



Demonstrating the value for money of third sector activity in Rotherham

Case study evidence

May 2011

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May 2011

Acknowledgements

This research has been undertaken by the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University on behalf of the Rotherham Infrastructure Network (RIN) and funded through a grant from South Yorkshire Community Foundation. In completing the research we are particularly grateful to both case study organisations that gave a considerable amount of their time and made available their in support of this study.

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Executive Summary

Introduction

This report provides the findings of independent academic research aimed at understanding the value for money of third sector activity in Rotherham. The research was undertaken by the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University on behalf of the Rotherham Infrastructure Network (RIN) and funded through a grant from South Yorkshire Community Foundation.

Context

Government policy has consistently encouraged the involvement of third sector organisations in the delivery of public services motivated by the notion that the third sector is uniquely positioned to provide 'value for money'. In addition, local public sector bodies are under a general duty of *best value* to ensure continuous improvement in the way in which provide services, having regard to a combination of economy, efficiency and effectiveness.

However, there is a feeling within the third sector in Rotherham that implementation of the policy of involving third sector organisations in public service delivery, particularly when they represent a genuine value for money option, has not been applied consistently at a local level. In response, public sector officials have claimed that there is insufficient evidence available to them that the third sector can actually provide them with value for money when they are making decisions about the delivery of local public services.

Against this background this research represents a first step in developing the evidence base for demonstrating the value for money of third sector activities in Rotherham. It provides detailed evidence from two in depth case studies of local organisations and highlights the ways in which both provide economic and social benefits for each of their stakeholders.

Understanding Value for Money

'Value for money' is about the extent to which the resources expended can be justified on the basis of what is achieved. It is a combination of three factors against which options for delivering a particular service, project or programme can be compared:

- **economy:** the level of resources required to produce an input
- **efficiency:** the relationship between the inputs used to deliver a service and the level of activities delivered (the output)
- **effectiveness:** the relationship between the intended and actual outcomes of a service, project, or programme.

The most *economic* services will produce the highest number of inputs for the resources available; the most *efficient* services will deliver the highest ratio of outputs to inputs; the most *effective* services will produce the largest number or quality of outcomes for beneficiaries.

A proper consideration of value for money needs to consider all three of these factors to reach a balanced view of the level of economy, efficiency and effectiveness necessary in the delivery of a service. This value for money 'balancing act' is a key feature of public sector commissioning and procurement processes so it is important that third sector organisations can demonstrate that their services provide a mix of economy, efficiency and effectiveness in a way that is relevant to key public sector stakeholders. Likewise there is a challenge for public sector bodies to fully understand how different third sector providers can deliver value for money in support of policy priorities.

The case studies

The research focussed on two in depth case studies with local third sector organisations:

- Age Concern Rotherham and their Hospital Aftercare Service
- Kites Parenting Support and their deliver of Triple P training

The organisations were selected to provide examples in two key areas of preventative services, both in terms of third sector activity and local public sector strategic priorities. They were also selected to provide one example of one third sector service that was delivered under contract to the public sector (Age Concern Rotherham) and one example that was funded through non-public sector resources (Kites).

Key Findings

Evidence from the case studies suggests that third sector organisations can deliver against all three value for money factors in different ways and in different contexts. Evidence from each case study is discussed more detail below.

Economy of input

Third sector organisations can provide **economy of input**, for example, by utilising volunteers and having low management and overhead costs relative to larger providers:

- Age Concern Rotherham delivers the Aftercare service with input from volunteers amounting to 16 hours each week. The economic value of this volunteering is estimated to be almost £5 thousand per year, meaning that the public sector resources provided for the project are enhanced by more than three per cent
- Kites service is provided with relatively low management costs and overheads: the small size of the organisation means it is able to operate a flat management structure and operate from its own premises at relatively low cost. It seems unlikely that local authorities would be able to provide similar economies due to additional layers of management and higher overheads.

It is likely that these examples can be transferred to the third sector in the area: previous research has highlighted the large number of volunteers that contribute to the sector in Rotherham and that a majority of organisations are comparatively small.

Efficiency of output

Third sector organisations can provide **efficiency of output**, for example by supporting larger numbers of clients within the resources available, or by providing preventative services that reduce the burden on expensive public services:

- Age Concern Rotherham's Aftercare service saves the public sector money through reductions in the number of bed days required by Rotherham General Hospital worth between £47 thousand and £74 thousand a year, and reductions in hospital transport costs worth between £9 thousand and £18 thousand per year
- Kites delivery of Triple P was found to be about fifty per cent more cost efficient than the average cost-efficiency of Triple P delivered by local authorities through the PEIP, representing a potential saving of nearly £900 for every parent starting the programme and about £1,150 for every parent successfully completing the programme.

An interesting point to note is that although both organisations deliver outputs that present efficiency gains for the public sector: in the case of Age Concern Rotherham these were realised because the service was commissioned by the public sector locally but in the case of Kites they were not realised because their activities were not publicly funded.

