



Turning a past into a future

Walk the talk: creating the Big Society

A report prepared for the Department of Business, Innovation and Skills and St Giles Trust

October 2010

Introduction

- Frontier Economics was appointed by the Department for Business, Innovation and Skills and St Giles Trust to draw out in more detail the implications of the Big Society for the economic analysis of government actions.
- Such a framework is needed if government is going to succeed in acting as a catalyst for the change that has been promised.
- This report is divided into three further sections:
 - Creating the Big Society
 - Cost-benefit analysis of the Peer Advice Project
 - Conclusions and implications

- The Big Society
- The Peer Advice Project
- Conclusion and implications
- Annexe – model inputs

The Big Society is a real change in how citizens, government and institutions interact

*“I believe that in general, a simplistic retrenchment of the state **which assumes that better alternatives to state action will just spring to life unbidden is wrong.** Instead we need a thoughtful re-imagination of the role, as well as the size, of the state. ... we understand that the big society is not just going to spring to life on its own: we need strong and concerted government action to make it happen.”*

David Cameron, November 2009 (to The Young Foundation, emphasis added)

- Once it is up and running, the Big Society may recreate and sustain itself. Getting it up and running will require specific government actions: policy decisions, spending decisions, regulatory decisions.
- There has been much discussion about what the Big Society is, examples of it in action and what actions might be taken to encourage it.
- What is lacking is a framework that can guide decision makers in the hard choices to come: what policies are likely to succeed? Where should very limited funds be allocated? What (if any) checks and balances are required?
- This report is intended to start the development of such a framework. It sets out how a framework might develop and provides a specific case study of its application.

There is currently a big opportunity to create the Big Society

- The Coalition is currently encouraging a significant devolution of public services to local institutions and communities. For example:
 - in education, including establishing free schools
 - in healthcare, such as local GP-led procurement of services
 - in policing, for example by allowing locally elected commissioners
- This presents a big opportunity for local public and government bodies, the third sector and communities to engage in partnerships to provide services.
- Local big society initiatives include:
 - Crosby Ravensworth – a former stoneworks site which is in the process of being acquired for an affordable housing development by the Lyvennet Community Trust
 - Castle Vale – local people given power and responsibility in new housing association resulting in reduction in crime, reconstruction of over 2,000 houses and work to addressing wider health and employment issues.
 - Lighthouse Group – getting socially excluded young people back to school through mentoring and education
 - and other examples of local institutions, volunteers and partnerships (e.g. St Giles, WRVS, Whizz-Kidz) that help make local communities better places to live.
- But these examples are few relative to the size of the opportunity.

The Big Society is a new model for delivering public services

- The Big Society involves fundamental change in the relationship between individuals and their communities, the government and institutions.
- It is a new model for provision of local services, and at a high level it involves increased decentralisation, accountability and transparency.
- Key elements of a successful Big Society scheme will typically include:

Local ownership and/or self-provision

The location of control is central to Big Society because it recognises that, in part, benefits accrue to both those delivering the services as well as those receiving them.

Volunteering

Volunteers are an important part of Big Society as a whole – and often the linchpin of specific projects. In some cases they benefit from the projects – as well as providing a service – in all cases they deliver value.

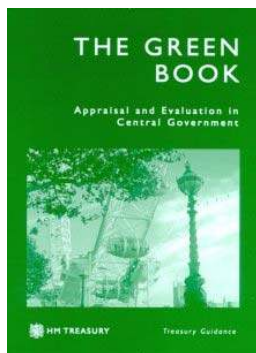
Partnership

At the centre of Big Society is the idea of partnership between different types of institutions (public, private, third sector) and individuals. It is the partnerships that ultimately increase benefits above the sum of the parts.

Empowering individuals & accountability

Big Society is also about rolling back some of the formal powers of central government and transferring those – along with democratic and other forms of accountability – to a more local level.

Government needs to adapt its evaluation approach to properly assess Big Society opportunities



Government has a well-developed framework for assessing the impact of its interventions. It is based on HM Treasury's Green Book: *Appraisal and Evaluation in Central Government*.

- The Green Book framework provides a well established guide. Currently it does not discuss specifically the four areas that characterise the Big Society or how to rank government actions that might all claim to further its development.
- The closest the existing Green Book gets to discussing how aspects of the Big Society might touch on appraisal and evaluation is in its discussion of regeneration:
“Partnerships between the local community, business and government are important for the sustainability of regeneration projects and the well being of local communities. Most local regeneration projects involve partnerships, and are likely to have some effect on existing institutional relationships. An appraisal should include a description of the partnership and, where possible, its expected impact on the area” (p. 55)
- This guidance is likely to require elaboration to allow the Green Book to continue to play a central role in appraisal and evaluation.

