Building community capacity: making an economic case

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1. Introduction

Supporting independence, promoting choice and encouraging prevention have been local and national policy emphases for many years. But pursuit of such laudable, important ambitions is restricted by many things, not least the availability of resources. Constrained budgets for social care and other service sectors are not new, but enormous attention is now being focused on them given the new fiscal context. Other resources are also scarce, including the personal resources of individuals and communities, whether expressed in terms of money, time or skills. One immediate consequence is the (continuing) need to consider very carefully how those various resources are, can and should be used. In particular, is it possible to deploy available individual, community and public resources in different ways – including in different combinations – so as to achieve better outcomes?

Growing attention has focused on initiatives that empower and support individuals and organisations at local level, thereby (among other things) offering ways to galvanise additional resources from within a community. Initiatives of this kind might help to prevent the emergence of some individual and societal needs, and help to meet needs that do arise, while generally making better use of the totality of resources within a community. A number of approaches, concepts and terms have been used for these initiatives: building community capacity, investing in social capital and fostering community development are prominent examples.

Building community capacity has been part of social policy in Britain since at least the 1960s. From 1997, the Labour government emphasised community engagement through such initiatives as Local Area Agreements and Neighbourhood Renewal, Single Regeneration Budget, New Deal for Communities and Health Action Zones. The emphasis today in the Coalition Government’s vision, the Big Society, includes ideas for increasing local involvement, moving the provision of services and decision-making closer to local communities. There are key plans to create new neighbourhood groups, especially in deprived areas. Volunteering is strongly encouraged, as is the creation of social enterprises and other organisations with charitable status which may be able to bid to take over local services currently run by the state. Independent community organisers are also proposed as part of these new developments.

Of course, as other chapters in this publication make plain, initiatives of this kind – promoted under a number of policy umbrellas – are not primarily concerned with improving efficiency, even if that term is interpreted broadly (see below). It is nevertheless pertinent to ask what economic consequences might follow from them. That was the question addressed in a small research project carried out by the Personal Social Services Research Unit at the London School of Economics and Political Science.

2. Making an economic case

The primary aims of any system of care and support are to prevent needs arising, to meet them when they do, and to ensure the active participation of everyone affected. The overarching intention is to improve quality of life. This can be called the effectiveness aim. Alongside it runs the aim of cost-effectiveness. What this means is that a system of care and support that has improved cost-effectiveness – from the available resources – is one that has secured better outcomes for people who use services or people who might otherwise have developed a need for such services. Better outcomes for carers or others might also have been achieved from these resources. It should therefore be obvious that it does not make sense to plan preventive strategies, approaches to assessment or responses to identified needs without
regard for cost-effectiveness. This is because of scarcity: there are too few resources to meet all needs or to satisfy all wants.

In pursuing an aim such as cost-effectiveness in an area such as social care, it needs to be remembered that ‘resources’ should be interpreted broadly to encompass not just the budgets of public and independent sector bodies but also the unpaid time of family and other carers. The opportunity costs of (say) lost employment also need to be considered. Evaluation of cost-effectiveness ought to aim to measure each of these broad impacts.

Not surprisingly, many individuals and organisations have an interest in encouraging greater cost-effectiveness, including health and social care commissioners, service providers, local and national taxpayers, those involved in partnerships with strategic decision-making powers (including voluntary and community sector bodies), and regulatory, monitoring and auditing bodies. Each of these individuals and organisations would obviously also be pursuing other aims, which is a reminder not just that cost-effectiveness is one of a number of appropriate objectives for a care and support system, but that its pursuit might need to be tempered by other considerations. This could mean that decisions are rightly taken not to maximise efficiency in some absolute sense, but to achieve the best use of resources in the context of other aims.

There are numerous types of analysis that economists conduct to examine how efficiently resources are being used, including cost-effectiveness analysis itself, cost-benefit analysis, social return on investment, and value-for-money studies. There are some differences between them, but they all share the common approach of comparing what goes in (the resources or costs) and what comes out (the outcomes). Whichever type of analysis is used, decisions have to be taken about, for example:

- whether to collect new data or to use existing evidence;
- whether to try to look at the full range of potential costs and outcomes or just a subset;
- whether to aim for local or national relevance;
- and whether to look at only short-term or also longer-term impacts.