Effectiveness of outcome

Third sector organisations can provide **effectiveness of outcome**, for example by delivering services that lead to improvements in well-being for people from often vulnerable groups. Both case studies organisations were found to have supported improvements in the personal well-being of the respective clients. Assuming that these improvements in well-being are sustained in a majority of clients a range of further public sector benefits can be estimated:

- Anecdotal evidence from public sector stakeholders in the Age Concern Aftercare service suggested that clients were less likely to be readmitted to hospital and make less use of other primary care services than older people not in receipt of such support. Drawing on evidence from the Department of Health's Partnership for Older People's Project (POPP) it is estimated that the Aftercare service creates savings of £179 thousand over three months and £700 thousand if improvements are sustained for a year
- Kites delivery of Triple P is proven to lead to marked improvements after 12 weeks and there is some evidence that these improvements can be sustained for at least a year. Drawing on evidence about the effectiveness of Triple P it is estimated that, by preventing conduct disorder, Kites activity generates long term public sector savings of nearly £800 thousand for each year of service delivery.

It should be emphasised that the economic benefits of effective outcomes extend beyond the public sector: clients of both case studies experienced improvements in their personal financial situation as result of the support received.

- Age Concern Aftercare clients have been supported to claim additional benefits worth more than £73 thousand each year
- a number of Kites clients have been able to engage in vocational further and higher education thanks to the improvements kick-started by the involvement in parenting support.

Conclusion: Implications for Policy and Practice

There are a number of important lessons from this research for organisations from both the public sector and the third sector. For public sector organisations these relate to the social and economic benefits that third sector organisations can provide and the need to ensure that procurement and commissioning processes are able to identify the services that can deliver *best value* and *value for money*. For third sector organisations the lessons are linked to the importance and challenges associated with collecting evidence about the outcomes they achieve in a way that captures the full social and economic value of what they do.

Lessons for the public sector:

- **preventative services delivered by third sector organisations can provide public sector bodies with significant cost savings:** some of these savings are realised immediately because they relieve some of the pressure on urgent and emergency care interventions while others are realised over a longer period because they reduce demand in areas such as primary care, criminal justice and social services
- **effective or 'intelligent' commissioning is an important factor in the procurement of value for money public services:** If public sector bodies can work closely with third sector organisations to develop services that are tailored to the needs of specific client groups that build directly existing expertise, it is likely to lead to public services that provide greater value for money than if a less joined-up approach had been taken
- **small voluntary organisations can provide cost economies in the delivery of services:** they are likely to have relatively low management costs and overheads that could not be easily replicated in a large public sector body. Where this is combined with efficient and effective service delivery it can provide commissioners a genuine value for money option.

Lessons for third sector organisations:

- **effective outcome monitoring is a vital component in the demonstration of value for money:** both case study organisations have embedded outcome monitoring systems that data provide 'distance travelled' information for every client that has been supported which, can be aggregated and collated over time. This data forms the basis of a strong evidence base for the effectiveness of both organisations' activities
- **effective outcome monitoring is not easy and a number of good practice principles should be adhered to if it is to be carried out properly:** this includes good quality data and a partnership approach to data collection; an understanding of the extent to which outcomes are attributable to individual organisations or services, or a wider series of interventions from a range of providers; and the need to monitor outcomes over the longer term to understand the extent to which they are sustained or extended.

1. Introduction

This report provides the findings of independent academic research aimed at understanding the value for money of third sector activity in Rotherham. The research was undertaken by the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University on behalf of the Rotherham Infrastructure Network (RIN) and funded through a grant from South Yorkshire Community Foundation.

1.1. Context

Consecutive UK Governments since 1997 have sought to encourage the involvement of third sector organisations in the delivery of public services, motivated by the notion that the third sector is uniquely positioned to provide 'value for money'. Key to this policy has been a commitment that, in the right circumstances, the sector should be afforded the opportunity to deliver public services where it is best placed to do so¹.

Furthermore, local public sector bodies are under a general duty of *best value* to ensure continuous improvement in the way in which their functions are exercised, having regard to a combination of economy, efficiency and effectiveness.² Under the duty of best value, therefore, authorities should consider overall value, including environmental and social value, when reviewing service provision.

However, there is a feeling within the third sector in Rotherham that implementation of the policy of commissioning and procuring public services from third sector organisations, and best value criteria, have not been applied consistently at a local level. In response, public sector officials have claimed that there is often insufficient evidence available to them that the third sector can actually provide them with value for money options when they are making decisions about the delivery of local public services.

Against this background this research represents a first step in developing the evidence base for demonstrating the value for money of third sector activities in Rotherham. It provides detailed evidence from two in depth case studies of local organisations and highlights the ways in which both provide economic and social benefits for each of their stakeholders.

It is also hoped that the research will provide a blueprint for other local third sector organisations to demonstrate their value for money. In the coming months RIN will support a series of seminars for local third sector organisations to learn from the research and begin developing their own value for money evidence base.

