

# The costs and benefits of Veterans Aid's support for veterans

A PBE Report in association with Ingrid Petrie



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## Executive summary

Veterans Aid supports ex-servicemen and women in crisis, providing immediate, practical support to veterans who have served in HM Armed Forces who are homeless, facing homelessness or in crisis, regardless of age, gender, ethnicity, religion, rank or length of service. Under its Welfare to Wellbeing© intervention model, Veterans Aid provides a diverse range of interventions that are tailored to meet the individual needs of each veteran. The charity ensures that veterans are not made homeless, helping them to make the lasting changes needed to sustain independent living. Veterans Aid works with veterans for months, or potentially years in the most challenging cases. Where necessary, it will provide significant financial assistance to help clients deal with substance abuse and mental health problems, as well as support to secure employment.

### Study scope and aims

Veterans Aid commissioned Pro Bono Economics to carry out an economic analysis of the costs and benefits of its work with veterans. Our study is based on data provided by Veterans Aid for a sample of 166 veterans that it supported in 2016/17 (the 'client sample'). We assess the extent to which Veterans Aid helped these veterans reach improved outcomes in six key areas of support, including remaining in accommodation, tackling substance abuse, and gaining employment. We also assess the costs incurred by Veterans Aid in 2016/17 to support veterans in the sample and quantify the potential benefits of this work in the form of fiscal savings to government from reduced demand on public services, increased employment income, and wider benefits to society. Our study has been greatly assisted by the high quality of the data that Veterans Aid collects on client outcomes as part of its routine follow up contacts with veterans.

### Key findings

All monetary values are stated in 2016/17 prices.

- The majority of the 230 interventions provided to veterans in the client sample relate to the provision of emergency accommodation and the prevention of homelessness, which are the two core activities of Veterans Aid. 88% of the veterans helped in these areas were still in accommodation at the six-month follow up contact. Across all six intervention areas in the sample, 79% of interventions led to a positive outcome (these include continued abstinence, improved mental health, and full or part-time employment).
- The estimated potential gross benefit of the support provided to veterans in the client sample is around £965k. Around one-third of the estimated gross benefit arises from fiscal savings that are primarily related to lower public expenditure on homelessness and health services. The other two-thirds is due to increased economic value from employment.<sup>1</sup>
- Veterans Aid incurred costs of £274k in 2016/17 in supporting veterans in the client sample. This figure is likely to underestimate, potentially significantly, the actual costs incurred for these veterans as some are likely to have received support in previous years that may have contributed to achieving a successful outcome in 2016/17.
- Using scenario-based analysis we show that the net benefit delivered by Veterans Aid for clients in the sample depends on extent to which the outcomes achieved are attributable to

<sup>1</sup> This estimate is based on the monetary values of comparable outcomes in the Unit Cost Database and assumes that successful outcomes are maintained for at least 12 months. This figure does not allow for the possibility that outcomes may have improved to some extent even without support from Veterans Aid.



the support it provides, the time over which the benefits are maintained, and the cost of support provided to veterans in the sample prior to 2016/17.

- Based on currently available information, it is not possible to give a definitive view of the likely Benefit to Cost ratio. In part, this is because the lack of a suitable comparator group means that it is not possible to reliably assess the size of the attribution to Veterans Aid, a difficulty that often arises when evaluating interventions targeting homelessness. In addition, the value of pre-2016/17 costs is uncertain. Over time, Veterans Aid will be able to develop a more comprehensive view of the full 'lifecycle' costs of the support provided to veterans as it adds further data to its client database, which will assist future evaluations.
- These findings represent a useful initial step to further understanding of the value of Veterans Aid's work which the charity will be able to develop further as it gathers more evidence. We commend Veterans Aid for the very significant effort and care it has invested in developing processes to monitor its work.

## Case study

*"When I got to London I looked up Veterans Aid. Then I rang them and said, 'I'm in Victoria' and they said, 'Come and see us'."*

RAF veteran William, 63, was living in France with no job or means of support when he was offered a chance to return to Britain. He took it, and despite arriving at Victoria Coach Station with nothing, is now living independently and thriving and is a volunteer at the St Thomas's Hospital.

"I was living in a tent in Lyon. People used to bring me things like sandwiches, give me money... then a lady who worked for the French social services said, 'William, we will send you anywhere in the world you want to go' and at that point I decided to go back to London."

William travelled by coach but during a short stop in Paris he lost his passport and money.

William was unfazed. After nine years in the RAF and a lifetime of working, travelling and coping with the aftermath of a serious brain trauma he was resilient and resourceful. "When I got to London I went to the library and looked up Veterans Aid. Then I rang them and said, 'I'm in Victoria' and they said, 'Come and see us'."

That night the VA team booked William into a local hotel. Although homeless and without money he never spent a night on the streets.

His arrival over the Christmas period, and benefits issues associated with long periods of living and working overseas, made it difficult to speedily regularise his situation, so he was admitted to New Belvedere House, VA's temporary residential facility.