There are differences in the degree to which the findings of such cost-effectiveness analyses are used when local or national decisions are taken about policies and activities. As we describe below, the approach taken in the present PSSRU study is very modest. We used findings from previous studies, combined with the expertise of people delivering services and shaping initiatives, and then pulled the information together in simple simulations of what local economic consequences might follow. We concentrated on three examples of ways in which community capacity can be built: time banks, befriending, and debt and benefits advice from community navigators. We focused on the costs of such projects and on the monetary value of some of their consequences.

The simulations that we carried out used a method called decision modelling. The aim was to show the economic impact of the community capacity-building initiative compared to what would happen in the absence of such an initiative. Each ‘model’ seeks to mimic the pathways that people might follow, whether through services or through ‘life events’ (such as getting a job), or in terms of changes in their wellbeing. Assumptions need to be made about those pathways and the costs and outcomes associated with them. Those assumptions were based on previous studies and on local experiences.

Although research studies that collect new (‘primary’) data may be more powerful than simulation models in that they can be carefully designed to address specific questions for specific target groups of individuals or localities, they usually take a few years to complete.
Decision models can be built more rapidly and are more flexible, and it is usually easier to generalise from them, but – like any approach to evaluation – they are simplifications of reality.

3. Economics and social capital

‘Social capital describes the pattern and intensity of networks among people and the shared values that arise from those networks’ (Muir 2006).

Developing social capital through projects that build community capacity has the potential to benefit the community at large, as well as providing personal benefits for the individuals, recipients and providers involved in such initiatives. The potential is there to offer a level of personalisation unattainable through traditional service models, for example. The versatility of social capital in responding to individuals’ needs gives rise potentially to a wide range of benefits, not confined to people needing health and social care support, or to those at risk of needing such support in the near future. Rather, they are linked to wider issues about how to improve and sustain neighbourhoods, including issues of equity of access to care and support, and inclusion of marginalised groups. Among the achievements that might result from empowering local communities and groups to initiate action themselves are reductions in antisocial behaviour and crime, greater safety (actual and/or perceived), social engagement, citizen participation and mutuality, improved housing and physical environments, and increased levels of support to people who want to move into employment or who are experiencing difficulties with absenteeism. Quite often some external pump-priming funding and perhaps staff support is needed from, say, the health service, a local authority or a charity.

Our study sought to address two linked questions:
- Does investment in building community capacity have the potential to prevent or delay the need for social care?
- Does it have other impacts on individuals and communities that, in turn, will generate cost savings or wider economic benefits?

It quickly became apparent that it was not feasible, nor indeed sensible, to try to attach an economic value to every one of the possible benefits of community development noted above. Our approach was therefore to try to identify and measure a subset of impacts for which we were able to find robust evidence that they ‘work’. We needed to estimate what such initiatives cost to implement, and then what economic benefits might flow from them. The evidence came from previous evaluations and other documented sources (and we searched the ‘grey’ literature as well as the more easily accessed ‘published’ literature), and from discussions with a range of experts including people responsible for funding or delivering community projects of various kinds.

Although we set out with the initial intention of examining the economic case for broadly-based community development programmes, it soon became clear that there was not sufficient evidence. Previous evaluations of community development have tended to focus on processes (such as the numbers of people participating, issues solved, skills developed) rather than outcomes. Assessments of impact are made more difficult by the necessary flexibility of community development objectives, the harnessing of heterogeneous resources in local communities to identify and creatively to meet local needs, the inherent co-production in many instances, and the cumulative impacts over time (Hills 2004).
Another pervasive feature of the available research evidence is that it is (richly) qualitative rather than quantitative. There are exceptions, such as studies of health improvement programmes, where community interventions have demonstrated effectiveness in reducing smoking, promoting healthier diets and increasing physical activity levels (Sowden et al. 2003; Baxter et al. 1997). Work currently being undertaken, for example, by the Health Empowerment Leverage Project (HELP) and the Well London Project is likely to add further evidence on the role of community development in achieving health and social well-being outcomes.

Each of these characteristics – a tendency to evaluate process rather than outcome, and the collection of qualitative rather than quantitative evidence – poses difficulties for an economic analysis. Another challenge was the inherent nature of many community development initiatives, which are bottom-up, and usually involve discussions among all local stakeholders to identify issues that need addressing in a local community, followed by collaborative working to consider how these might be tackled. Widening participation in decision-making in local communities is emphasised as valuable in its own right, with the benefits of better information flows and encouragement of contact and support between individuals. There can be impacts at community, family and individual levels. Causal pathways are of a complex social and behavioural nature, with a range of intermediate outcomes and a long gestation period before some outcomes are even evident. Commonly, even single interventions within a programme are multi-faceted, with the whole typically being greater than the sum of its parts (Oakley et al. 2006).