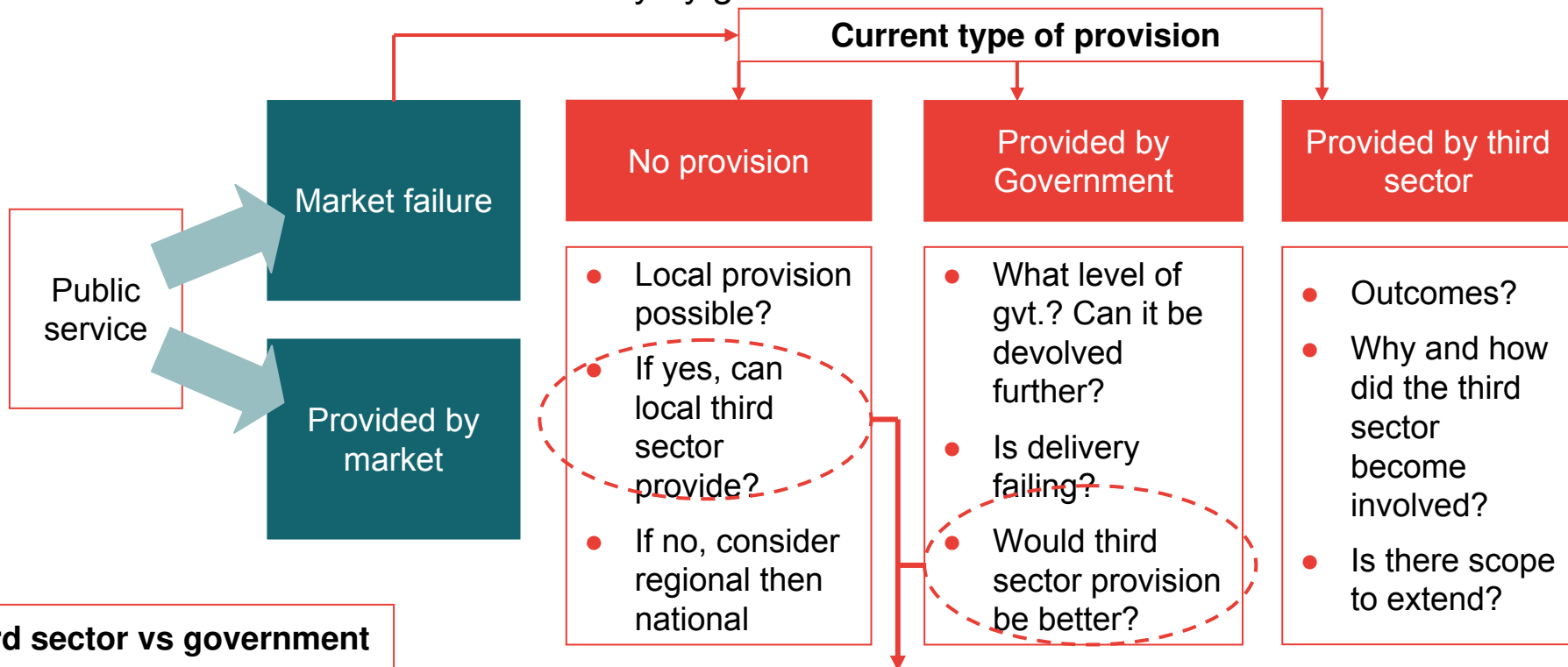
Considering whether specific action to support Big Society projects is a two step process

- Following the Green Book, there is a two step process to decide on whether specific action to support Big Society is warranted:*
- **Step 1 (rationale):** consider why current delivery is failing and whether local, third sector provision can overcome those failures. Involves considering:
 - importance of peer-to-peer delivery and so the impact of volunteering and partnership
 - need for local knowledge to deliver effective service at least cost linked to the impact of local control
 - role of economies of scale and scope
- **Step 2 (objectives and appraisal):** calculate costs versus benefits for a particular service to determine whether taxpayer money should be used to support delivery. Requires incorporating specific Big Society areas to understand how costs might balance benefits – including:
 - costs and benefits of peers, volunteers and partnership
 - any wider community benefits from local provision
 - role of accountability in affecting probability of effective delivery
- The next two pages explore each step in turn.

*: The ROAME(F) framework includes six distinct steps but it is only the rationale and appraisal steps that might require elaboration.

Clarifying why both the market and government have failed should be the starting point

- Market failures are at the centre of the Green Book – a Big Society approach must also be clear about difficulties in delivery by government.



- Importance of peers in successful delivery: third sector often makes better use of peers to deliver services
- Importance of economies of scale/scope: government may find it easier to achieve lower unit costs
- Role of local info in service success: third sector often closer to community if local knowledge is important

Evaluation of Big Society projects needs to incorporate four important drivers of the potential for success

- If market and government failure can be identified, any potential Big Society project requiring public support needs to be evaluated.
- The analysis needs to build on the Green Book guidelines, and Big Society projects may require increased attention on four important drivers of the potential for success:

Local ownership and/or self-provision

Are better outcomes likely to be achieved as a result of local ownership and/or delivery?

Clear definition of link between outcomes and method of delivery (e.g. advantages of peer-to-peer support, see case study in next section)

Volunteering

Do those delivering the services – the volunteers – also receive benefits that compensate them for their involvement?

How does that compare to the opportunity cost of their time? What is the best way of judging the opportunity cost of their time?

Partnership

Are there, in addition to direct benefits of provision, additional benefits from partnership? Can they be quantified?

Do these benefits depend on the involvement of a large part of the community? How do wider benefits vary with different levels of partnership and coordination?

Empowering individuals & accountability

Who is accountable for the outcomes? What are the consequences of failure?

Does the probability of achieving the outcomes vary depending on the model for accountability? If so, what are implications for accountability?

- The Big Society
- The Peer Advice Project
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There are demonstrably successful examples of this new approach

St Giles

Turning a past into a future

St Giles Trust aims to break the cycle of offending, crime and disadvantage and create safer communities.

Local ownership and/or self-provision

Peer-to-peer advice could increase its effectiveness relative to alternatives. St Giles trains and employs serving prisoners and ex-offenders to offer peer advice in prisons and local communities.

Volunteering

Peer Advisors all volunteer to undertake the necessary training. Also, voluntary work is a popular option among ex-offenders requiring work experience after their release.