¹ See e.g. HM Treasury/Cabinet Office (2007) *The future role of the third sector in social and economic regeneration: the final report* and Cabinet Office (2010) *Modernising Commissioning: Increasing the role of charities, social enterprises, mutuals and cooperatives in public service delivery*

² See Section 3 of the *Local Government Act 1999* (as amended by s137 of the *Local Government & Public Involvement in Health Act 2007*).

1.2. Methodology

The research focussed on two in depth case studies of local third sector organisations. They were selected to provide examples in two key areas of preventative services, both in terms of third sector activity and local public sector strategic priorities. They were also selected to provide one example of a third sector service that was delivered under contract to the public sector and one example of a service that was funded through non-public sector resources.

The methodology for each case study was derived from guidance around measuring social return on investment (SROI) and other evaluation approaches, but focused on drawing out evidence the three key value for money elements of *economy*, *efficiency* and *effectiveness*, rather broader evidence of monetised social value. The methodology provided a framework through which each of the following aspects of both organisations' activities were considered:

- **resources:** what level of resource (i.e. funding) is required and who provides it?
- **stakeholders:** who benefits from the activities and how?
- **inputs:** what 'goes in' to delivering the service (i.e. staff and volunteer time, other resources)?
- **outputs:** what is produced as a result of the service (i.e. activities) and how does that relate to what was intended or required (i.e. targets)?
- **outcomes:** what changes as a result of the service and for who (i.e. a range of different stakeholders)?
- **impact:** what is the overall effect of the services provided once attribution is accounted for, and what are the implications for value for money?

From case study an impact map was developed for each stakeholder focussing on the nature of the benefits accruing to each group, when they occurred, how they could be measured and what evidence existed. These stakeholder impact maps provided a framework for the remainder of the case study, which sought to collect evidence for each of the measures identified. In collecting the evidence required a number of research tools and methods were used:

- analysis of monitoring and evaluation data (on outputs and outcomes) already collected by the case study organisations
- review of academic evidence regarding the cost of a range of public sector services
- review of academic evidence relating to the cost-benefits of certain outcomes
- qualitative interviews with staff from each case study organisations
- qualitative interviews with a number of service beneficiaries (Kites only)

In addition, the research was subject to an internal (CRESR) peer review and verification process to ensure the analysis undertaken and the financial proxies used were robust and would stand up to external examination.

1.3. Report structure

The remainder of this report is presented in four chapters:

- **chapter 2** introduces each of the case study organisations
- **chapter 3** highlights the economic benefits accruing to the stakeholders of each case study organisations
- **chapter 4** highlights the social benefits accruing to the stakeholders of each case study organisations
- **chapter 5** is the conclusion, it discusses the ways in which the economic and social benefits provided by third sector organisations create value for money from the perspective of difference stakeholders. It also provides guidance for other third sector organisations looking to carry out similar research.

In addition, two in depth case study reports from are provided in annexes 1 and 2.

2. The Case Study Organisations

The research focussed on two in depth case studies with local third sector organisations:

- Age Concern Rotherham
- Kites.

The organisations were selected to provide examples in two key areas of preventative services, both in terms of third sector activity and local public sector strategic priorities. They were also selected to provide one example of one third sector service that was delivered under contract to the public sector (Age Concern Rotherham) and one example that was funded through non-public sector resources (Kites). More information about each case study organisation and their service delivery is provided below.

2.1. Case Study 1: Age Concern Rotherham Hospital Aftercare Service

Age Concern Rotherham (ACR) is one of the largest local voluntary organisations supporting older people in Rotherham. They provide a range of personal, health and social services through their Centre for Older People as well as a series of home and domestic supports. ACR is also an advocate and point of contact for older people in the borough, and provides advice and information about issues such as benefit entitlements, housing, health and general welfare. ACR's activities are funded through a mixture of contracts with the local authority, grants from charitable trusts, fundraising, and traded services to members of the public.

The case study focussed on ACR's Hospital Aftercare Service which is delivered through a contract with Rotherham Primary Care Trust. The contract initially covered a two year pilot period from April 2009 but it has recently been extended by an extra year to March 2012. The service provides enabling support on discharge from hospital to older people who need assistance to regain their independence after a spell in hospital, but do not qualify for homecare under the current Fair Access to Care Services (FACS) criteria. It is delivered by a combination of paid staff and volunteers (8 volunteers provide 2 hours per week each).

2.2. Case Study 2: Kites Family Support

Kites Family Support (Kites) is a relatively small local voluntary organisation that provides parenting support to families across the Dearne Valley. They provide a range of one-to-one and group support activities based on the principles of the internationally renowned Positive Parenting Programme (Triple P). Kites' activities are primarily funded through grants from charitable trusts and foundations, and a small amount of traded services. Kites does not currently deliver any services under contract to public sector bodies but, the majority of their clients are referred by public sector health and education professionals. The organisation employs six qualified Triple P practitioners and is one of only a few officially accredited non-statutory Triple P providers in South Yorkshire.