The multiplicity and heterogeneity of activities stimulated by community development also make evaluation difficult: there can be many different outcomes spanning many different policy ‘sectors’ as conventionally defined (including health and social care, housing, employment, transport, criminal justice, and welfare benefits). As we noted earlier, we therefore focused on three particular types of project, each of which could be a component of a wider effort to build community capacity. We now examine the economic case for each of those three in turn, starting with time banks, then looking at befriending schemes, and finally considering community ‘navigators’ in providing debt and benefits advice.

4. Time banks

Time banks use hours of time rather than pounds as a community currency: participants contribute their own skills, practical help or resources in return for services provided by fellow time bank members. Based on a Time Dollars model in place in the United States since the 1980s, one of the first UK time banks was established at the Rushey Green Group Practice medical centre in 1999. This scheme currently has over 200 member individuals and organisations contributing services that include befriending, providing lifts and checking up on people following hospital discharge (New Economics Foundation 2002; Rushey Green Time Bank 2009).

Since time banks tap into existing resources within a community, running costs are generally accepted to be low in comparison to other community-focused schemes. At the bare minimum, a ‘time-broker’ is required to coordinate activities between participants, with a computer to record transactions and a physical base from which to operate.

Previous evaluations of time bank schemes provide encouraging evidence of improvements in social inclusion. For example, a 2001 survey in the UK found that time banks were more successful than traditional forms of volunteering in attracting socially excluded groups, with a
greater proportion of members being disabled, unemployed, on low incomes or from an ethnic minority in comparison to profiles from the 1997 National Survey of Volunteering (Seyfang and Smith 2002). The survey findings show that annual household income was below £10,000 a year for 58% of time bank participants, compared to only 16% for traditional volunteers.

While benefits such as improved independence, well-being and social inclusion cannot easily be assigned a monetary value, there is a body of evidence to suggest that time banking has the long-term potential to generate savings to budget-holders at local and national level. The evidence is largely qualitative, with the few quantitative data-gathering surveys that have been conducted being limited to relatively small sample sizes. Nonetheless, examples of positive physical and mental health impacts, improved employment prospects and decreased reliance on alternative forms of paid and unpaid support have been attributed to time bank participation.

As is typical for programmes in the social capital field, challenges for an economic analysis of time banks arise not only because of the lack of quantitative evidence, but also because of significant variations in the way time banks are administered and credits are exchanged, the kind of services exchanged and the route of access. Each of these components may potentially influence effectiveness and outcomes, and quantifiable evidence particular to an individual time bank cannot easily be generalised.

- For example, at a time bank implemented in the US, it was shown that more than 30% of the activities offered and requested were web design and other IT skills. The focus of this time bank on skills development in areas which are highly valued in the job market suggests that a relatively large number of people are likely to return to employment when compared to other time banks.
- Research by a health maintenance organisation in Richmond, Virginia (USA) found that their time bank, which provided peer support for people with asthma, reduced hospital admissions, visits to casualty and asthma services to the extent that $217,000 was saved over two years (Time Banking UK 2001).
- When time banks are organisation-led rather than driven by local community members, they often follow a defined set of objectives and are more likely to achieve outcomes in those areas: the Fair Shares time bank scheme in Gloucestershire provides an element of aftercare following hospital discharge and is likely to reduce re-admissions or unnecessary visits to GPs (Agency for Health Enterprise and Development 2003).

In our analyses we looked at the costs of running time bank schemes, and at a number of short-term economic outcomes. These included the value of service hours created (such as educational programs, transportation, household, child minding, although these would vary from one time bank to another, and probably from one year to another too). We also looked at the probable increase in the number of people entering or returning to employment or volunteering as a result of their engagement with time banks, stemming from evidence of increased self-esteem and confidence, acquisition of labour market skills, and new social relationships and networks (Lasker et al 2006). As people return to employment there would be a reduction in benefit claims.

