

Understanding the costs of multiple needs

Summary of seminar held on
13th May 2019

National evaluation of Fulfilling Lives carried out by:



The
University
Of
Sheffield.

About Fulfilling Lives

The National Lottery Community Fund has invested £112 million over 8 years to better support people with multiple needs. Multiple needs is defined as experience of two or more of: homelessness, reoffending, substance misuse and mental ill-health. Voluntary sector-led partnerships in 12 areas of England are helping people to access more joined-up services tailored to their needs. The programme aims to change lives, change systems and involve beneficiaries. For more information visit www.tnlcommunityfund.org.uk/funding/strategic-investments-multiple-needs

About the national evaluation and learning programme

CFE Research and the University of Sheffield have been commissioned by the National Lottery Community Fund to carry out a national evaluation of Fulfilling Lives and provide a programme of learning. This paper summarises key messages from a seminar run as part of the learning programme.

For more information visit www.mcnevaluation.co.uk

Introduction

On 13th May 2019 the Fulfilling Lives national evaluation team hosted a seminar on the topic of understanding the costs of multiple needs. Speakers included the national evaluation team, local partnerships and their evaluators. The aims of the session were to:

- Hear and discuss the latest findings from the national evaluation team on the costs of multiple needs and the impact of the programme on these.
- Understand more about the approach taken by the national evaluation team and the rationale for this.
- Learn about approaches to calculating costs and benefits, sources of unit costs and ways to calculate potential savings.
- Share findings and learning from different partnerships' assessments of the costs of multiple needs.

This paper summarises key points from the presentations and provides links to useful resources and further information.

Why we need to invest in multiple needs

Rachel Moreton, Associate Director at CFE Research, presented key findings from the [latest briefing from the national evaluation](#) “Why we need to invest in multiple needs”. The briefing addresses two key questions – what is the cost to the public purse of people with multiple needs, and how does this change following support from Fulfilling Lives. She began by outlining some challenges in undertaking this work:

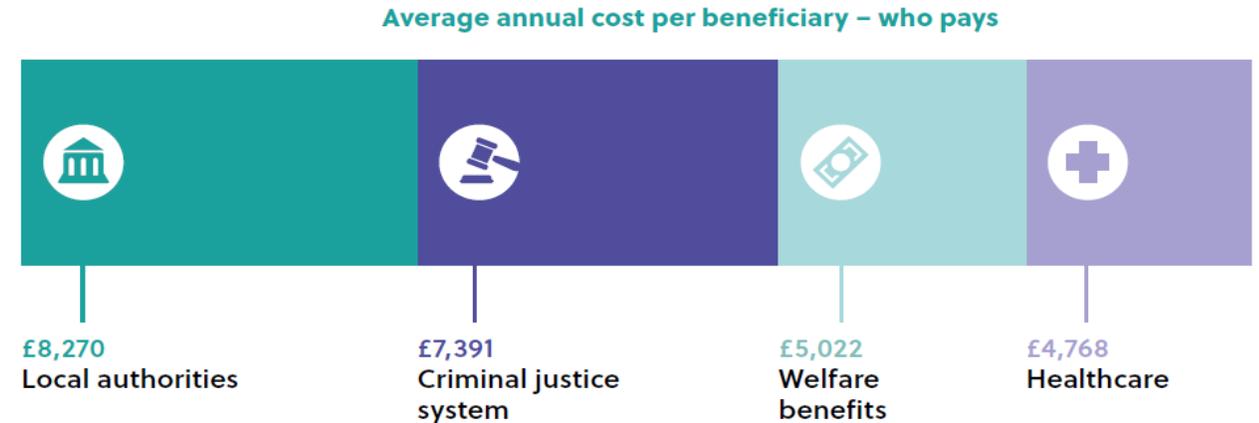
- Sourcing service use data is hard! Different sources (self-report, keyworker reported and administrative data) all have pros and cons
- There can be a tension between the person-centred programme ethos and collecting lots of data from people
- Selecting an appropriate baseline – use of services before people joined the programme would be better if this data is harder to access. The national evaluation settled on the people’s first quarter with the programme as it gave a larger sample to work with.
- Tracking people over time – longer time periods allow for greater understanding of impact and sustainability but samples reduce as people leave the programme
- Deciding what services to include in cost estimates. The resulting estimates only provide a partial picture – not all public services that people use are included.

Why we need to invest in multiple needs

Key findings

Baseline public service use was estimated at over £6,370 per quarter, **over £25,000 per beneficiary per year**. Across the whole Fulfilling Lives group this equals **over £88.5 million per year**

Many interactions with public services are negative and avoidable. For example, over 1 in 4 people attended A&E at least once during their first three months with the programme. One person as many as 25 times. In contrast, people do not appear to be getting the treatment they need. Despite almost all having a mental health need, only 9 per cent received counselling or psychotherapy.