3. Economic Benefits

This chapter outlines the research findings about the nature and scale of economic benefits accruing to the stakeholders of each case study organisation. Each case study is addressed in turn.

3.1. Case study 1: Age Concern Rotherham Hospital Aftercare Service

The research found the economic benefits of the Aftercare service to be twofold:

- demonstrable savings to the public purse
- an improvement in the financial situation of discharged patients.

In addition, the research found that further economic value was created by the volunteering element of the Aftercare service. These three economic benefits are discussed in more detail below.

Public sector cost savings

The Aftercare service saves the public sector money in a number of ways: it frees up valuable bed days in Rotherham General Hospital by speeding up the discharge process; it reduces the need for and use of hospital transport by transferring patients to their home; and it reduces readmissions (due to e.g. falls) by providing vulnerable people with support once they have been discharged. We estimated the value of these cost savings using a combination of the monitoring data collected by the Aftercare service and robust academic evidence on the cost of various health care interventions.

Overall, it can be estimated that the Aftercare service saves the public sector at least **£235,000 per year**. This equates to **a return on investment of £1.50 for every £1 invested** by the public sector each year. Furthermore, it can be estimated that **net savings³ after five years will be at least £1.1 million and after 10 years will be £2 million**.

However, this is likely to be an underestimate as it is based on low-estimate costs for bed days and hospital transport and assumes that readmission and use of other health services will only be reduced for three months following the intervention. Using the high-estimate costs for bed days and hospital transport, and assuming readmission benefits are sustained for at least one year, it can be estimated that the Aftercare service could save the public sector up to **£988 thousand each year**. This would be **a return on investment of £6.30 for every £1 invested** by the public sector each year **and net savings of £4.6 million after five years and £8.5 million after 10 years**.⁴

³ An annual discount rate of 3.5 per cent has been applied to all economic projections in accordance with HM Treasury guidance.

⁴ These cost savings estimates are based on data from a range of sources but draw heavily on Curtis, L (ed) (2010) *The Unit Costs of Health and Social Care 2010*. Canterbury: Personal Social Services Research Unit

Improvements in the financial situation of clients

In addition to savings to the public purse, the Aftercare service also produces wider economic benefits in the form of improvements in financial situation of clients following discharge from hospital. As part of the assessment process, the Aftercare service supports clients to identify any additional benefit they may be entitled to. In the first 18 months of the project a 31 clients were supported to claim an extra £110,000.

Annually, this equates to 20 clients gaining an average of £3,665 each, or a total of **£73,300 in extra benefits claimed each year**. However, this figure does not consider the additionality of the ACR intervention. That is, we cannot be sure what proportion of ACR clients would have gone on to claim these benefits by themselves or with the support of others, or how long it would have taken them.

If it is assumed that the intervention is additional for one year, and each client claims their extra benefits for at least a year, it can be estimated that this support enables clients to claim **net benefits with a value of £342 thousand after five years and £575 thousand after 10 years**.

The economic value of volunteering

In addition to paid staff funded through the contract with the PCT the Aftercare service also uses volunteer 'befrienders' who visit particularly isolated or vulnerable clients. They offer companionship and support, and help identify problems or concerns clients may have. Volunteers will typically visit clients once every two weeks, each visit lasting no more than two hours. In total, the service has eight volunteers who collectively provide an average of six hours of support each week.

This volunteer time has considerable economic value as it represents an additional input in the delivery of the service that the public sector does not have to pay for. The value of this input, that is the amount that it would cost to pay employees to do the work carried out by volunteers, can be used to value their contribution⁵. It can be calculated by multiplying the number of hours that volunteers give per week by an estimate of how much it would cost to employ someone to do that work. On this basis, the annual economic contribution of Aftercare volunteers is estimated to be **£4,934**. This enhances the value of the resource input used to deliver the service by more than three per cent.

Overall economic benefits

The overall economic impact of the Aftercare service can be estimated by summing the benefits discussed above. This produces a **net annual economic value of at least £313 thousand** each year. Furthermore, it is estimated that **after five years the net economic value created will be £1.5 million and after 10 years £2.7 million**.

However, this is likely to be an underestimate and the **actual net economic value could be as high as £1.1 million a year, £5 million after five years and £9.1 million after ten years**.

⁵ This is the approach recommended by Volunteering England

3.2. Case study 2: Kites Parenting Support

The research identified three types of economic benefits experienced by Kites stakeholders:

- immediate benefits, in the form of a more cost-efficient model of parent support
- long term benefits (a), in the form of 'upstream' savings to the public purse
- long term benefits (b), in the form employment, skills and qualifications gained by parents in receipt of support.

The immediate economic benefits were estimated by comparing the cost-efficiency of Kites delivery with a range of benchmarks obtained from secondary data. Although there was insufficient primary data to enable an estimate of either of the long term economic benefits, broad estimates were made on the basis of findings from previous studies. Evidence about each type of benefit is discussed in more detail below.

