# LGF Befriending Service – Cost Benefit Analysis findings

A report for

The Lesbian and Gay Foundation

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## 1 Introduction

- 1.1 This report provides a summary of the findings from cost benefit analysis (CBA) undertaken on the Befriending Service run by Greater Manchester's Lesbian and Gay Foundation (LGF).
- 1.2 It is intended to provide evidence as to the cost effectiveness of the Service and the potential for scaling up the Service's activities.

#### **Description of the LGF's Befriending Service**

- 1.3 The Befriending Service commenced in 2011. Originally the Service only operated within Manchester City Council boundaries but it now operates Greater Manchester wide.
- 1.4 The Service has approximately 40 clients at any one time.
- 1.5 The issues that clients present with typically include:
  - Feelings of isolation
  - Anxiety
  - Fear of homophobic discrimination
- **1.6** LGF provided New Economy with background information for 109 clients of the Service. In this sample:
  - o 70% were male
  - 20% classified themselves as having a disability
  - o 75% were aged between 25-40
- 1.7 Clients are paired with a befriender. The LGF has a group of approximately 30 volunteer befrienders to call upon. These volunteers come from a variety of backgrounds and age groups, from working professionals to retirees. Training is made available to befrienders to support them in their role.
- 1.8 Once a pairing has been made, each pair meets up to 10 times. Pairs can decide to stop meeting before the tenth session if they feel the desired outcomes have been achieved. The 'average' pair meets up over a 4-5 month period.
- 1.9 Meetings between pairs generally last for about 2 hours. The content of meetings includes social and cultural activities, support accessing public services, and education and training advice/support. Meetings usually take place in the city centre, sometimes in local town centres but currently never at the service user's home.

- 1.10 The purpose of these meetings and of the Service as a whole is to:
  - Alleviate mild mental health issues (e.g. loneliness, a lack of friends and support networks) amongst the client group;
  - Reduce demand on the more intensive mental health support services offered by LGF and other agencies by preventing an escalation in mental health issues amongst the client group;
  - Encourage people to access/signpost them to social activities, community networks and additional support.
- 1.11 The Befriending Service forms part of the LGF's broader Mental Health Service. The broader service includes counselling support, a drop-in service, two -specific advice surgeries (on legal and policing issues) and a phone and email helpline. The Befriending Service offers support to those within the LGBT community who face mild mental health issues such as those mentioned above. Having this 'entry-level' service reduces demand upon more costly Mental Health Service interventions such as counselling now and in the future (see paragraph 2.4 for more detail on this) and it means that the Mental Health Service team can cater to a larger number of people within the LGBT community. We recommend that this report is read alongside our analysis of the remaining elements of the Mental Health Service in order to gain a full understanding of the impact of the LGF's Mental Health Service.

#### **Greater Manchester Cost Benefit Methodology**

1.12 New Economy has developed a Cost Benefit Methodology which is used across Greater Manchester to understand the value for money of new approaches. The details of the methodology are documented in the Greater Manchester CBA Technical Specification document.<sup>1</sup> This methodology has been developed in conjunction with analysts from a number of central government departments including HM Treasury and the Department of Health.

#### Structure of this paper

- 1.13 The remainder of this paper is structured as follows:
  - **Section 2** outlines the findings from the CBA, detailing the assumptions used to inform the analysis and quantifying the impact attributed to the Befriending Service;
  - Section 3 outlines the implications of these findings in terms of potential future investment approaches for the Service.

<sup>&</sup>lt;sup>1</sup> Greater Manchester Cost Benefit Analysis Technical Specification (New Economy, 2013)

# 2 Cost Benefit Analysis findings

2.1 In this section, we present findings from the CBA for the Befriending Service. The analysis is based upon data provided by the LGF staff who are involved in delivering the Service and cost data from LGF's Director of Corporate Services.