Partnership

The Peer Advice Project is integrated with other advisory services offered to prisoners and ex-offenders. And St Giles works closely with local employers to find job opportunities for ex-offenders. Peer Advisors strongly support their clients in re-integrating with their local community.

Empowering individuals & accountability

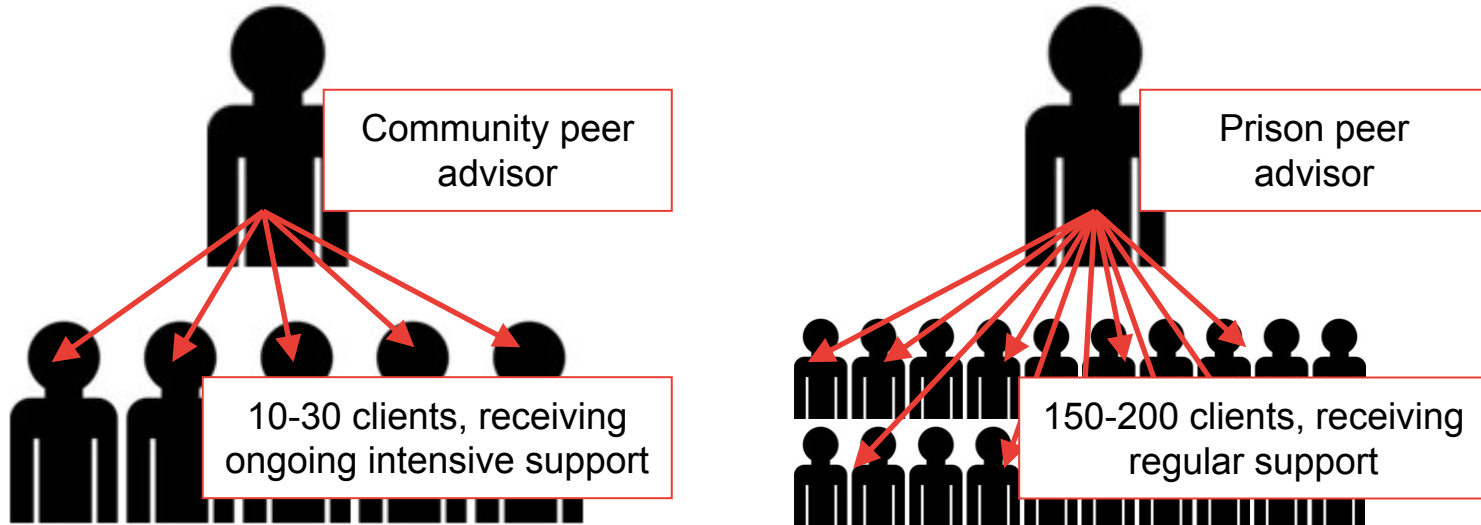
St Giles Trust increasingly working on a payment-by-results model (eg recent project in Peterborough) that provides for accountability.

The Peer Advice Project allows trained offenders to advise peers on re-integrating with their community

- The Peer Advice Project is a scheme run by the St Giles Trust charity in prisons and local communities. Through the project, serving prisoners and ex-offenders are trained to advise other inmates on housing and employment issues, mental health and drug dependency problems and to offer support and counselling.
- Prisoners must volunteer to become a peer advisor. For a peer advisor to be accepted, the prison must be satisfied that their participation does not pose a security risk, and St Giles Trust must be satisfied (following a short interview) that the prisoner is suitable for the role. Once accepted, volunteers are professionally trained to NVQ level 3 in Information, Advice and Guidance.
- The project can achieve positive outcomes for both parties:
 - **Peer advisors** gain a recognised qualification and valuable work experience, both of which improve the prisoner's options when they are released. They also learn from their experiences with others.
 - **Clients** of the service receive practical advice in relation to housing and employment which are crucial to integration after release when around one third of all prisoners have nowhere to stay and three-quarters have no job to go to.
- The Peer Advice Project also has many benefits relative to alternative advice schemes. Peer advisors are very cost-effective, when compared with other professional advisors. Serving prisoners are also a highly credible source of advice for other inmates, since they are often able to speak from personal experience.

A small number of trained peer advisors can reach a large number of prisoners and ex-offenders – creating a multiplier effect from training

St Giles operates prison- and community-based peer advice schemes. Support ranges from relatively moderate advice (e.g. directing peers to other services) to intensive ongoing guidance (e.g. for those with mental health problems).



St Giles has built a strong network of peer advisors and clients. Each trained peer advisor benefits from participation, and can reach a large number of clients who also benefit, creating a multiplier effect.

Quantified benefits achieved by a typical peer advisor ...



Peer advisor

- Training as a peer advisor increased my chances of employment from 24% to 52% (and my hourly wages) – generating an incremental benefit of £3,800.
- I'm more likely to move into education or training (36% compared to 6%) – incremental benefit £1,800.
- My employment-related benefit claims are likely to fall (81% to 61% claiming) – incremental benefit £670.
- My housing-related benefit claims are likely to fall (81% to 61% claiming) – incremental benefit £670.

My training costs around
£2,400.

The total costs for training 318
advisors are £765,000

Through participation in the Peer Advice Project, I achieved
£7,000 in first-year benefits.

The total benefits achieved by 318 peer advisors are £2.2m

...significant, less quantifiable, benefits are also evident in how peer advisors report their experiences

A central element in the Big Society are the benefits felt by those delivering the services, not just those receiving them. Many of these are difficult to quantify formally but are raised repeatedly in discussion.