Cost-efficiency of Kite's service delivery

The *cost-efficiency* of Kites delivery of the Triple P programme was considered by examining the relationship between the inputs used, expressed in terms of the overall cost of delivering the programme, and the outputs obtained, expressed in terms of the number of families supported. In addition, efficiency was considered in terms of the extent to which activities were successful in meeting their objectives. The cost-efficiency of Kites delivery of parental support packages between October 2009 and September 2010 was analysed and compared with data on average national cost-efficiency of similar local authority based provision delivered through the Parenting Early Intervention Pathfinder (PEIP). This showed that:

- in 2009-10 the *variable cost* of Kites parenting support was £797 for each parent attending at least two support sessions and £1,270 for each parent completing the 12 week programme of support
- the average cost (combination of *fixed and variable costs*) of PEIP was £2,135 for each parent undertaking the programme and £2,995 for each parent completing the programme⁶
- the variable cost of PEIP Triple P provision was £1,671 for each parent undertaking the programme and £2,425 for each parent completing the programme.

This suggests Kites represents a more cost-efficient option for Triple P delivery than local authority PEIP provision. Compared to the average delivery costs associated with PEIP local authority areas **Kites appears to be at least 50 per cent more cost-efficient: their service represents a saving of £883 per parent undertaking the programme and £1,155 per parent completing the Triple P programme⁷.**

Some of Kites efficiency can be attributed to their 'flat' structure: management costs are low because the CEO manages all five members of staff and office costs are

⁶ PEIP cost-efficiency data is provided in the programme evaluation report. See: Lindsay, G, *et al* (2008). *Parenting Early Intervention Pathfinder Evaluation*. DCSF/University of Warwick

⁷ In making these comparisons it is important to note that PEIP provided training for groups of parents while the majority of Kites support is provided on a one to one basis in the family home. One to one support is more resource intensive than group work and therefore more expensive to deliver, highlighting even further the cost-efficiency of Kites support compared to public sector provision.

kept at minimum through realistic and well managed budgets. By comparison local authorities have several layers of management costs and other organisational overheads and which are unlikely to provide equivalent economies.

Upstream savings to the public purse

The general premise of interventions to promote early childhood development is that early benefits in cognitive and emotional development will carry on into later life and that these benefits accrue to society as well as the individual. This includes, for example, reduced crime rates and lower use of expensive public services in areas such as mental health⁸. Drawing on research which has analysed the difference in public service use between children with conduct disorders and those without,⁹ and research into the effectiveness of Triple P in preventing conduct disorder, it has been estimated that the Triple P programme saves £4.24 (four pounds and twenty four pence) for every pound (£1) spent on delivery¹⁰. If this ratio is applied to Kites delivery of parenting support, **it can be estimated that in 2009/10 Kites generated public sector savings with a value of at least £797,120**. In reality this figure is likely to be higher as Kites has been shown to be more cost efficient than other providers.

Although there is no primary evidence about the extent to which Kites support prevents conduct disorder in children, based on the costs outlined above, it is estimated that **Kites would only need to prevent between two and three cases of severe conduct disorder or 32 cases of less severe conduct disorder each year to save more resources than it consumes** (i.e. produce a positive cost-effectiveness ratio).

Employment, skills and qualifications gained by parents in receipt of support

In addition to the financial savings identified in the previous sections, Kites support can lead to long term economic benefits for parents in receipt of support in the form new or improved employment, and new skills and qualifications gained. Although the proportion of parents experiencing benefits in relation to employment, skills and qualifications following Kites support has not been systematically measured there is qualitative evidence that this has occurred in a number of cases. If Kites support does ultimately lead to parents entering employment or gaining better quality employment the economic value created will be considerable, both for the individual/family, in terms greater financial security, and for the public purse, in terms of reduced benefits payments and increased taxes received.

Overall economic benefits

The economic benefits of Kites service delivery are clear: they provide a service that is about **50 per cent more cost efficient than national local authority benchmarks** and one year of service delivery is estimated to lead to **public sector savings worth nearly £800 thousand pounds** over the longer term.

⁸ London Economics (2010). *Cost Benefit Analysis of Interventions with Parents*. Department for Children, Schools and Families.

⁹ Scott, S *et al* (2001). Financial cost of social exclusion: a follow-up study of antisocial children into adulthood. *BMJ* 2001 323:191

¹⁰ *Triple P Positive Parenting Programme*, Submission for Technology Appraisal by the National Institute for Clinical Excellence, Prepared by Parenting and Family Support Centre, The University of Queensland (2004)

4. Social Benefits

This chapter outlines the research findings about the nature and scale of social benefits accruing to the stakeholders of each case study organisation. Each case study is addressed in turn.