*"The staff there told me to keep in contact. And I do, because as well as helping myself I might be able to help someone else."*

"I'll never forget, the first day I got to NBH, I was welcomed, given a coffee and everything I needed, but the next morning there was a bang at the door and the lads said, 'Come on, we're going for breakfast'. We walked to this place and we got a lovely breakfast. Gradually I got to know them, and they turned out to be a great set of people. I started going to the morning gym sessions – and I still go back, Mondays, Wednesdays and Fridays – because Pat and the staff there told me to keep in contact. And I do, because as well as helping myself I might be able to help someone else."

William now has a home of his own. "I've got a flat in Camberwell. It was pristine to go into, but that wasn't enough for Veterans Aid.

"It had just come onto the internet and Pat (NBH's hostel manager) comes in early, so she saw it. I'm sure that by nine o'clock it would have gone. She got in there first and after an interview with Southern Housing, I was in. Veterans Aid helped me with furniture and everything.

"For a couple of weeks, I was on tenterhooks, nibbling my fingernails and chocolate... but then suddenly it was there – and Veterans Aid came and put it all together, which was fantastic! They bought furniture for me and put it in, even put the beds together. It was marvellous. It's a lovely flat.

"What would I have done without Veterans Aid? I don't know, I probably would have drifted, walked . . . I was effectively homeless when I arrived. I had no money and no prospects."



# 1 Introduction

Pro Bono Economics was commissioned by Veterans Aid to carry out an economic analysis of its work with homeless veterans. As explained further in the next section, Veterans Aid provides immediate, practical support to veterans who have served in HM Armed Forces who are homeless, facing homelessness or in crisis, regardless of age, gender, ethnicity, religion, rank or length of service.

## Scope and aim of study

Our study is based on data provided by Veterans Aid for a sample of 166 veterans it supported in 2016/17. The sample data contains detailed information on the costs and outcomes of support provided by Veterans Aid to each veteran in six of the areas in which it provides support: provision of emergency accommodation, homelessness prevention, access to treatment for alcohol, access to treatment for drug misuse, support with mental health difficulties, and securing employment. We use this data to:

- Analyse the success rate achieved by Veterans Aid in its work with these clients, as measured by the proportion of interventions that led to a sustained improvement in outcomes for veterans. Successful outcomes in this context are defined using criteria developed by Veterans Aid for each of the six areas considered in this study (see Annex 1 for details). For example, support to prevent a veteran becoming homeless is deemed to be successful if the individual is still in accommodation when contacted by Veterans Aid at its six month follow up.
- Analyse the cost incurred by Veterans Aid to support veterans in the sample. This includes the cost of the charity's staff time, which is often significant, expenditure on third party support services (such as addiction treatment), direct financial support to veterans to cover living costs, and a contribution to overheads.
- Quantify the potential benefits of Veterans Aid's work with the 166 veterans in the sample data in monetary terms. These potential benefits relate to fiscal savings to government, increased employment income, and wider benefits to society.
- Carry out scenario-based analysis to explore how the net benefit delivered by Veterans Aid, defined by the difference between the economic benefits that are causally attributable to its interventions and their costs, depends on the extent of attribution, the duration of successful outcomes, and the magnitude of the cost of support provided to veterans in the sample prior to 2016/17.

## Report structure

The report has the following sections:

- Section 2 gives some background on the Veterans Aid's work with veterans.
- Section 3 sets out our approach in this study.
- Section 4 sets out analysis of the success rate, costs and potential benefits of the interventions in the client sample.
- Section 5 considers the economic impact of Veterans Aid's work.

There are also four annexes that provide further detailed analysis to support the discussion in the main report.

## 2 Background

Veterans Aid was established in 1932 to help veterans in crisis. The charity has its headquarters and operations centre in central London, and it operates a residential home in East London that provides temporary emergency accommodation for veterans.

Veterans Aid's primary aim is to support veterans who are either homeless, or at risk of becoming so, irrespective of age, ethnicity, gender and length of service. Support is provided through Veterans Aid's Welfare to Wellbeing® model of intervention, which is characterised by an emphasis on providing rapid and practical support to veterans to deal with all the factors that lead to crisis and homelessness.<sup>2</sup>

*Veterans Aid helped 479 clients, in 2017, providing 22,000 nights of accommodation, and putting 92 veterans into employment or on training courses.*

In addition to providing emergency accommodation or assistance to prevent homelessness, Veterans Aid also provides a diverse range of support to help veterans tackle other areas of difficulty that are often associated with homelessness, such as substance misuse, mental health problems, and unemployment. The overall goal is to help veterans in crisis make the changes need to sustain independent living and long-term employment.

Veterans Aid works with each veteran to develop a bespoke, collaborative programme that reflects the veteran's specific individual needs. The charity provides sustained support over a period of months, or years in the most challenging cases, to address the root causes of homelessness and crisis. Initially, this may involve financial support to meet living costs (e.g. food, clothing, accommodation, homeware and furniture), and may then progress to helping veterans to access services to address substance abuse problems, mental health difficulties, and education or training to support employment. This can involve a significant financial investment, particularly for veterans who need detox or rehabilitation support related to substance abuse. The charity also helps veterans to secure employment opportunities and to move into new homes that are furnished and newly decorated by the charity.