#### **Comments and caveats**

- 2.2 The following points should be noted regarding the CBA:
  - The modelling only looks at one type of social outcome increased personal wellbeing – due to no/very little evidence of the Service's impact on fiscal and economic categories of outcome. Social outcomes are hard to model and hard to benchmark due to an absence of data on topics such as people's feelings and wellbeing.
  - Although the Befriending Service collects and analyses detailed information on its clients, the newness of the Service means that to date there is only a small amount of client data upon which to base the modelling.
  - All outputs from the model are subject to a range of risk and sensitivity tests, with allowance made for optimism bias to ensure that the impact estimates are conservative.
  - CBA should be used as a decision support rather than decision making tool, with the findings supplemented by qualitative perspectives on the Service's performance.

#### **Befriending Service costs**

- 2.3 Typical 12 month cost data for the Service have been provided by the LGF. To this New Economy has added a figure to account for the time that volunteers contribute to the Service. In calculating this figure we have assumed that each volunteer gives 25 hours of support per client (20 hours of face-to-face contact plus 5 hours of set-up, admin and wrap-up activity). We have multiplied this figure by the total number of clients the Service supports in a year (assumed to be 100) and the GM average hourly wage (£10.58).
- 2.4 LGF staff told us that by running the Befriending Service they help to reduce demand upon the LGF's more costly counselling service, which is intended to serve those clients with more serious mental health issues. Analysis of LGF client lists shows that it has been possible to divert 16% of clients from counselling to the Befriending Service since the Service was launched. In our cost modelling we have taken the average LGF spend per counselling client, multiplied this by 16% of the Befriending Service client number and subtracted the resulting figure from the gross Service cost in order to produce a net Service cost figure.

2.5 The total cost of the Befriending Service is met through a combination of grants (from Manchester City Council and voluntary organisations) and money from LGF's core fundraising.

#### **Befriending Service benefits**

2.6 From discussions with LGF staff and a review of the issues that Befriending Service clients present with at the outset of their involvement with the Service it is apparent that the primary aim of the Service is not to deliver fiscal savings (i.e. reduced demand) for mainstream mental health services. Instead the Service is focused on delivering social benefits (e.g. improved wellbeing) for its clients. Therefore, the CBA modeling has only considered the impact of the Service in relation to personal wellbeing outcomes.

Table 2.1: Befriending Service outcomes and benefits

Outcome	Social Benefit	Beneficiary
Improved wellbeing of individuals	<ul><li>Increased confidence/self-esteem</li></ul>	Client
	<ul> <li>Reduced isolation</li> </ul>	<ul><li>Client</li></ul>
	<ul> <li>Positive functioning (autonomy, control, aspirations)</li> </ul>	- Client
	Emotional wellbeing	<ul><li>Client</li></ul>

Source: New Economy CBA model

2.7 Assessing the benefits of the Befriending Service involved a number of steps. For each of the outcomes outlined above, the following analysis was undertaken:

#### Step 1: Identifying the target population

2.8 For all the social benefits, the target population was the average number of clients who access the Befriending Service in a 12 month period. Based on the Service having the capacity to support 40 clients at any one time and each client/befriender pairing lasting for 4-5 months, we have assumed a target population of 100 clients.

#### Step 2: Identifying the affected population

2.9 We have assumed that all the target population could see improvements in their social wellbeing across all 4 social benefits listed in table 2.1.

#### Step 3: Assessing the impact on the affected population

2.10 The third step is to identify the proportion of the affected population who successfully achieved the outcome in question – for example, the proportion of clients whose sense of isolation is reduced through involvement with the Befriending Service.

- 2.11 The LGF uses three different tools to gauge the impact of its Befriending Service:
  - Warwick Edinburgh Scale this asks clients 14 questions in relation to how they have been feeling over the past two weeks. To give an example, I've been feeling good about myself. Clients give a scored response from 1 (none of the time) to 5 (all of the time);
  - Outcomes Star across 10 categories (e.g. work, living skills, identity and self-esteem) the outcomes star asks clients to provide a pre and post-support score on a scale of 1 (low) to 10 (high); and
  - Client feedback survey alongside seeking more general comments on the Service this asks specific questions on whether a client's selfesteem and general wellbeing have improved as a result of the support received.
- 2.12 LGF provided New Economy with data for all those clients who had completed 1 or more of the tools. Upon reviewing this information New Economy judged that the Warwick Edinburgh Scale scores could not be used for the CBA modelling because the scores listed were not broken down by each area of individual wellbeing (e.g. reduced isolation, emotional wellbeing). Likewise, the client feedback survey only presented post-support data and could not therefore be used to show the impact of the Service from beginning to end. Therefore The CBA analysis has been based on the Outcomes Star impact data. 9 of the 109 clients listed in the LGF's records had completed an Outcomes Star at the beginning and end of their involvement with the Service. For each social outcome benefit category, the difference in pre and postsupport scores were aggregated and then divided by the total number of participants (i.e. 9) to give an average score change. This average score change was then divided by the number of points on the Outcomes Star scale (9) to give a percentage change figure.