“I gained my confidence back through St Giles Trust... I now feel I can be a good role model to fellow prisoners and – most importantly – my children.” (Peer Advisor)

“On release, I plan to take things one step at a time and use my experiences for the better to help others in similar situations.” (Peer Advisor)

“Working for St Giles showed me the benefits of hard work and determination.” (Peer Advisor)

Benefits achieved by a typical client in the community...



Client

- Being advised by peer advisors increased my chances of employment from 24% to 44% – generating an incremental benefit of £1,950.
- I'm a lot more likely to move into education or training (44% compared to 6%) – incremental benefit £1,580.
- My employment-related benefit claims are likely to fall (81% to 64% claiming) – incremental benefit £580.
- My housing-related benefit claims are likely to fall (81% to 64% claiming) – incremental benefit £580.

The cost of advising me (exc. advisor training) is around £150.

The total costs for advising 3,000 clients are £460,000

Through participation in the Peer Advice Project, I achieved £4,700 in first-year benefits.

The total benefits achieved by 3,000 clients are £14.1m

St Giles Peer Advisors also reach around 30,000 clients in prisons. The outcomes of these clients are much harder to track. Assuming the impact of peer advice is one-tenth of the impact in the community (e.g. a 2% increase in employment compared to 20% in the community), the total benefits achieved by 30,000 clients would be £9.3m, compared to total costs (excluding advisor training) of around £1.7m.

... with associated qualitative benefits

The credibility of the peer advisors, from their experiences in prison, allows them to help offenders and ex-offenders in a way that people with different experiences in life would not be able to do, and that is difficult to fully capture quantitatively.

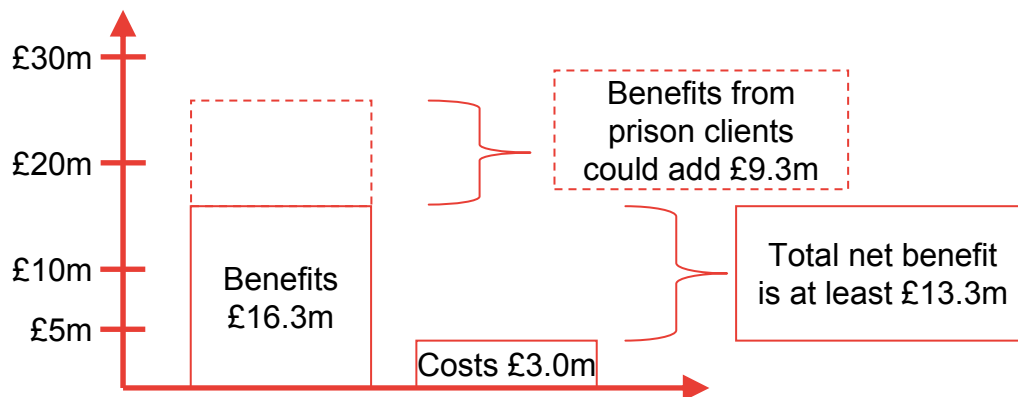
“It has been nice to see that there are people who do care and that are prepared to go that extra mile to help people.” (Client)

“I was going to be homeless upon release. This would mean I would have probably been recalled back to prison, which wouldn't have been in anyone's best interest. Luckily here at HMP Bullingdon is St Giles Trust.” (Client)

“You have helped me every step of the way and haven't left me in the dark. For that I thank you more than words can say – keep up the amazing work. You're doing a brilliant job.” (Client)

The individual benefits set out in the earlier pages can be aggregated to a total net benefit of the project

- Our analysis suggests that the total net benefit of the Peer Advice Project is £13.3m.
 - Including benefits achieved by prison clients, which are much harder to estimate, this total net benefit might be around £22.6m.
- This is driven by gross benefits of £7,000 per peer advisor and £4,700 per client.
- Total benefits are £16.3m, driven by improvements in employment £9.0m, education and training £5.3m and housing and health outcomes £1.9m.
- The benefits-to-costs ratio of the Peer Advice Project is around 5-to-1.
 - Including a conservative estimate of benefits achieved by prison clients, this rises to 9-to-1.



These calculations exclude any benefit from reduced re-offending by participants. Frontier's report on St Giles's "Through the Gates" project (Dec 2009) estimated a benefits-to-costs ratio of at least 10-to-1 based on reduced re-offending.

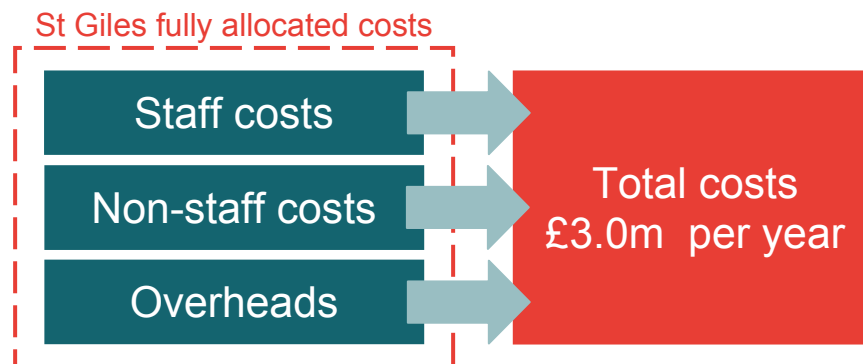
Every £1 invested by the St Giles Trust creates at least £5 in benefits

Cost-benefit analysis – details

- The above slides provide a summary of our cost-benefit analysis of St Giles Trust's Peer Advice Project.
- The slides below (and the annexe) provide further details on:
 - the costs of the Peer Advice Project;
 - our approach to estimating the benefits of the project;
 - the categories of benefits that have been estimated and included in our analysis;
 - the counterfactual used to estimate the impact of participation in the project;
 - the calculations used to estimate total benefits; and
 - all our underlying assumptions and evidence.