4.1. Case study 1: Age Concern Rotherham Hospital Aftercare Service

The research found a range of social benefits of the Aftercare service linked to improvements in the well-being of service beneficiaries. ACR has recently used the Aftercare service to pilot a new 'service outcome tool', based on an Outcome Star model¹¹, that has been developed to measure improvements in the personal outcomes experienced by service users following their discharge from hospital. The tool asks service beneficiaries to identify up to five personal goals upon their return home against which progress is measured at the end of the support period.

Well-being benefits

ACR categorise each goal according to whether it will lead to progress in each of five areas associated with personal well-being: **motivation**, for example, wanting to get mobile as soon as possible; **confidence**, for example, feeling able to carry-out day to day tasks with our fear of an accident; **finances**, for example, claiming additional entitlements such as Attendance Allowance; **mobility**, for example, being physically able to move around the house with/without aids; **independence**, for example, not having to rely on others for tasks such as a meal/drink preparation.

Data collected through the service outcome tool can be aggregated at service level or analysed according to the different aspects of beneficiary well-being. The results of the pilot (24 clients) are outlined below.

Overall, the 24 Aftercare clients identified 54 separate goals between them. **At the end of the support period progress had been recorded on 49 of those 54 goals** (91 per cent). **The average improvement was 3.14** (on a scale of 1-5) and only one client did not record progress on any of their goals. Furthermore:

- of the 23 clients who identified goals associated with their **confidence** 22 (96 per cent) recorded an improvement at the end of the support period. The average improvement was 3.18
- of the 20 clients who identified goals associated with their **motivation** 18 (90 per cent) recorded an improvement at the end of the support period. The average improvement was 3.25
- of the 18 clients who identified goals associated with their **mobility** 17 (94 per cent) recorded an improvement at the end of the support period. The average improvement was 3.33
- all 18 Aftercare clients who identified goals associated with their **independence** recorded an improvement at the end of the support period. The average improvement was 3.43

¹¹ For more information see <http://www.outcomesstar.org.uk/>

- only one Aftercare client identified a personal goal associated with their **financial situation**. This client was supported to claim Attendance Allowance and recorded a 4 point improvement at the end of the support period.

This data collected through the service outcome tool pilot suggests that **a large majority of clients of the Aftercare service make considerable progress against their personal well-being goals during the support period**. However, at this stage it is difficult to know the extent to which these changes can be attributed to the support provided by the Aftercare service, whether this progress will be sustained, and if so for how long.

4.2. Case study 2: Kites Parenting Support

The research found a range of social benefits of Kites parenting support linked to the well-being of the families (parents and children) involved. These benefits were realised immediately (i.e. at the end of the 12 week support programme) but they were also sustained and extended far beyond the support period.

Kites measure each client's progress during the 12 week programme using three tools recommended by the Triple P programme: the Parenting Scale questionnaire, the Depression, Anxiety and Stress questionnaire (DAS), and the Strengths and Difficulties questionnaire (SDQ). They also carry-out a customer satisfaction questionnaire at the end of the programme to assess overall improvements in confidence and relationships.

These tools enable Kites to evaluate in some detail the immediate social benefits of their work by analysing the distance travelled by parents and children during the support period. However, Kites do not currently measure the longer term sustained benefits in a systematic way. As part of this research Kites were supported to develop an approach to measuring the extent to which progress had been sustained by clients after six and 12 months with a view to implementing it across the organisation. This approach was piloted with three parents and the findings were made available for this report.

Analysis of the data collected through the end of programme evaluations and the pilot is outlined below.

Immediate benefits: improvements in well-being on completing support

We examined Kites evaluation material collected from clients that completed their support package between April 2009 and March 2010. This revealed the following social benefits accruing to parents and children supported:

- **improved parenting ability:** 88 per cent of Kites clients recorded an overall improvement on the Parenting Scale; 83 per cent recorded an improvement in laxness; 88 per cent recorded an improvement in over-reactivity; and 90 per cent recorded an improvement in verbosity
- **improved confidence:** 96 per cent of Kites clients have said the support had helped their confidence improved; 43 per cent said it had helped a great deal and 53 per cent said it had helped somewhat
- **improved relationship with child/children:** 93 per cent of Kites clients said the support had helped improve their relationship with their child/children; 21 per cent said it had definitely improved and 71 per cent said it had generally improved

- **improved mental health:** Kites clients recorded an overall improvement rate across the DAS scale of 77 per cent; 78 per cent recorded an improvement in relation to depression; 70 per cent recorded an improvement in relation to anxiety; and 81 per cent recorded an improvement in relation to stress
- **improved behaviour of children:** 79 per cent of clients recorded an overall improvement in terms of the total difficulties experienced; 50 per cent recorded an improvement in relation to emotional symptoms; 71 per cent recorded an improvement in relation to conduct problems; 50 per cent recorded an improvement in relation to hyperactivity; 64 per cent recorded an improvement in relation to peer problems; and 40 per cent recorded an increase in relation to pro-social behaviour.