#### Step 4: Allowing for deadweight

2.13 Deadweight refers to outcomes that would have occurred in any case, if the project had not been operational – that is, if the clients had not become involved with the Befriending Service, would positive outcomes in relation to their wellbeing still have resulted? In the absence of detailed evidence on how people cope with minor mental health conditions without external support, the modelling proceeded on the basis that the deadweight factor for this project was zero (i.e. clients' wellbeing would not have got significantly better or worse if the Befriending Service was not in existence).

#### Step 5: Correcting for optimism bias

2.14 The next step is to make an assessment of the level of optimism bias, in order to reduce the number of clients who had achieved a positive impact (once deadweight had been accounted for) by a considered proportion to ensure that the final impact estimates are conservative. A graded assessment of robustness across all stages of the benefits modelling is undertaken, considering the source of population/cohort data, the nature of the evidence base on engagement and impact, how the unit cost of the outcome has been monetised, the age of the data and the extent of any known data errors. Much of the evidence we have used to model the Befriending Service has been drawn from LGF systems; in line with our guidance, a 15% optimism bias correction has been applied to all benefits, and a 10% optimism bias correction has been applied to all cost data (except for the cost of volunteers' time which has been inflated by 15%).<sup>2</sup>

#### **Running the CBA model**

- 2.15 The assumptions around costs and benefits were fed into the CBA model in order to arrive at a monetary value for the social wellbeing outcomes achieved. This monetary value was calculated by multiplying the number of clients achieving the outcome (once corrections had been applied for deadweight and optimism bias) by a unit cost for the outcome. The unit costs used in the model are derived from various established sources of evidence, including MoJ metrics for reoffending, DWP Total Place guidance, and academic studies.<sup>3</sup>
- 2.16 The model assesses impacts over a five year period to estimate longer term gross cashable savings and to consider at what point over this period an intervention is essentially likely to have paid for itself in comparison to the funding costs. The model assumes that 95% of clients will see a fairly immediate benefit from the Service due to the frequency and number of meetings between clients and befrienders. The model then assumes that total benefits will tail off gradually (90% in year 2, 85% in year 3 etc) as the client/befriender relationships end and wider friendship networks break down.

<sup>&</sup>lt;sup>2</sup> A lower level of optimism bias is assumed for impact data that is derived from formally robust sources such as use of randomised control trials (RCTs), or the findings of independent evaluations.

<sup>&</sup>lt;sup>3</sup> Sources for the unit costs used in the model can be found in the Technical Specification document: *Greater Manchester Cost Benefit Analysis Technical Specification* (New Economy, 2011)

#### Summary of findings from the CBA model

- 2.17 Following the steps described above, and discounting future costs and benefits of the Befriending Service so that they are expressed as 'present' costs and benefits<sup>4</sup>, the overall benefit-cost ratio for the Befriending Service is 5.4,<sup>5</sup> which means that for every £1 put into the project, £5.40 of social benefits are estimated to result.
- 2.18 The £5.40 figure refers to the hypothetical value of clients' increased wellbeing due to the Befriending Service. No agency sees this money in their budget line and no client sees this money in their bank account but if clients were asked to put a value on the wellbeing benefits they have received we estimate it would be of this magnitude.

<sup>&</sup>lt;sup>4</sup> The Green Book: Appraisal and Evaluation in Central Government (HM Treasury, 2003; updated 2011)

<sup>&</sup>lt;sup>5</sup> The benefit-cost ratio is derived by dividing the total discounted benefits by the total discounted costs.