Cost-benefit analysis – costs

- The total costs of the Peer Advice Project are around £3.0m per year.
- St Giles have provided cost information which indicates that a typical scheme training 20 peer advisors costs around £264,000 each year if it is prison-based* and around £100,000 if it is community-based.
- We use total project costs, including the costs of training Peer Advisors but also supporting their advisory work with caseworkers and administrative support.
- These costs include:
 - staff costs (primarily NVQ assessors, housing caseworkers and administrative support);
 - non-staff costs (e.g. training materials, transport and expenses); and
 - overhead costs (primarily St Giles HQ costs).



* This includes the total costs of the prison-based housing service offered by St Giles, which involves the training and use of peer advisors as an integral part of the delivery; however this analysis excludes any costs incurred by prisons.

Cost-benefit analysis – benefits approach

- The Peer Advice Project improves the outcomes of peer advisors and of clients after release – we have captured both sets of benefits. We include private benefits (received by the individual) and social benefits (received by society).
- To estimate the benefits we compare two hypothetical individuals:



- This approach implicitly assumes that peer advisors are representative of the prison population (and haven't been "cherry-picked"). This is supported by evidence from St Giles which indicates that 64% of Peer Advisors have no previous qualifications, compared to just 46% of the total prison population.
- This approach implicitly assumes that clients of the Peer Advice Project are also representative of the prison population.

Cost-benefit analysis – benefits included

- The specific outcomes we analysed are given below.

Outcome / Benefit		Description
Employment, Education and Training	Employment	Increase in employment, valued by gross average earnings
	Education and training	Increase in future employment, valued by gross average earnings, less up-front costs of provision
	Employment benefits	Change in benefits claims, multiplied by average benefits income [Note: if claims increase, this is a <i>negative</i> benefit]
Housing and Health	Failed tenancy	Reduction in tenancy failure, multiplied by estimated cost
	Health and drug service	Change in service usage, multiplied by unit cost of provision [Note: if usage increases, this is a <i>negative</i> benefit]
	Housing benefits	Increase in benefits claims, multiplied by average benefits income [Note: if claims increase, this is a <i>negative</i> benefit]

- Conservatively, we only include benefits achieved in the first year following participation in the Peer Advice Project. If positive outcomes are sustained in later years, our estimates would not capture this benefit.

Cost-benefit analysis – comparing individuals’ outcomes

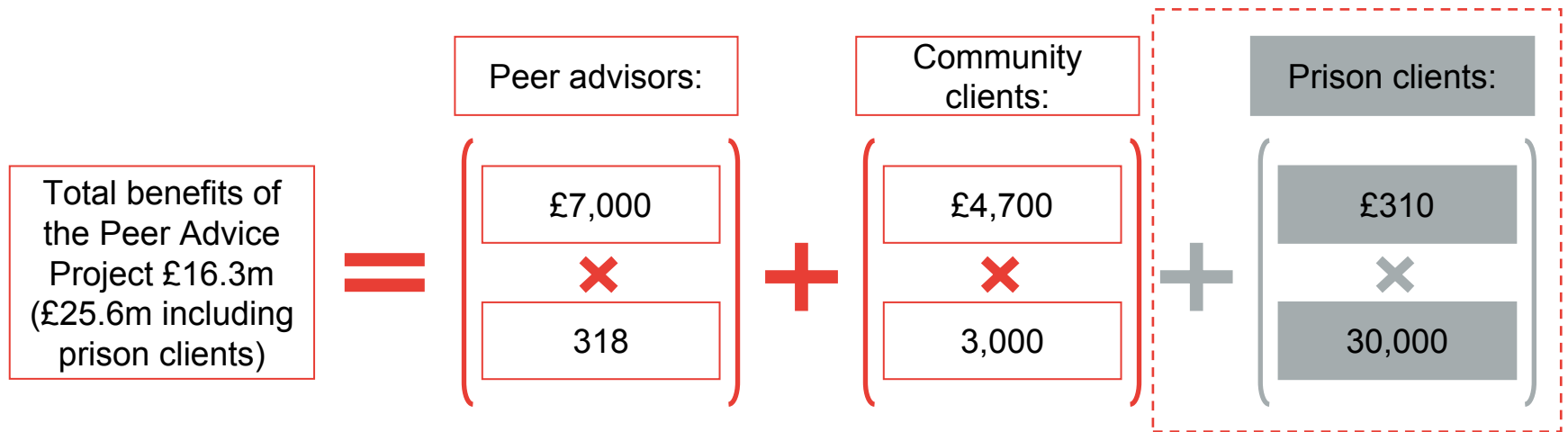
- To calculate the impact of the Peer Advice Project, we compare the outcomes achieved by peer advisors, clients and “average” ex-offenders:

		Peer advisor	Client	Average ex-offender	
Employment, Education and Training	Employment	£6,185	£4,287	£2,339	Employment outcomes (number employed, and wages earned) vary widely
	Education and training	£1,923	£1,675	£95	
	Employment benefits	-£2,087	-£2,178	-£2,757	
Housing and Health	Failed tenancy	-£115	-£115	-£94	Claims for employment- and housing-related allowances are net costs (or negative benefits)
	Health and drug service	£108	£108	£89	
	Housing benefits	-£2,087	-£2,178	-£2,757	
Total		£3,928	£1,600	-£3,086	

The incremental benefits achieved by the Peer Advice Project (compared to the average ex-offender’s outcomes) are £7,000 for peer advisors and £4,700 for clients

Cost-benefit analysis – calculating total benefits

- Comparing the outcomes achieved by our hypothetical prisoners allows us to establish the “per peer advisor” net benefit (£7,000) and “per client” net benefit (£4,700 for clients in the community) generated by the Peer Advice Project.
- To calculate the whole-project benefits achieved (£16.3m), we multiply these estimates by the relevant number of individuals (318 peer advisors and 3,000 community clients per year):



These calculations only include first-year benefits. If the benefits achieved by participants are maintained for 30 years, the total benefits from just one year of the Peer Advice Project would reach £485m (discounted at 3.5%), compared to £3m up-front costs.