### Veterans Aid's client database

Veterans Aid has invested significant effort in developing and maintaining a client database that includes the personal details of each veteran it works with, along with a record of all the support provided. This includes a complete record of the support provided, the type of support (e.g. provision of emergency accommodation, or support to prevent homelessness), the amount of staff time involved, expenditure on third party services, and the amount of any direct financial support to cover living costs.

Veterans Aid recently enhanced its data recording processes to ensure that the client database is fully accurate and comprehensive. Key changes include:

- Ensuring that the duration and subject of telephone conversations are systematically recorded so that the level of input across different areas of support can be accurately monitored.
- Ensure that a six month follow up is attempted for every intervention (if the veteran has not kept in touch in the meantime), and the outcome systematically recorded.

With these improvements, which were put in place for the financial year 2016/17, Veterans Aid can use the client database to readily monitor the support it provides to each individual client on a detailed level. This data has been invaluable for this study as it has enabled us to analyse the success rate of different types of intervention, as well as the associated costs. Over time, Veterans

<sup>2</sup> This model was developed by the charity's CEO, Dr Hugh Milroy.



Aid will develop an increasingly rich set of data that will be very helpful both in ongoing monitoring by the charity, and in any future evaluation of its activities.

### 3 Our approach

Our analysis is based on a sample of 166 veterans (the 'client sample') who were helped by Veterans Aid in 2016/17 in one or more of the following intervention areas:

- Provision of crisis accommodation.
- Prevention of homelessness.
- Support to address alcohol dependency.
- Support to address drug dependency.
- Support to get treatment for mental health problems.
- Support to secure employment.<sup>3</sup>

As discussed in the previous section, Veterans Aid supports veterans in various ways, including expert advice from its staff, financial aid with living costs, and financial support to access services to address addiction, mental health problems and training.. The six areas considered in this study were chosen because they represent important areas of support provided by Veterans Aid that relate directly to homelessness or to one of the areas that is associated with homelessness. In addition, publicly available information exists that can be used to assess the social and economic benefit of Veterans Aid's work in these areas.

Veterans were included in the sample if they had been helped by Veterans Aid in one or more of these areas in 2016/17 and had also received a subsequent follow up to assess whether the intervention was successful in bringing about a sustained improvement. In total, the sample includes 230 separate interventions with information on the costs incurred by Veterans Aid in 2016/17 and the outcome of the follow up for each intervention.<sup>4</sup>

This data provides a snapshot of Veteran Aid's activities in 2016/17 which we use to:

- Estimate the extent to which the interventions provided to clients in the sample were successful.
- Assess the potential value to society (or benefits) of these successful interventions using publicly available estimates of the monetary value of outcomes that are broadly comparable to those targeted by Veterans Aid in the intervention areas included in the sample.
- Calculate the total costs incurred by Veterans Aid in 2016/17 in relation to the interventions included in the sample.
- Inform a scenario-based analysis that explores how the balance of costs and benefits depend on the value of three key uncertain parameters.

All monetary values are expressed in 2016/17 prices unless otherwise stated.

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<sup>3</sup> Some clients may also have received support in 2016/17 in other areas that is not included in the client sample.

<sup>4</sup> This information was extracted by Veterans Aid from its client database as part of this study.

## 4 Analysis of client sample data

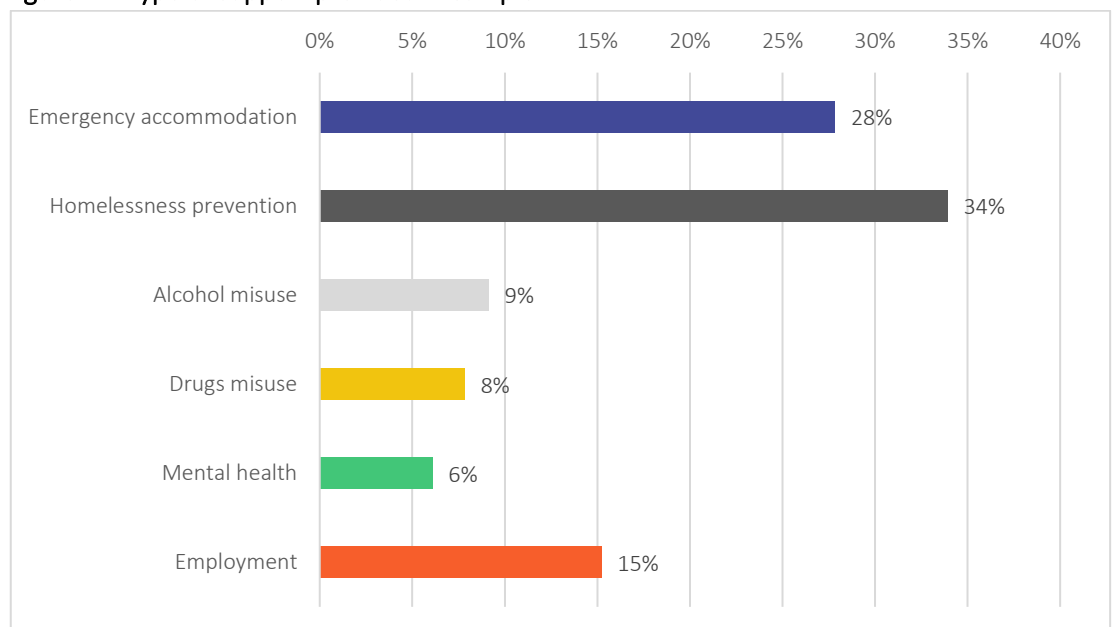
The support provided by Veterans Aid aims to help veterans who are homeless or in crisis to make lasting improvements in their lives. This can significantly improve the wellbeing and economic security of the veterans helped by the charity, and lead to wider economic benefits, such as a reduced burden on public services and increased output from employment. In this section we set out our analysis of the outcomes of the support provided by Veterans Aid to the clients in the client sample. We start by considering the success rate of the interventions provided to veterans in the sample in 2016/17. Following this we quantify the potential benefits that result from successful interventions using publicly available data on the monetary value of comparable outcomes. Finally, we consider the costs incurred by Veterans Aid in relation to the support provided to clients in the client sample in 2016/17.