Long term benefits: sustained improvements in well-being

In piloting the approach to follow-up evaluations with Kites clients after six and 12 months, we found clear evidence that parents and children experienced sustained and extended improvements in their personal well-being in the period following their completion of the Kites support. **All three parents demonstrated sustained improvements on the Parenting Scale and the DAS scale and improvements in the behaviour of their children had been sustained according to the Strengths and Difficulties Questionnaire after 6-12 months.** Furthermore, there was evidence that parents and children had experienced a range of extended benefits following completing of the programme:

- parents A and C had enrolled in a Further (A) and Higher (C) Education courses and Parent B had got a new, better paid job. All three attributed these changes, at least in some part, to the personal confidence gained through the Triple P training
- parent A reported that her improvements in her child's behaviour had been transferred into the school environment. Prior to completing Triple P he was constantly in trouble but his behaviour at school has improved markedly and she no longer worries about what awaits her at the end of the day
- all three parents report that their overall lifestyle and life satisfaction had improved considerably compared to the period prior to starting Triple P. Improvements in their children's conduct and their ability to manage and cope with misbehaviour had made events such as shopping and family outings far more manageable.

Overall social benefits

There is strong evidence that the parenting support provided by Kites lead to immediate, sustained and extended improvements in the well-being of parents and children involved. **More than three-quarters of clients experience improvements in parenting ability, confidence, behaviour and mental health on completion of a 12 week package of support.** Moreover, there is qualitative evidence that these improvements are sustained after six and twelve months, and in the longer term can lead to extended benefits such as improvements in employment, skills and qualifications.

5. Conclusion

The research findings have demonstrated how two different third sector organisations in Rotherham create economic and social benefits for their different stakeholders. But what does this mean in terms of value for money? In this concluding chapter we discuss value for money in some detail and highlight the ways in which each case study might be considered to provide value for money, before highlighting the main lessons learned from the research.

5.1. Understanding value for money

The term 'value for money' describes the extent to which the resources expended on a service, project or programme are justified on the basis of what is achieved. It is a combination of three factors against which options for delivering a particular service, project or programme can be compared:

- **economy:** the level of resources required to produce an input. The most economic services will produce the highest number of inputs for the resources available
- **efficiency:** the relationship between the inputs used to deliver a service and the level of activities delivered (the output). The most efficient services will deliver the highest ratio of outputs to inputs
- **effectiveness:** the relationship between the intended and actual outcomes of a service, project, or programme. The most effective services will produce the largest number or quality of outcomes for beneficiaries.

A proper consideration of value for money should therefore consider all three of these factors to reach a balanced view of the level of economy, efficiency and effectiveness necessary in the delivery of a service: too much focus on economy might produce an inefficient and ineffective service; too much focus on efficiency might produce a service which produces large scale outputs at the expense of quality outcomes; but the most effective service might not be possible with the level of resources available.

This value for money 'balancing act' is a key feature of public sector commissioning and procurement processes, particularly if the principles of 'intelligent commissioning' are being adhered to. It is therefore important for third sector organisations to be able to demonstrate how their services provide a mix of economy, efficiency and effectiveness, and to be able to demonstrate this in a way that is relevant to key public sector stakeholders. Likewise there is a challenge for public sector bodies to fully understand how different third sector providers can deliver value for money in support of policy priorities.

The following section aims to help in this regard, by using the case study findings to outline a framework through which the value for money created by third sector organisations can be better understood.

5.2. How do third sector organisations provide value for money?

The evidence collected through the two case studies suggests that third sector organisations can deliver against all three value for money factors in different ways and in different contexts. In particular, it suggests they can offer:

- **economy of input:** through, for example, the utilisation of volunteers and low management and overhead costs relative to larger providers
- **efficiency of output:** by, for example, supporting larger numbers of clients within the resources available, or by providing preventative services that reduce the burden on expensive public services in the short, medium and long term
- **effectiveness of outcome:** for example by delivering services that lead to immediate, sustained and extended improvements in well-being for people from often vulnerable groups.

Evidence about each aspect of value for money is discussed in more detail below.

Economy of input

Both case study organisations provide economy of input in different ways. Age Concern Rotherham delivers the Aftercare service with input from volunteers amounting to 16 hours each week. The economic value of this volunteering is estimated to be £4,934 per year meaning that the public sector resources provided for the project are enhanced by more than three per cent. By contrast Kites input can be considered economic in that the service is provided with relatively low management costs and overheads: the relatively small size of the organisation means it is able to operate a flat management structure and operate from its own premises at relatively low cost. It seems unlikely that local authorities would be able to provide similar economies due to additional layers of management and higher overheads.

It is likely that these examples can be transferred to the third sector in the area: previous research¹² has highlighted the large number of volunteers that contribute to the sector in Rotherham and that a majority of organisations are comparatively small.

Efficiency of output

Both case study organisations delivered outputs that presented efficiency gains for the public sector: in the case of Age Concern Rotherham these were realised because the service was commissioned by the public sector locally but in the case of Kites they were not realised because their activities were not publicly funded.