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Catalysing wider change requires an understanding of the drivers of existing successes

- Once it is up and running, the Big Society may recreate and sustain itself. Getting it up and running will require specific government actions: policy decisions, spending decisions, regulatory decisions.
- To support this role, central government needs to adapt its approach to appraisal and evaluation to properly assess Big Society opportunities. The Green Book framework provides a well established guide, but additional attention should be given to four areas that characterise the Big Society:
 - Local ownership and/or self-provision
 - Volunteering
 - Partnership
 - Empowering individuals and accountability.
- Adapting the guidance, including taking on board developments in measuring the Social Return on Investment (SROI), provide the best opportunity for government to properly prioritise scarce resources to act as a catalyst for the Big Society.

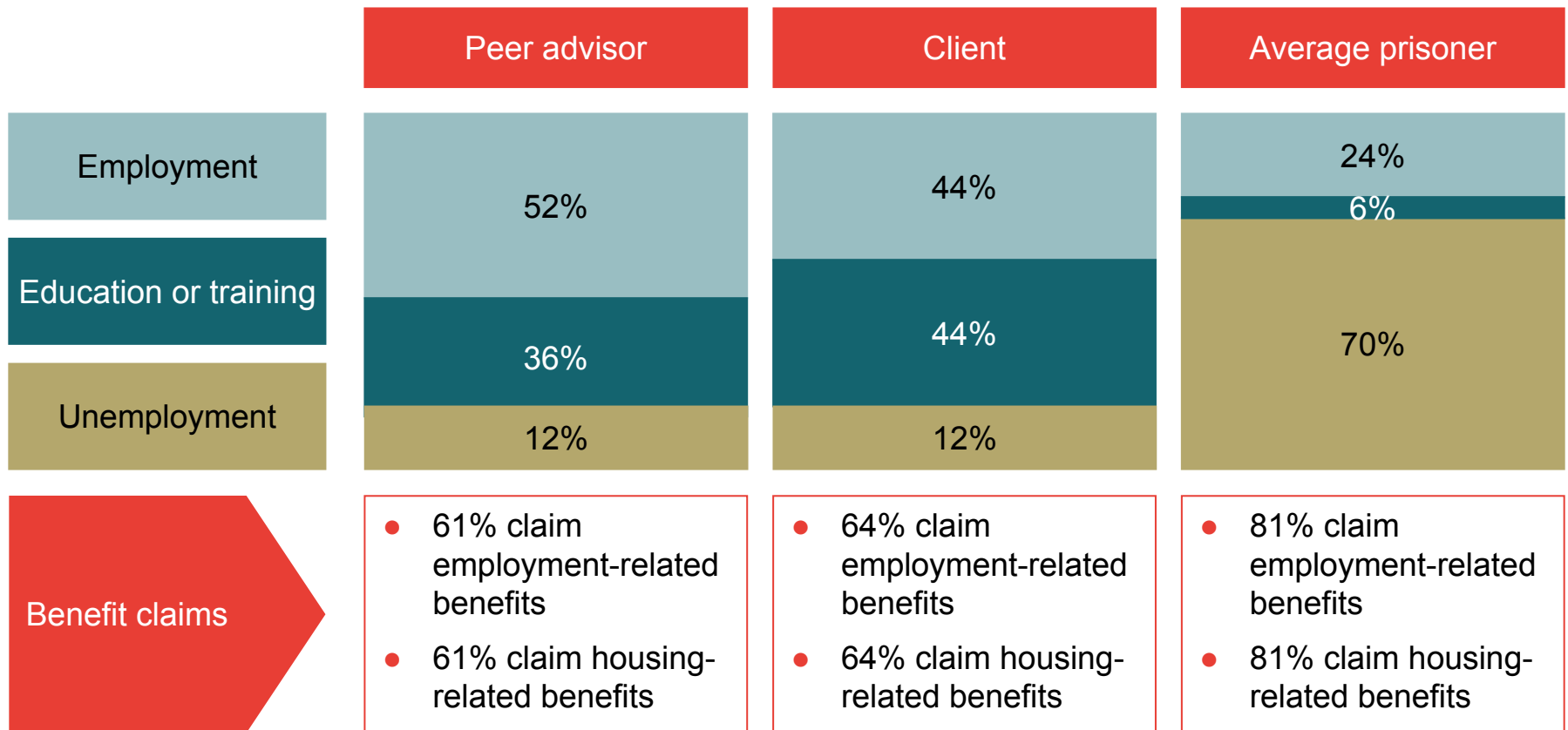
The St Giles Peer Advice Project offers an illustration of how the Big Society might succeed – and how a more complete analysis might work

- The St Giles Peer Advice Project achieves significant benefits:
 - For every £1 invested in the project, benefits of at least £5 are achieved – with less conservative estimates showing much greater returns.
 - Peer advisors gain a recognised qualification and valuable work experience, both of which improve the prisoner’s options when they are released. They also learn from their experiences with others.
 - Clients of the service receive practical advice in relation to housing and employment which are crucial to integration after release when around one third of all prisoners have nowhere to stay and three-quarters have no job to go to.
 - The numbers provide only part of the story – the feedback from advisors and clients testifies to the wider impact (e.g. “I gained my confidence back through St Giles Trust... I now feel I can be a good role model to fellow prisoners and – most importantly – my children.”)
- Why does it work?
 - Peer-to-peer support has benefits on both sides – and relies on the personal experiences of the peer for its success.
 - Peer-to-peer delivery is local and sensitive to needs.
 - Effective partnerships allow the advice to be cross-cutting and provide those involved with access to the range of support they need.