### 4.1 Analysis of follow up data

*Veterans Aid helped two-thirds of the veterans in the sample in one of the six intervention areas, and just under a third in two areas.*

Veterans Aid carried out a total of 230 interventions in 2016/17 for the veterans in the sample – just under 1.5 interventions per person. Around 62% of these interventions relate to the provision of emergency accommodation and the prevention of homelessness. This is unsurprising as these are Veterans Aid's two core charitable activities. The remainder of the interventions relate to one of the four other support areas where the charity helped veterans deal with the range of difficulties that are often associated with homelessness.

**Figure 1. Type of support provided in sample**



PBE analysis of client sample data

As noted earlier, Veterans Aid has a well-structured process for contacting veterans once a period of at least 6 months has elapsed since they last sought help on an issue.<sup>5</sup> This process is used to assess whether the support provided has resulted in a successful sustained outcome, based on

<sup>5</sup> Follow up calls for individuals in the client sample took place over the course of the first 7 months of 2018.

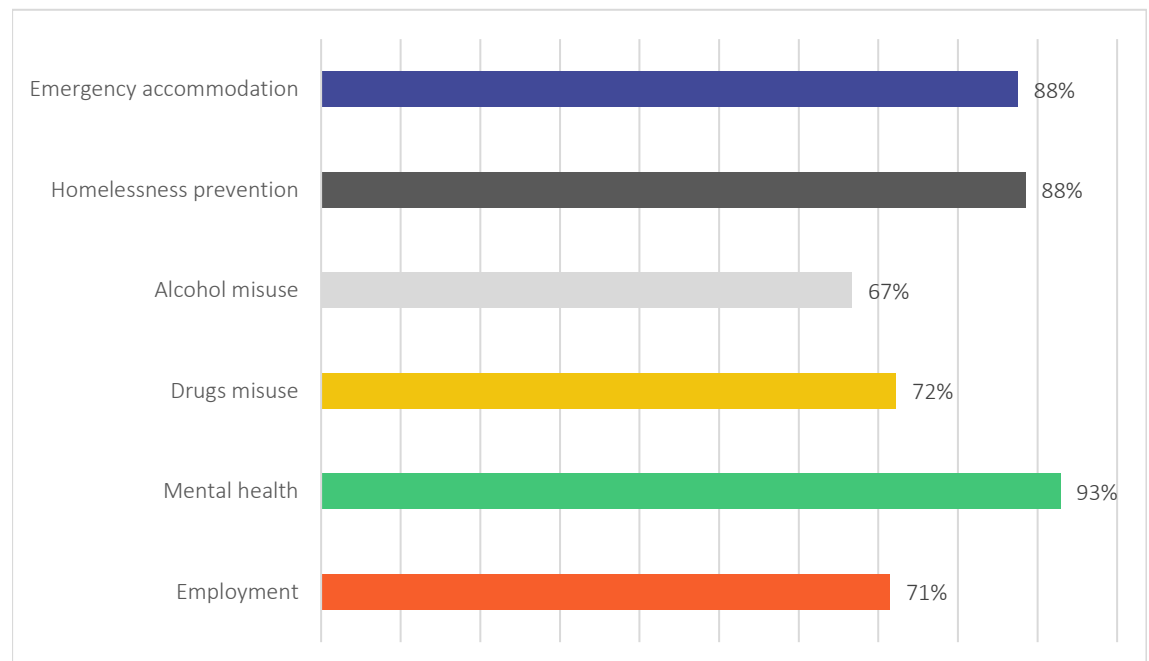
criteria for each intervention area (see Annex 1 for details). For example, an intervention to prevent a veteran becoming homeless is deemed to be successful if the individual is still in accommodation at the follow up point.

