 or 2 units, which is due to rounding in different directions of the sum and of its components. Church-level average values take into account the proportion of rural, suburban, and urban churches, rather than being a simple average of the three components.

Note 2: The estimate for the number of churches in the UK has been revised downwards from 40,300 to 39,800. This has affected all UK-wide aggregate values, diminishing them slightly.

Table 5. Wellbeing value of volunteering by church type + total

National Churches Trust 2020	Rural	Suburban	Urban	Total
Average volunteers per church - all	28.24	42.96	63.35	39.59
Average volunteers per church - regular	16.65	34.08	51.64	28.86
Lower bound value				
Yearly wellbeing value of volunteering per person - regular (at least once a month)	£1,300	£1,300	£1,300	£1,300
Yearly wellbeing value of volunteering per person - other (several times a year)	£633	£633	£633	£633
Wellbeing value of volunteering per church (regular)	£21,645	£44,304	£67,132	£37,518
Wellbeing value of volunteering per church (other)	£7,340	£5,624	£7,416	£6,796
Wellbeing value of volunteering per church (total)	£28,985	£49,928	£74,548	£44,314
Total wellbeing value of volunteering in UK churches				£1,763,683,933
Central value				
Yearly wellbeing value of volunteering per person - regular (at least once a month)	£1,690	£1,690	£1,690	£1,690
Yearly wellbeing value of volunteering per person - other (several times a year)	£823	£823	£823	£823
Wellbeing value of volunteering per church (regular)	£28,139	£57,595	£87,272	£48,773
Wellbeing value of volunteering per church (other)	£9,542	£7,311	£9,641	£8,834
Wellbeing value of volunteering per church (total)	£37,681	£64,906	£96,913	£57,608
Total wellbeing value of volunteering in UK churches				£2,292,789,113
Upper bound value				
Yearly wellbeing value of volunteering per person - regular (at least once a month)	£2,080	£2,080	£2,080	£2,080
Yearly wellbeing value of volunteering per person - other (several times a year)	£1,013	£1,013	£1,013	£1,013
Wellbeing value of volunteering per church (regular)	£34,632	£70,886	£107,411	£60,029
Wellbeing value of volunteering per church (other)	£11,745	£8,998	£11,866	£10,873
Wellbeing value of volunteering per church (total)	£46,377	£79,885	£119,277	£70,902
Total wellbeing value of volunteering in UK churches				£2,821,894,293

Table 6A. Outcome unit values for social action (wellbeing value per person per year)

Type of Activity	Resulting outcome	Wellbeing correlation (1 to 7 scale)	Lower bound	Central	Upper bound
Counseling / mental health support	People successfully recovering from anxiety, depression or other mental health problems	0.691	£11,517	£14,972	£18,427
Drug / alcohol support	People successfully recovering from drug / alcohol dependency	0.281	£4,683	£6,088	£7,493
Youth groups and activities for young people	People experiencing a wellbeing increase from youth group participation	0.108	£1,800	£2,340	£2,880
Foodbanks	People experiencing relief from food insecurity	0.324	£5,400	£7,020	£8,640

Table 7. Wellbeing value to individuals benefiting from church social action

Type of Activity	Type of church	Outcome - people per year	Value per church per year			UK-wide value		
			Lower bound	Central	Upper bound	Lower bound	Central	Upper bound
Counseling / mental health support	All	7.4	£85,299	£110,889	£136,479	£3,394,913,865	£4,413,388,024	£5,431,862,183
	Rural	3.4	£38,699	£50,309	£61,919			
	Suburban	3.8	£43,337	£56,338	£69,339			
	Urban	18.0	£207,541	£269,804	£332,066			
Drug / alcohol support	All	2.0	£9,577	£12,450	£15,323	£381,152,851	£495,498,706	£609,844,562
	Rural	0.5	£2,200	£2,860	£3,520			
	Suburban	1.0	£4,804	£6,246	£7,687			
	Urban	6.3	£29,499	£38,349	£47,198			
Youth groups and activities for young people	All	19.0	£34,191	£44,449	£54,706	£1,360,816,128	£1,769,060,966	£2,177,305,805
	Rural	9.4	£16,855	£21,911	£26,967			
	Suburban	35.2	£63,334	£82,334	£101,334			
	Urban	30.1	£54,183	£70,438	£86,693			
Foodbanks	All	130.0	£701,919	£912,494	£1,123,070	£27,936,367,603	£36,317,277,884	£44,698,188,165
	Rural	85.1	£459,317	£597,112	£734,907			
	Suburban	94.6	£510,802	£664,043	£817,284			
	Urban	237.2	£1,280,893	£1,665,161	£2,049,429			

Table 10. Wellbeing value of church attendance by church type + total

National Churches Trust 2020	Rural	Suburban	Urban	Total
Average attendance per church - adults	27.81	68.85	83.79	49.6
Average attendance per church - children	3.59	10.96	15.13	8.01
Average attendance per church - total	32.27	78.84	98.61	58.48
Lower bound value				
Yearly wellbeing value of attendance per person	£2,017	£2,517	£2,517	£2,417
Wellbeing value of attendance per church	£65,078	£198,414	£248,169	£141,327
Total wellbeing value of attendance in UK churches				£5,624,801,333
Central value				
Yearly wellbeing value of attendance per person	£2,622	£3,272	£3,272	£3,142
Wellbeing value of attendance per church	£84,601	£257,938	£322,619	£183,725
Total wellbeing value of attendance in UK churches				£7,312,241,733
Upper bound value				
Yearly wellbeing value of attendance per person	£3,227	£4,027	£4,027	£3,867
Wellbeing value of attendance per church	£104,125	£317,462	£397,070	£226,123
Total wellbeing value of attendance in UK churches				£8,999,682,133

Table 11A. Summary of the economic and social value of churches - UK-wide

Value category	Market Value (direct)	Market Value (secondary)	Non-Market Value	Total
Church economic activity	1,389			1,389
Church attendance			7,312	7,312
Volunteering		839	2,293	3,132
Social and community good				
Foodbanks	53	16	36,317	36,386
Mental health support	27	20	4,413	4,460
Drug/alcohol support	7	24	495	527
Youth groups and activities	36	23	1,769	1,829
TOTAL	1,491	922	52,600	55,014

Table 11B. Summary of the economic and social value of churches - average per church

Value category	Market Value (direct)	Market Value (secondary)	Non-Market Value	Total
Church economic activity	£34,389			£34,389
Church attendance			£183,725	£183,725
Volunteering		£21,080	£57,608	£78,688
Social and community good				
Foodbanks	£1,330	£393	£912,494	£914,222
Mental health support	£667	£497	£110,889	£112,054
Drug/alcohol support	£172	£607	£12,450	£13,229
Youth groups and activities	£915	£579	£44,449	£45,943
TOTAL	£37,474	£23,162	£1,321,614	£1,382,250

The United Kingdom has some of the most historic and beautiful religious buildings to be found anywhere in the world. At the centre of local communities, churches, chapels and meeting houses provide a home for countless activities such as playgroups, drop-in-centres and musical events, as well as serving their core purpose as places of worship.



For people who love church buildings

The National Churches Trust's income comes from individuals and other trusts and foundations, not from government or church authorities. It is thanks to our Friends and supporters that we are able to help the UK's churches, chapels and meeting houses. To find out how you can help us, please contact info@nationalchurchestrust.org, phone 020 7222 0605 or visit our website at: www.nationalchurchestrust.org

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Published by The National Churches Trust ©2021
Company registered in England Registration number 06265201
VAT registration number 349846056

Registered charity number 1119845