Why we need to invest in multiple needs

Key findings

Change is possible but this takes time. After nearly a year with the Fulfilling Lives programme beneficiaries had **fewer arrests, police cautions, convictions, A&E visits and evictions**. The proportion of people spending time rough sleeping also reduces from 25 per cent to 14 per cent. There are no significant changes in the levels of use of other, more therapeutic or treatment services, although there is a small but significant increase in those receiving welfare benefits (mainly Employment Support Allowance and Housing Benefit).



Fewer arrests, cautions, convictions, visits to A&E and evictions

The value of the changes in service use is an estimated net reduction of **£539 per person per quarter**, the equivalent to **over £2,000 a year**.

Not all of this can be converted to reduced spending. The national evaluation estimates that approximately £906 of this reduction in service use could be made 'cashable'. See the Cashability discussion paper in the Useful resources list at the end of this document for further information.

Inspiring Change Manchester's Housing First pilot

James Found and Paul Pandolfo from Inspiring Change Manchester (ICM) took us through some of the work their partnership is carrying out, with a focus on Housing First. Housing First is an intervention that aims to support people with experience of multiple disadvantage into long-term homelessness into housing.

The pilot place between April 2016 and March 2018. Although the Greater Manchester Combined Authority (GMCA) was commissioned to undertake a cost-benefit analysis of the pilot (see pages 8 and 9) ICM wanted to challenge and change the narrative from one focusing on investing in *services* to investing in *people*, demonstrating what can work and what people value. They aim to make the case for positive investment in alternatives that support people to achieve their personal goals, rather than 'more of the same but cheaper'.

“Invest in people...you'll be amazed at what happens”

ICM Core Group

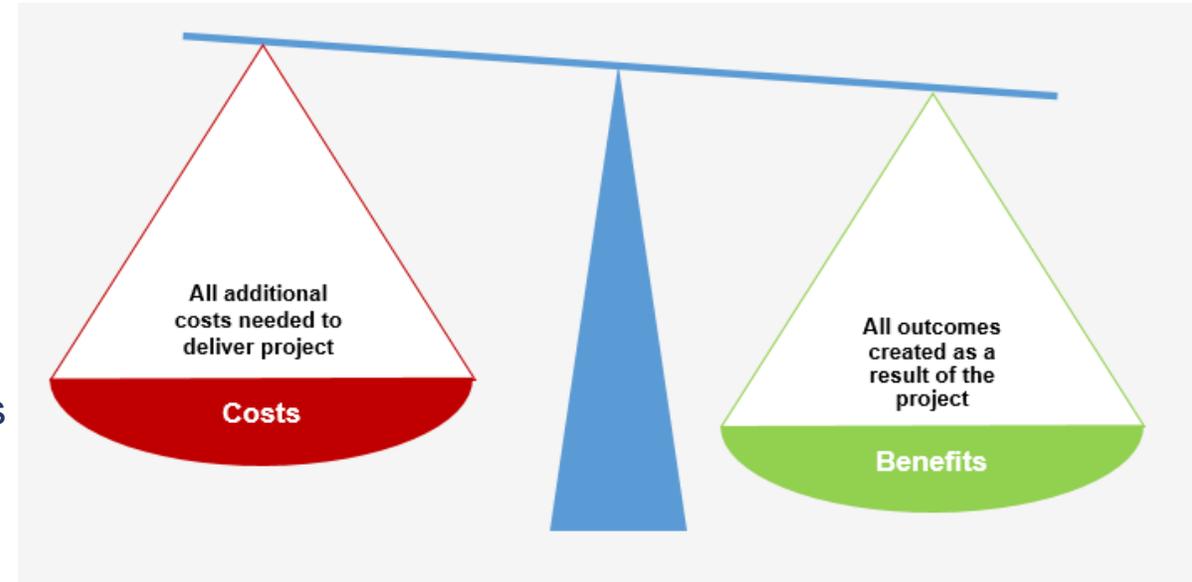


Shelter

Cost-benefit analysis of ICM's Housing First pilot

Dr Sarah Barnes, Principle Researcher from GMCA's Research Team talked through their approach to Cost Benefit Analysis (CBA) and how this had been applied to ICM's Housing First pilot.