As shown in Figure 2, the proportion of successful interventions varies somewhat across the different intervention areas but is relatively high in all areas:

- 88% of the veterans who were provided emergency accommodation or support to prevent homelessness were still in accommodation at the six-month follow up contact.
- Across all six intervention areas in the sample, 79% of interventions led to a positive outcome (these include continued abstinence, improved mental health, and full or part-time employment).
- Looked at in terms of the number of veterans supported, 83% achieved at least one successful outcome in 2016/17.

*Over 80% of veterans in the sample achieved a successful outcome*

**Figure 2. Proportion of successful interventions in sample**

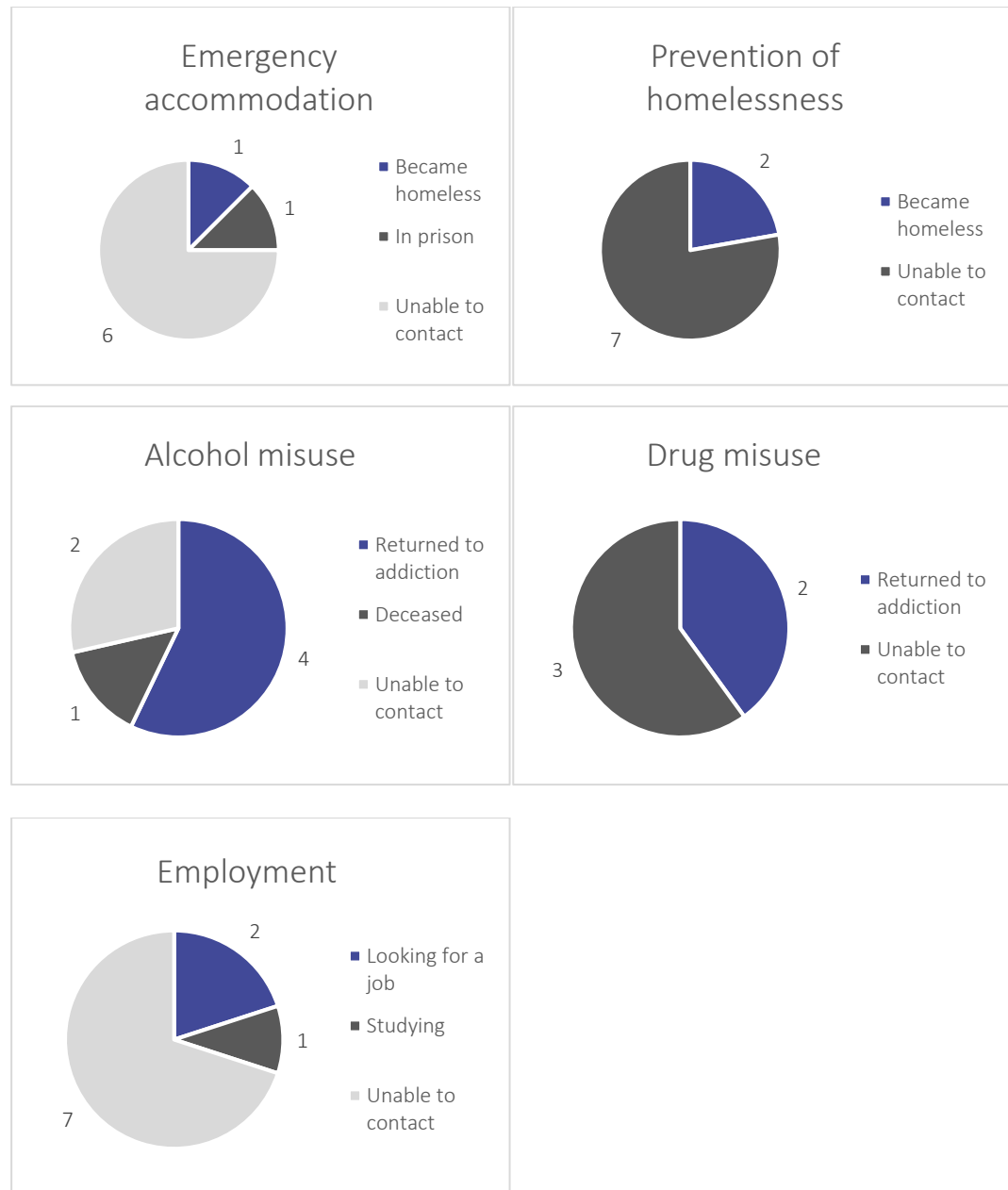


PBE analysis of client sample

#### Analysis of reasons why interventions have not been successful

In total 40 of the 230 interventions provided to veterans in the client sample were recorded as unsuccessful in bringing about a sustained improvement at the follow up call. In over half of these cases (23 interventions) the veteran could not be contacted and so the outcome is uncertain. Veterans Aid takes a conservative approach in such cases and assumes that all interventions where the veteran cannot be contacted are not successful.

There are a variety of other reasons why interventions were deemed to be not successful, depending on the intervention area. These are summarised in figure 3 for all the six support areas except mental health, where there was only one intervention deemed unsuccessful due to inability to contact the veteran.