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Unemployment, training, job...?

- The likely labour market outcomes of peer advisors and clients are an important input to our analysis, as is the likely rate of benefits claims. Our assumptions for the outcomes of peer advisors, clients and “average” prisoners are given below:



Employment – outcomes and financial analysis

		Peer advisor	Client	Average prisoner
Actual employment	Rate on release	52%	44%	24%
	Average earnings	£11,993	£9,744	£9,744
Average benefit of employment		£6,185	£4,287	£2,339
Unemployment, job search and low-paid employment	Rate on release	61%	64%	81%
	Cost of employment benefits	-£3,403	-£3,403	-£3,403
Average cost of unemployment		-£2,087	-£2,178	£2,757
Benefit of employment		£4,098	£2,109	-£418

Employment – sources and assumptions

	Value	Sources and assumptions
Employment rate	52%	<ul style="list-style-type: none"> ● Source: St. Giles Trust <ul style="list-style-type: none"> □ Proportion of recent NVQ graduates who found employment, based on a sample of 413 ● Source: St. Giles Trust LDA - Information Advice and Guidance Candidates / Peer Advisors <ul style="list-style-type: none"> □ Proportion of clients with paid employment (36%) plus those with voluntary employment (8), based on a random sample of 25 community clients ● Source: Home Office Findings 173 (2001)
	44%	
	24%	
Earnings	£9,744	<ul style="list-style-type: none"> ● Office for National Statistics, Low pay estimates 2009 <ul style="list-style-type: none"> □ Hourly minimum wage (£5.80) multiplied by the number of working hours per year (1,680) assuming 48 working weeks, 35 hours per week ● Office for National Statistics, Low pay estimates 2009, and Social Exclusion Unit Report (2001), St. Giles Trust <ul style="list-style-type: none"> □ Minimum wage uprated by 123%, derived from the average weekly prisoner income (£6.50) and the lower bound of a peer advisor's weekly salary in custody (£8.00).
	£11,993	
Rate of employment benefit claims	61%	<ul style="list-style-type: none"> ● Source: St. Giles Trust, Frontier calculations <ul style="list-style-type: none"> □ Proportion of NVQ graduates without employment (48%) plus the share of NVQ graduates that are employed but are not contracted (one quarter of 52% employed). The latter may have a voluntary job or short-term employment and may therefore be eligible to claim benefits. ● Source: St. Giles Trust, Frontier calculations <ul style="list-style-type: none"> □ Proportion of clients without paid employment (56%) plus those with voluntary employment (8%), based on a random sample of 25 community clients ● Source: Home Office: Through the prison gate (2001)
	64%	
	81%	
Jobseeker's Allowance	£3,403	<ul style="list-style-type: none"> ● Source: http://www.direct.gov.uk (August 2010), Frontier calculations <ul style="list-style-type: none"> □ Maximum Jobseeker's Allowance is the weekly payment (£65.45) for a person aged 25+ multiplied by 52 weeks per year

Education and training – outcomes and financial analysis

		Peer advisor	Client	Average prisoner
Education and training	Education rate	36%	44%	6%
	Employment rate after education	20%	20%	2%
	Average earnings	£13,072	£10,621	£10,621
Average benefit of education and training		£2,579	£2,159	£161
Cost of training and education	individual cost	-£1,800	-£1,100	-£1,100
Average cost of education and training		-£656	-£484	-£66
Benefit of education and training		£1,923	£1,675	£95

Education and training – sources and assumptions

	Value	Sources and assumptions
Education rate	36%	<ul style="list-style-type: none"> ● Source: St. Giles Trust, Frontier calculations <ul style="list-style-type: none"> □ Proportion of clients moving into employment, education or training (88%), less the proportion of NVQ graduates achieving employment (52%) ● Source: St. Giles Trust LDA - Information Advice and Guidance Candidates / Peer Advisors <ul style="list-style-type: none"> □ Proportion of clients progressing to education or training, based on a random sample of 25 community clients ● Source: Home Office Findings 173 (2001)
	44%	
	6%	
Employment after education	22% / 20% / 2%	<ul style="list-style-type: none"> ● Source: Grinyer, J. (2005): Literacy, numeracy and the labour market: Further analysis of the Skills for Life survey, Department for Education and Skills <ul style="list-style-type: none"> □ The employment rate after education is derived from multiplication of the education rate and the basic employment rate and a leverage factor of 105% □ The leverage factor reflects the positive impact of education on employability if the jobseeker increases numeracy/literacy level from Entry Level 3 (approx. level expected from a 11 year old) to Level 1 (approx. level expected from a GCSE G-D level)
Earnings after education	£13,072 / £10,621	<ul style="list-style-type: none"> ● Source: Grinyer, J. (2005): Literacy, numeracy and the labour market: Further analysis of the Skills for Life survey, Department for Education and Skills <ul style="list-style-type: none"> □ The earnings after education are derived from multiplication of the minimum wage level with a leverage factor of 109% □ The leverage factor reflects the positive impact of education on earnings if the jobseeker increases numeracy/literacy level from Entry Level 3 (approx. level expected from a 11 year old) to Level 1 (approx. level expected from a GCSE G-D level).
Cost of education	£1,800	<ul style="list-style-type: none"> ● Source: St. Giles Trust <ul style="list-style-type: none"> □ Based on a bottom-up estimate of NVQ training costs. ● Source: Social Exclusion Unit Report <ul style="list-style-type: none"> □ The education cost is given as the average of the education cost per prisoner, ranging from £200 to £2,000 per prisoner.
	£1,100	