Age Concern Rotherham's Aftercare service saved the public sector money through reductions in the number of bed days required by Rotherham General Hospital worth between £47 thousand and £74 thousand a year, and reductions in hospital transport costs worth between £9 thousand and £18 thousand per year.

Kites delivery of Triple P was found to be about fifty per cent more cost efficient than the average cost-efficiency of Triple P delivered by local authorities through the PEIP, representing a potential saving of nearly £900 for every parent starting the programme and about £1,150 for every parent successfully completing the programme.

¹² See Coule, T *et al* (2008), 'Valuing the voluntary and community sector in Rotherham', Centre for Voluntary Sector Research

Effectiveness of outcome

Both case studies organisations were found to have supported improvements in the personal well-being of the respective clients. In the case of Kites these were found to have been sustained and extended in all three families revisited for the pilot. Based on the assumption that these improvements in well-being are sustained in a majority of clients a range of further public sector benefits can be estimated.

Anecdotal evidence from public sector stakeholders in the Age Concern Aftercare service suggested that clients were less likely to be readmitted to hospital and make less use of other primary care services than older people not in receipt of such support. This view is supported by evidence from the Department of Health's Partnership for Older People's Project (POPP), which found that services similar to Aftercare created average savings of £277 per client over 3 months. If these savings are applied to the Aftercare service it can be estimated that it leads to savings of £179 thousand over three months and £700 thousand if improvements are sustained for a year.

Kites delivery of Triple P is proven to lead to marked improvements after 12 weeks and there is some evidence that these improvements can be sustained for at least a year. Drawing on the international evidence base around the effectiveness of Triple P it can be estimated that, by preventing conduct disorder, Kites activity could generate long term public sector savings of nearly £800 thousand for each year of service delivery. Furthermore, each year Kites would only need to prevent between two and three cases of severe conduct disorder, or 32 cases of less severe conduct disorder, to save more resources than it uses.

It should be emphasised that the economic benefits of effective outcomes extend beyond the public sector: clients of both case studies experienced improvements in their personal financial situation as result of the support received. Age Concern Aftercare clients have been supported to claim additional benefits worth more than £73 thousand each year, while a number of Kites clients have been able to engage in vocational further and higher education thanks to the improvements kick-started by the involvement in parenting support.

5.3. Lessons Learned

There are a number of important lessons from this research for organisations from both the public sector and the third sector. For public sector organisations these relate to the social and economic benefits that third sector organisations can provide and the need to ensure that procurement and commissioning processes are able to identify the services that can deliver *best value* and *value for money*. For third sector organisations the lessons are linked to the importance and challenges associated with collecting evidence about the outcomes they achieve in a way that captures the full social and economic value of what they do.

Lessons for the public sector

1) Preventative services delivered by third sector organisations can provide public sector bodies with significant cost savings. Some of these savings are realised immediately because they relieve some of the pressure on urgent and emergency care interventions while others are realised over a longer period because they reduce demand in areas such as primary care, criminal justice and social services.

2) **Effective or 'intelligent' commissioning is an important factor in the procurement of value for money public services.** If public sector bodies can work closely with third sector organisations to develop services that are tailored to the needs of specific client groups that build directly existing expertise, it is likely to lead to public services that provide greater value for money than if a less joined-up approach had been taken.

3) **Small voluntary organisations can provide cost economies in the delivery of services.** They are likely to have relatively low management costs and overheads that could not be easily replicated in a large public sector body. Where this is combined with efficient and effective service delivery it can provide commissioners a genuine value for money option.

Lessons for third sector organisations

1) **The importance of effective outcome monitoring in demonstrating value for money.** Both case study organisations have embedded outcome monitoring systems based on recommended practice. This monitoring data provides 'distance travelled' information for every client that has been supported which can be aggregated and collated over time. The data forms the basis of a strong evidence base for the effectiveness of both organisations' activities.

2) Effective outcome monitoring is not easy and a number of good practice principles should be adhered to if it is to be carried out properly:

- **good quality data is vital and often requires a partnership approach:** the data required to make an accurate estimate of outcomes is often held by public sector bodies. Where possible data sharing and collection protocols with public sector bodies should be developed. The use of public sector data provides credibility and enables public bodies to see first hand the impact services are having
- **understanding of attribution is important:** when clients experience positive outcomes it is possible that not all of the change will be attributable to the third sector organisation. This is particularly important if clients are in receipt of additional interventions from other providers, as progress made is likely be a product of multiple supports
- **the need to monitor outcomes over the longer term:** in order to fully understand the nature of the benefits provided to stakeholders it important to collect data about the extent to which outcomes are extended and sustained. Where effective short term outcome monitoring tools are already being used it can be relatively straightforward to measure benefits over a longer period. However, this can be resource intensive and will work best if integrated into existing working practices.

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Demonstrating the value for money of third sector activity in Rotherham: Case study evidence

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