**Figure 3. Outcomes in interventions deemed unsuccessful**

The success rates in relation to interventions to help veterans deal with drug and alcohol misuse are somewhat lower than the other areas. These are particularly challenging issues to address, due to the complex nature of substance addictions and their associated consequences. Successful treatment can be lengthy and there is an inherent risk of relapse along the way. As a result, the proportion of interventions that are successful is more variable than in the other areas of support offered by Veterans Aid. However, Veterans Aid does continue to work with veterans who have relapsed to help them overcome these difficulties and make lasting improvements.

#### 4.2 Potential value of successful outcomes

The outcomes targeted by Veterans Aid are associated with a variety of social benefits, including fiscal savings from reduced expenditure on public services in areas like health and homelessness

and increased tax revenues, economic benefits from increased employment, and wider benefits to society due to less crime and increased wellbeing of veterans. It is not straightforward to place a monetary value on these outcomes because of the lack of relevant publicly available estimates for homeless veterans.

For the purposes of this study we have relied upon estimates in the New Economy Manchester Unit Cost Database (UCD) relating to the unit value of outcomes that are broadly comparable to those targeted by Veterans Aid - see Annex 2 for further details.<sup>6</sup> While this appears to be the best currently available source the UCD estimates they are at best rough proxies for the value of the outcomes targeted by Veterans Aid and must be treated with caution. For example, they (necessarily) rely on specific assumptions which may not be applicable to homeless veterans, and on existing topic-specific studies and research which are also subject to limitations. Further detailed work would be needed to obtain a more reliable estimate of the potential benefit of the outcomes targeted by Veterans Aid, which is outside the scope of this study.

Based on the UCD estimates, we calculate that the potential value of the successful outcomes in the client sample is around £965k. This figure is derived by multiplying the number of successful outcomes in each of the intervention areas by the relevant value estimate in the UCD. We have assumed that successful outcomes are sustained for a period of 12 months. This appears reasonable as a minimum duration, given the length of time that typically elapses between the last intervention by Veterans Aid and the follow up call.

It should be noted that this estimated benefit is a gross figure that represents the maximum potential benefit that is causally attributable to Veterans Aid. As we discuss further in section 5, the actual benefit that is attributable to the charity may be lower if some of the observed improvement in outcomes would have occurred without support from Veterans Aid (e.g. if a homeless veteran would have been able to find accommodation without support from Veterans Aid, potentially by seeking support from another source).

Figure 3 shows that most of the estimated potential benefit stems from successful outcomes in three of the intervention areas in the client sample:

- Helping veterans secure employment: this leads to increased income for the veteran, as well as fiscal savings in the form of increased tax revenues and reduced benefit payments.
- Provision of emergency accommodation: this results in fiscal cost savings related to a reduction in the incidence of statutory homelessness, such as the avoided cost of temporary accommodation.
- Support to access treatment for drug dependency: this comprises fiscal savings from reduced drug-related offending that accrue to the criminal justice system, victim services and the NHS, and savings from reduced demand for health and social care services on drug-related ailments. There is also an economic value relating to the annual cost saving of not buying drugs, and a social value based upon the reduced health/well-being impact of drug abuse.

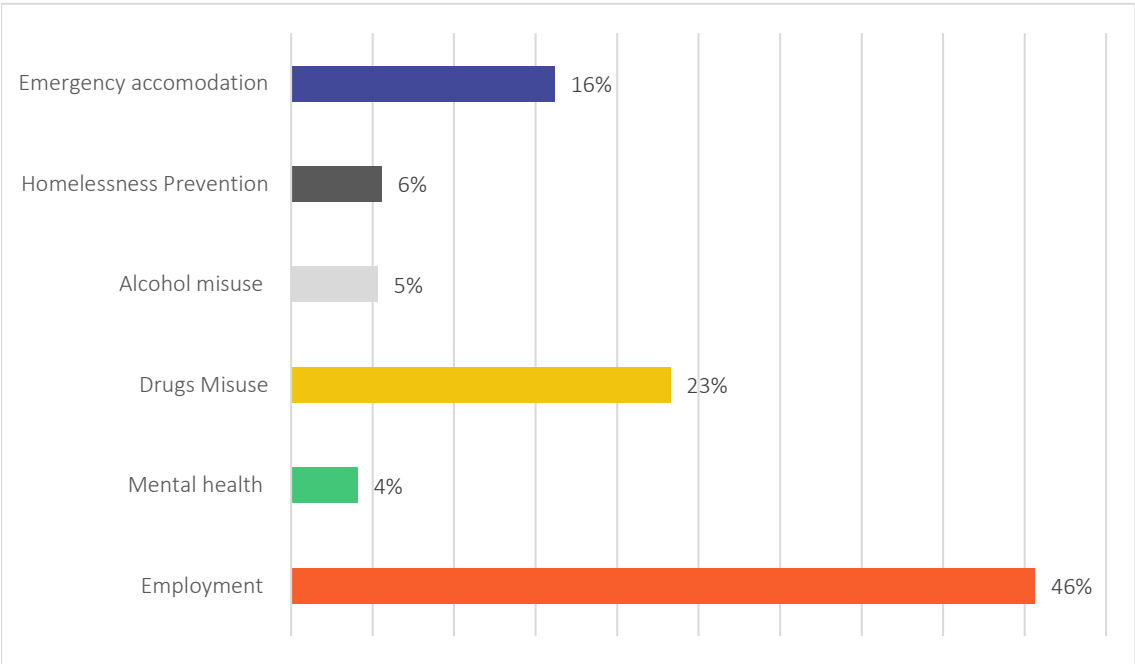
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<sup>6</sup> The New Economy Manchester Unit Cost database was developed to simplify and lower the cost of performing cost benefit analysis (CBA) in the context of local programmes to improve public services. <http://www.neweconomymanchester.com/our-work/research-evaluation-cost-benefit-analysis/cost-benefit-analysis/unit-cost-database>