Housing and health – outcomes and financial analysis

		Peer advisor	Client	Average prisoner
Rate of stable accommodation		82%	82%	67%
Health and drug cost savings due to stable accommodation per person		£132	£132	£132
Health and drug cost savings		£108	£108	£89
Failed tenancy	Rate of failed tenancy	4%	4%	3%
	Cost per failed tenancy	-£2,800	-£2,800	-£2,800
Average cost of failed tenancy		-£115	-£115	-£94
Cost of housing allowances	Rate of claimants	61%	64%	81%
	Cost of housing support	-£3,403	-£3,403	-£3,403
Average cost of housing support		-£2,087	-£2,178	-£2,757
Benefit of stable accommodation		-£2,093	-£2,185	-£2,762

Housing and health – sources and assumptions I

	Value	Sources and assumptions
Rate of stable accommodation	82%	<ul style="list-style-type: none"> Source: St. Giles Performance Overview Report 2009/2010 <ul style="list-style-type: none"> The rates of stable accommodation for clients and peer advisers are the sum of the average rate among prisoners upon release (67%) plus an additional 15% of accommodation finds supported by St. Giles Trust. Source: Home Office Findings 173 (2001)
	82%	
	67%	
Rate of failed tenancy	4% / 4% / 3%	<ul style="list-style-type: none"> Source: St. Giles Performance Overview Report 2009/2010, Social Exclusion Unit Report (2001), Frontier Economics <ul style="list-style-type: none"> The rates of failed tenancy for clients, peer advisers and average prisoners are derived from the rate of stable accommodation multiplied by an overall probability of failed tenancy at 5%.
Cost of failed tenancy	£2,800	<ul style="list-style-type: none"> Source: Crisis (2003): How Many, How Much? Single homelessness and the question of numbers and cost <ul style="list-style-type: none"> The unit cost per failed tenancy includes cost of lost rent, re-letting, possession orders and eviction warrants, solicitor's fees and landlord's administration costs
Rates and amount of housing support allowances	47% / 64% / 81%	<ul style="list-style-type: none"> Based on the estimated proportions claiming employment-related allowances, given similar eligibility criteria. Source: Department for Social Development http://www.dsdni.gov.uk/index/ssa/benefit_information/a-z_of_benefits.htm <ul style="list-style-type: none"> Maximum housing benefit is the weekly payment (£65.45) for a person aged 25+ multiplied by 52 weeks per year
	£3,403	

Housing and health – sources and assumptions II

	Value	Sources and assumptions
Avoided cost of class A drug use	£96.21	<ul style="list-style-type: none"> Source: Home Office Research Study 249 - The economic and social cost of class A drug use in England and Wales 2000, Social Exclusion Unit Report and Home Office Research Report 258 - Youth homelessness and substance use <ul style="list-style-type: none"> The average health cost of class A drug use is £1,005.57 per person (includes drug users in treatment and not in treatment) 28% of ex-offenders use heroin after being released from prison; a homeless person between 18 and 25 uses heroin in 38%. The reduction due to stable accommodation is therefore 0.1
Avoided health cost	-£179.60 (GP visits)	<ul style="list-style-type: none"> Source: Unit Costs of Health and Social Care 2009, General Lifestyle Survey 2008, Frontier calculations <ul style="list-style-type: none"> Average cost of one GP visit is £35.92 A person in stable accommodation visits the GP five times per year compared to negligible access among homeless individuals.
	£177.58 (A&E visits)	<ul style="list-style-type: none"> Source: Unit Costs of Health and Social Care 2009, Hospital Episode Statistics: Accident and Emergency Attendances in England (experimental Statistics) <ul style="list-style-type: none"> Average cost of an Accident and Emergency (A&E) visit is £195.60. A person in stable accommodation has to go to A&E 0.42 times per year, whereas a homeless person visits 1.33 times. The reduction due to stable accommodation is therefore 0.91
	£187.35 (outpatient attendance)	<ul style="list-style-type: none"> Source: DH reference costs 2008-09 and General Lifestyle Survey 2008 <ul style="list-style-type: none"> An outpatient attendance costs on average £95.98 A person in stable accommodation is in need of this service 1.29 per year. A homeless person, however, requires this service 3.24 per year. The reduction due to stable accommodation is 1.95
	-£149.38 (mental health episode)	<ul style="list-style-type: none"> Source: ODPM Estimating the short and longer-term costs of statutory homelessness to households and service providers, 2003, Hospital Episode Statistics: Inpatient episodes by main specialty in England, 2008-09 and Mid Year Population Estimates 2009 <ul style="list-style-type: none"> Each mental health episode costs £7,469 on average 0.04 persons with mental diseases in stable accommodation are treated while this figure is 0.02 for homeless people. The increase is therefore -0.02.



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