CBA balances the costs in delivering a project against all the outcomes created as a result. Costs include proactive costs (the costs of intervention) and reactive costs (the costs of inaction) such as crisis responses. Benefits may be fiscal (reductions in reactive costs such as emergency hospital visits), economic (wider impacts on the economy such as economic growth) and social (improvements in wellbeing, such as improved health). The CBA model developed by the GMCA includes consideration of how many people are engaged, how many achieve desired outcomes, what would have happened anyway (deadweight), the value of outcomes and a correction of optimism bias.



Accurate CBA needs accurate costs. The Unit Cost Database produced by GMCA includes over 900 entries (mainly reactive costs/savings) on eight different themes. The database is regularly updated and fully validated.

GMCA also provide formal training in CBA – see Useful resources and Contacts on pages 13 and 14.

Cost-benefit analysis of ICM's Housing First pilot

Key findings

The Housing First programme was found to have made positive changes to a number of people's lives. These include changes in behaviour and wellbeing that are likely to result in savings to a variety of public sector organisations. It is recommended that a partnership-led approach to any future commissioning is considered

- Estimated savings to public sector budgets estimated to be **£279,000 over five years**
- Overall return on investment is calculated to be **1.60 – meaning for every £1 paid in, £1.60 of savings will be produced**
- Changes in social wellbeing experienced by programme members creates a net present **public value of approximately £464,000 over five years.**
- The Public Value Return on Investment is **calculated to be 2.05 i.e. greater value than cost is created.**

Blackpool Fulfilling Lives economic evaluation

Jane Harris from Cordis Bright talked us through the approaches they adopted for their evaluation of Blackpool Fulfilling Lives. Assessing cost-effectiveness can be challenging. Individuals' needs cross a number of different domains and therefore costs range over different public budgets. There is often a mismatch between the budget paying for a service and the budget that benefits from any 'pay-off'. Not all savings are cashable and some interventions may lead to additional expenditures (an increase in costs).

They approached the Blackpool Fulfilling Lives economic evaluation in two different ways. For year two they conducted before and after analysis (12 months before and after joining Fulfilling Lives) of all potential costs and savings. In year four they focused just on savings achieved through diversion from crisis service use, again using a before and after methodology. In both cases they augmented results with additional quantitative data (such as [Homelessness Outcomes Star](#) results) and qualitative data from interviews with service users, staff and partners.



Blackpool Fulfilling Lives economic evaluation

Key findings

The Year 2 evaluation found that while use of some services decreased after 12 months, other increased. The services whose usage decreased tended to be crisis services such as visits to A&E and interactions with the criminal justice system. Services whose usage increased included use of mental health services. Reduced service use was estimated to be worth £710,625) Taking into account increased service use and project running costs results in an estimated net cost per service user per year of £4,744.

The Year 4 evaluation focused on changes in crisis service contacts. Criminal justice contacts, A&E visits and emergency hospital admissions all decreased. The value of this reduction over 12 months is £507,946 or £2,822 per person.



WY-FI cost benefit model – methods and issues

Mark Crowe of West Yorkshire Finding Independence (WY-FI) outlined some of their approaches to understanding changes in service use and the associated cost savings. One of the challenges is establishing a suitable baseline to compare progress against. Data on service users prior to joining Fulfilling Lives is the ideal but is not always accessible. Instead WYFI looked at changes in service use from quarter to quarter over varying periods of time – shorter timescales providing more cases to work with. Looking at change over the course of a year showed a reduction in usage (and thus costs) for most services. However, there was an increase costs relating to use of mental health inpatient services.

WYFI tried an alternative approach, comparing the first year on the programme to the second. This also found an overall reduction in service use and associated costs but in this model use of mental health inpatient services was where largest cost savings were seen.

Another key insight from WY-FI was that there appeared to be a ‘golden window’ of between 18 and 36 months on the programme. People who stayed this long did well, those who stayed longer made less progress.



Useful resources

Understanding costs and benefits

Further information on GMCA's cost-benefit model, including links to the Unit Cost Database and Cashability Discussion Paper, can be found here: <https://www.greatermanchester-ca.gov.uk/what-we-do/research/research-cost-benefit-analysis/>

Other useful sources of unit costs include PSSRU's [Unit Costs of Health and Social Care](#) series

HM Treasury's GDP Deflators are useful for adjusting unit cost estimates to current values. There is also a user guide and practical examples here: <https://www.gov.uk/government/collections/gdp-deflators-at-market-prices-and-money-gdp>

Fulfilling Lives evaluation findings

[Why we need to invest in multiple needs](#)

[ICM Housing First pilot](#)

[Fulfilling Lives Blackpool Year 2 evaluation](#)

[Fulfilling Lives Blackpool Year 4 evaluation](#)

[West Yorkshire Finding Independence evaluation report 2018](#)

Contact details for further information

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West Yorkshire Finding Independence cost benefit model

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