The results of our modelling suggest that the cost per time bank member would average less than £450 per year, but that the value of these economic consequences could exceed £1300 per member. This is a conservative estimate of the net economic benefit, since time banks can achieve a wider range of impacts than those we have been able to quantify and value.
5. Befriending services

Befriending is a social support intervention provided by an individual ‘befriender’ through the development of an affirming, emotion-focused relationship over time. Befriending services – many of which are run by voluntary and community organisations and which tend to be heavily reliant on volunteers – have the aim of alleviating social isolation, as well as preventing or reducing loneliness and depression, particularly among older people.

Social isolation is a widespread problem among older people, and is a major contributory factor to loneliness. It has been estimated that somewhere between 5% and 16% of older people in the UK are lonely (O’Luanaigh and Lawlor 2008). Loneliness, in turn, can lead to depression (Cacioppo et al, 2006) and cognitive decline (Wilson et al. 2007), both of which generate high personal and societal costs, for example because of above-average service use (Beekman 1997) and negative effects on the physical and mental health of carers (McCusker et al. 2007).

A recent systematic review of completed research studies showed that, compared with usual care and support (which could mean doing nothing), befriending has a modest but significant effect on depressive symptoms, at least in the short term (Mead et al. 2010). Other evidence suggests that group interventions may be more successful than one-to-one interventions in alleviating social isolation and loneliness (Cattan et al. 2005). Clearly, therefore, there is at least a prima facie case to support interventions such as befriending that aim to reduce loneliness. The question is whether they are effective and cost-effective, in the short-term and/or long-term. As examples of building social capital, what are their economic impacts?

A number of positive (and potentially cost-saving) outcomes from befriending services were suggested by participants at a workshop organised as part of the DH Building Community Capacity programme. One immediate consequence could be the reduced need for health and social care support: if depression is avoided, then there will be savings in treatment costs for the NHS. There should also be less risk of falls and other events that so often precipitate admission into care homes or hospital. There could be less risk of self-care needs emerging. A befriended individual might be assisted to see their GP more regularly so that there is earlier identification of health needs, thus heading off later complications or emergencies. Other needs – say, for personal care – might also be identified earlier.

We can give three examples of recent programmes that included befriending activities, each of them showing good evidence of effectiveness, and two of them also pointing to economic benefits:

- The national POPPs programme (see Box 1) set up pilots across England to deliver innovative, locally-based preventive interventions for older people (Windle et al. 2009).
- The Brighter Futures Group programme in East Kent (Box 2) was a programme of ‘low-level’ preventive services run by the voluntary and community sector, and heavily reliant on volunteers, funded by Kent County Council using an ‘Invest to Save’ Treasury grant.
- The Devon pilot in the LinkAgePlus programme (Department for Work and Pensions 2006; see Box 3) was set up to promote ‘joined-up’ services to improve the social inclusion, well-being and independence of older people.
Box 1: POPPs

Under POPPs, a wide range of interventions were piloted: ‘upstream’, low-level preventive interventions for all older people in the community; and interventions focused on those needing higher-tier support, such as people (and their carers) with long-term conditions.

The evidence from POPPs showed that these activities were indeed cost-effective: for every extra £1 spent on the POPP services, there was approximately a £1.20 additional benefit in savings on emergency bed days. Evidence also showed that for users receiving ‘well-being or emotional’ interventions, a category that included befriending, fewer reported being depressed/anxious following the intervention: 58% before and 63% after the intervention (Department of Health, 2009).

Box 2: The BFG

Users of befriending services across parts of West Kent were very positive about the value to them of the support and links offered. This came through from the evaluation of the BFG – the Kent Brighter Futures Group project (Knapp et al. unpublished report, 2009). Under the BFG, befriending interventions were set up in a small number of sites. Using data on average costs of the services combined with robust evidence from previous research on the extent of loneliness and the effects of befriending, a model was developed to estimate some of the economic pay-offs from the programme. The costs of running the befriending groups (which were mostly reliant on volunteers) appeared to be smaller than the amount saved by the NHS from not having to treat so many older people with depression.

Box 3: Deep Outreach in Devon

This scheme – part of LinkAgePlus (Department for Work and Pensions 2006) - provided a new style of service for older people who were experiencing some form of downturn in their lives, potentially or actually leading to isolation and social exclusion and ill health, for example because they may have lost the confidence to go out. Mentors visited people and prompted them to become involved in stimulating creative and social activities, either in small, informal, friendly groups in local community venues or in their own homes. The preliminary evaluation of Deep Outreach found that there was a significant improvement in older people’s depression scores for 60% of users, with 30% experiencing a high degree of change. The number of users with clinical levels of depression fell from 45% to 35% (Younger-Ross 2008).

