

# Putting a value on cutting human hardship makes strong business case for funding community initiatives

**We are adding up pay-offs from funding time banks, befriending schemes, navigator programmes and other community initiatives. The dividends springing from small state investments are considerable compelling, finds our research.**

**F**orthcoming legislation designed to manage rising social care costs highlights an urgent need for fresh approaches to this issue. In particular, the Government wants to know how to harness traditional and innovative community supports so that use of high-cost social care interventions is contained, particularly for older people and those with long-term disabilities.

That is why SSCR-funded research with a team at the LSE's Personal Social Services Research Unit, referenced in the Government's recent White Paper, 'Caring for our Futures', is proving highly useful. It builds on a pilot study by the same team showing that a little state financial backing for communities to help themselves can make everyone – including tax payers – better off. In short, we have identified a potential business case for investment to develop 'community capital'.

## **Vital research in austere times**

This research is particularly pertinent right now, when many community-based schemes face 'austerity' funding cuts that are reducing their capacities. Our work, detailing the true economic value of community supports for vulnerable people, could help to avert false

economies that might inadvertently swell, rather than reduce, burdens on the public purse.

Take for example, time banks, where people provide services, such as odd jobs, respite care and delivery. They then 'bank' their hours to 'purchase' services that they themselves need. Our pilot work found that, overall, such facilities actually save various Government departments considerable sums, as well as improving the wellbeing of those involved.

How do we know? First, we calculated the costs of running a time bank. Then we priced, conservatively, the services that a time bank member typically provides. Additionally, we estimated, in cash terms, further public savings springing from members being more likely to get a job, to volunteer and to reduce their benefit claims. Setting costs against savings, the Government could expect to save £187 a year in benefit claims for each person in a time bank. On top of that, productivity gains, reduced depression and associated illnesses mean that the net economic value adds up to £1,312 a year per person.

We also found important financial savings to the Government, in addition to benefits for individuals, from befriending schemes. A similar picture emerges from our



*'At Age Concern, Shropshire, we log everyone joining their befriending scheme – as a volunteer or client – and calculate to the nearest pound all the pay-offs ranging from reduced loneliness and less depression to fewer falls and physical ailments.'*

Professor Martin Knapp

preliminary analysis of 'community navigator' programmes. These schemes help vulnerable groups to locate services and information on key issues such as debt and housing.

#### **Cost-effectiveness data is vital**

We have to be careful – and sometimes apologetic – about reducing the spectrum of human misery and achievement to a pound sign. However, by putting a cash value on benefits that may be sensitive and seem intangible, we are speaking the same language as many decision-makers. It is not surprising that community organisations are increasingly asking us to examine what they do and help them to articulate their full value in today's economic lingua franca.

When we started this research, we worked from data collected in previous studies on time banks, befriending schemes and navigator programmes. Now, with our

SSCR-funded study, we are going a step further, collecting our own data at community projects with a proven track record of high-quality activities. With each we are teasing out and monetising as many costs and benefits as possible. So, at Age Concern in Shropshire, we log everyone joining their befriending scheme – as a volunteer or client – and calculate to the nearest pound all the pay-offs for each group. These can range from reduced loneliness and less depression to fewer falls and fewer physical ailments.

Our research could strengthen the hands of community organisations and open the minds of funders, who are typically sympathetic, but need economic ammunition to defend their investments. Policy-makers, commissioners and providers need this type of evaluation so they can offer the best services possible within their budgets for vulnerable people.

**Project:** Building community capital in social care: Is there an economic case?

**Lead:** Professor Martin Knapp ([m.knapp@lse.ac.uk](mailto:m.knapp@lse.ac.uk))

**Institution:** Personal Social Services Research Unit, London School of Economics and Political Science

**Completion:** Summer 2013