# 3 Conclusions and implications

#### Benefit cost ratio of Befriending Service

- 3.1 The CBA findings demonstrate an overall benefit-cost ratio for the Befriending Service of 5.4; this indicates that the Befriending Service is generating £5.40 of wellbeing benefit for its clients for every £1 that is spent on the Befriending Service. Indicatively, a ratio greater than 1 suggests that an intervention will pay for itself, and is therefore potentially worthy of investment.
- 3.2 In recent years New Economy has used the CBA model to produce benefit-cost ratios for a range of different types of public policy, from troubled families programmes, to criminal justice schemes, to health and social care integration strategies. Previous analyses of other schemes which include a mental health element have typically generated fiscal benefit-cost ratios of 1-1.5:1 that is for every £1 spent on them they generate £1-£1.50 worth of savings for public agencies. However, unlike the Befriending Service these projects and programmes lack robust evidence regarding their social impact upon clients; therefore, we are unable to draw direct comparisons between the Befriending Service and projects and programmes we have modelled previously.
- 3.3 In addition, it should be remembered that the CBA model takes a conservative approach in assessing the benefits ensuing from a project, and may underestimate the actual savings that are generated by the Befriending Service.

#### Implications for future investment

3.4 The Befriending Service is relatively small in scale, with the capacity to support roughly 100 people in a given year and funded through a combination of LGF central funds and small grants. New Economy has modelled what return on investment the Befriending Service could offer if its capacity was increased to 200 clients per year. In more detail, we have assumed that all expenses relating to the befriending pair meetings would double, as would the 'cost' of volunteers' time. The Service's promotional costs would remain the same as present but more input would be needed from the LGF's Wellbeing Officer who administers the Service day-to-day. We have assumed that the time requirements of the LGF Manager who oversees the Service would not increase. The outcomes from this exercise reveal that a doubling of the Befriending Service's capacity would result in its return on investment increasing from 5.4:1 to 6.9:1.

<sup>&</sup>lt;sup>6</sup> The benefit-cost ratio is solely in relation to the money spent on the Befriending Service. It does not relate to the LGF's overall annual budget.

3.5 The relatively small increase in the Service's return on investment that results from doubling its capacity is due to the fact that the Befriending Service's cost are largely revenue related – i.e. they rise and fall based upon total numbers of service users. There are few capital or sunk costs associated with the service that could be leveraged through increasing the capacity of the Service. This is not to say that the Befriending Service should not be scaled up; rather our analysis suggests that the decision on whether to expand the service should be based upon levels of demand for the Service rather than a desire to generate a better return on investment from the Service.

#### Other benefits of Befriending Service

- 3.6 It is also important to consider other benefits that the CBA model has not been able to capture – most pertinently, clients may enjoy economic benefits as a result of the support they receive from the Befriending Service (i.e. they are happy and more confident and hence able to secure employment) and their families may experience some wellbeing benefits as a result of improved family lives.
- 3.7 When developing future plans for the Service, the CBA evidence should be considered alongside appropriate qualitative evidence, thereby giving an holistic account of the wider impact of the Service (including social outcomes), and helping to triangulate the CBA findings.

#### Areas for further research

- 3.8 New Economy recommends that the following research/developments be undertaken to better understand the impact of the Befriending Service:
  - Increase the use of the Outcomes Star before and after support with all clients to build up a more comprehensive picture of the Service's impact. If the Outcomes Star is used with all clients before and after support it may remove the need for the LGF to also use the Warwick Edinburgh Scale;
  - Research into whether befriending schemes can be demonstrated to deliver fiscal and/or economic benefits alongside the social benefits modelled here – we recommend that a literature review be undertaken and a question on changes in employment/training status be added to the client feedback survey; and
  - Follow-up research with past clients to understand how long the benefits of the Service last – we recommend that 10 clients who have confirmed that they are willing to be contacted on the feedback survey be invited to take part in longer 1-2-1 discussions on their experience of the Service and the longer-term impact it has had upon them.
- 3.9 Given the relatively small number of clients who benefit from the Service, we recommend that at least 12 months elapses before further CBA modelling is undertaken to allow for the establishment of a larger evidence base.