The relative importance of the different interventions areas, in relation to the total value of successful interventions in the client sample, reflects the combined effects of variation in the number of successful outcomes and in the value of successful outcomes in the UCD across the intervention areas.

Figure 4. Benefit by intervention area in sample



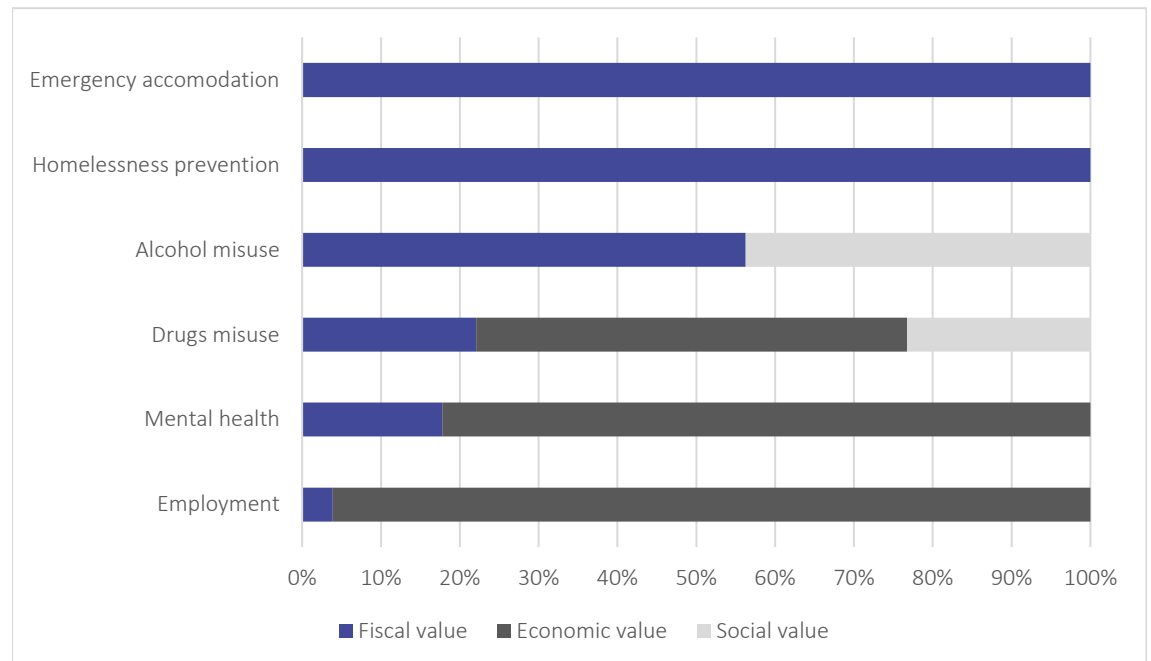
PBE analysis of client sample data

*Around one-third of the gross benefit relates to fiscal savings, and two-thirds to the economic value of increased employment.*

As explained in Annex 2, the UCD distinguishes between three different types of value as follows:

- Fiscal value: these are costs or savings to the public sector. Note that these estimates do not include transfer payments such as tax or social security benefits.
- Economic value: net increase in earnings or growth in the local economy.
- Social value: wider gains to society such as improvements to health; educational attainment, housing etc.

Figure 4 shows the relative importance of each of these areas to the overall gross benefit in each intervention area.

**Figure 5. Sources of benefit by intervention area (% total)**

PBE analysis of client sample data

### 4.3 Cost of interventions

The costs of support provided to clients in the client sample in 2016/17 incurred by Veterans Aid fall into three cost categories (see Annex 1 for details):

- The cost of staff time related to providing support and advice to the client.
- External expenditure by Veterans Aid to support the client.
- An allocation of overhead costs.

*Veterans Aid spent £274k on the 230 interventions in the client sample, or around £2650 per veteran.*

The cost per intervention is calculated as the sum of these three cost components for each intervention. In aggregate, Veterans Aid incurred a total cost of £274k in 2016/17 across all 230 of the interventions in the sample.<sup>7</sup> Annex 3 provides further details on the variability of costs across the intervention areas.