Many potential benefits have been mooted, but our modelling to date has concentrated on the effects that befriending services can have on the mental well-being of older people, and hence on their use of health services. Drawing on information on a number of befriending schemes, a typical service would cost about £80 per older person, compared to savings of about £35 in the first year because of the reduced need for treatment and support for mental health needs. There could well be savings in future years too. If we then also look at quality of life improvements as a result of better mental health – using evidence from some of the POPPs pilots – their monetary value would be around £300 per person per year.
6. Community navigators

One example of a typical community development programme is the navigator model which has been implemented and reviewed – under a variety of different names – in a wide range of settings and countries (Hudson 2010; PCW 2010; Anderson and Larke 2009; Stalker et al 2008). Despite varying objectives and intervention designs, some key characteristics of navigators can be identified: they are volunteers from the community who have been trained in reaching out to vulnerable groups of people, providing them with emotional, practical and social support and skills. An important part of their role is to inform individuals about locally available services and to signpost and refer on to those services. Navigators typically act at the interface between the community and public services where mainstream support has failed to meet the needs of hard-to-reach groups (Turning Point 2010).

Economic benefits of community navigator services might therefore stem from helping people to follow more appropriate pathways through local service and related systems, thus helping them to meet their needs. For example, navigators might help to identify people with debt or benefits problems, help them to access the right information about emotional and practical support that is available locally, and signpost or encourage them to seek specialist advice where needed. Among the advantages could be a reduction in employment disruption (as a result of mental health problems, for example) or job loss, fewer GP visits (once an individual’s health needs have been assessed and treated), better health and generally greater well-being.

In our analyses we looked at the economic consequences of debt advice, drawing on evidence from UK studies on reductions in lost productivity because of time taken off work and unemployment, changes in benefit claims, reduced numbers of GP visits, and improvements in quality of life because of reductions in depressive symptoms (Pleasence et al. 2007; Jenkins et al. 2009; Williams and Sansom 2007; Wiggan and Talbot 2006; Skapinakis et al. 2006). The costs associated with running such a scheme are mainly the employment of the navigators (if they are paid staff) and recruiting and coordinating them (if they are paid staff or volunteers). Evidence from two national surveys (the English and Wales Civil and Social Justice Survey 2004; and the Advice Agency Client Study 2007) suggested that 56% of debt problems become manageable with the help of face-to-face advice.

The results of our modelling suggest that the cost per person supported through such a community navigator service would be a little under £300, to which we should add the costs of visits to a Citizens’ Advice Bureau or Job Centre Plus (which we estimate to cost around £180). On the other hand, people who get this support who are in jobs would be expected to lose less time from work, while some others would be helped to move into paid employment, saving the Exchequer the benefits payments and also contributing to productivity. Another small saving would be fewer GP visits. We estimate that these economic benefits amount to approximately £900 per person in the first year. Quality of life improvement as a result of better mental health could be valued in monetary terms, using standard approaches, to add a further sizeable economic benefit.

7. Conclusion

Our aim in this small study was to develop simple ‘models’ of interventions that can contribute to local community development programmes by examining some of the possible impacts. We could not look at all impacts because of data limitations. These are necessarily simplified representations of reality, because of the availability of evidence. But this is a pragmatic approach, using published, unpublished and experiential evidence, and working closely with
local experts, and was the most helpful way to go forward given time constraints. We calculated the costs of three particular community initiatives – time banks, befriending and community navigators for people with debt or benefits problems – and found that each generated net economic benefits in quite a short time period. Each of those calculations was conservative in that we only attached a monetary value to a subset of the potential benefits.

The new fiscal climate makes it imperative that available or newly-created capital is allocated so as to yield good net benefits for individuals and communities. This applies to social capital as much as to financial or human capital. Social capital ventures are widely seen as having the potential to improve quality of life for individuals and communities. But, in the absence of economic scrutiny, they run the risk of being ‘pigeonholed as a “feel good” story of no wider significance’ (Callison 2003) – a reference to time banks but equally applicable to community development projects more generally. There is therefore a pressing need, not just to identify novel and effective approaches to the prevention and meeting of need, but to demonstrate that they are affordable.
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