It is important to note that the costs captured in the client sample only relate to support provided in 2016/17. This means that they do not include the cost of support provided in previous years that has contributed to a successful outcome. As a result, the estimated cost of support based on the client sample may understate, possibly significantly, the actual cost needed to achieve a successful outcome in some cases.

In addition, it is probable that there are dependencies between the different types of support that Veterans Aid provides, so that success in one area is dependent on support provided in other areas. This is particularly likely in relation to securing employment, for example, since success in

<sup>7</sup> Note that this figure include includes the cost of the interventions that did not result in a successful outcome in 2016/17 as well as the cost of successful interventions.

this area is particularly dependant on individuals having sufficient stability in other areas of their lives. This suggests that it is more appropriate to look at the overall level of support provided to a client across 'related' areas, rather than to consider individual areas in isolation.

## 5 Assessing the economic impact of Veterans Aid

The economic impact of social interventions by charities can be assessed in the framework of a social cost benefit analysis. For Veterans Aid, this involves a comparison of the social value of the benefits from its work with veterans, in monetary terms, to the cost of support, to calculate the net benefit. For this to be meaningful, it is important that the estimate of benefits only relates to improvements in outcomes that are due to support provided by Veterans Aid, and that the estimate of the costs involved in achieving this is complete and reliable.

In this section we first consider some of the challenges that are involved in carrying out a reliable economic impact assessment using the currently available data. We then set out some illustrative scenario analysis to explore how the balance between costs and potential benefits are affected by the key unknown factors.

### 5.1 Feasibility of a reliable CBA

The feasibility of carrying out a reliable CBA depends on the availability of a range of evidence to assess both the costs and the benefits that are causally attributable to the intervention. As discussed in section 4, the client sample contains good evidence on the outcomes achieved and the costs incurred in 2016/17. There are, however three important areas of uncertainty that limit the scope to carry out a reliable CBA at this stage, based on the currently available data:

- **Attribution to Veterans Aid:** this relates to uncertainty about the extent to which successful outcomes achieved by veterans would have occurred in any event even without the support provided by Veterans Aid.
- **Full cost of support needed:** this relates to uncertainty about the extent to which the cost of achieving successful outcomes is understated by focusing on costs that were incurred in 2016/17 only.
- **Duration of benefits:** this relates to uncertainty about the length of time that veterans are likely to maintain successful outcomes beyond the follow up contact.

#### **Uncertainty about causal attribution to Veterans Aid**

The issue of attribution arises because of the possibility that some of the veterans helped by Veterans Aid may have achieved some of the observed improvement in outcomes even if they were not supported by Veterans Aid, for example by seeking help elsewhere, or accessing treatment for addictions through other means. If this is the case the estimated gross benefit of successful outcomes should be adjusted downwards by a % 'attribution factor' that reflects the extent to which Veterans Aid's work results in improved outcomes that would not otherwise have occurred.

Reliably assessing the size of the attribution factor is a key issue in impact evaluation. Failure to account for this properly risks overstating the benefits that are causally related to an intervention, due to the inclusion of some benefits that would have occurred without the intervention. In some cases, it is possible to make an informed judgement about the size of the attribution factor using the outcomes for a comparable group of beneficiaries who did not receive the intervention. Unfortunately, we were unable to identify a reliable comparator group for Veterans Aid that matches the characteristics of the veterans it supports, nor could we identify any reliable

evidence relating to outcomes achieved by similar interventions aimed at supporting homeless veterans in the UK or elsewhere. These difficulties are not uncommon in evaluations of interventions targeting homelessness that reflects the difficulty of reliably assessing likely outcomes in the absence of the intervention, particularly if the scheme serves a group of individuals with highly specific characteristics.

#### **Uncertainty about the full cost of support**

The second area of uncertainty relates to the fact that the client sample only includes costs incurred in 2016/17. This means that any costs incurred in previous years relating to support that contributed to a successful outcome in 2016/17 is not included. As a result, the estimate of cost based on the sample data may underestimate the full cost of achieving a successful outcome. We note that costs incurred in prior years are also relevant in relation to the 21% of interventions in the sample that did not achieve a successful outcome in 2016/17. Failure to account for this would result in an understatement of the relevant costs in an economic impact assessment.

#### **Uncertainty about the duration of benefits**

Our analysis of gross benefits assumes that veterans maintain a successful outcome for at least 12 months. This is reasonable since follow up calls took place around 12 months after Veterans Aid last helped the veterans in the sample. It is likely, however, that some veterans will maintain successful outcomes for longer than this, particularly if they have succeeded in addressing some of the underlying causes that resulted in crisis and homelessness. Failure to account for this would result in an understatement of relevant benefits in an economic impact assessment. We note that a veteran may succumb to further difficulties, such as a recurrence of homelessness, because of new circumstances that are unrelated to the causes of crisis that resulted in them seeking help from Veterans Aid. Although the exact causes of any future crisis may not always be clear cut, in principle such cases are not indicative of a lack of effectiveness in the support provided by Veterans Aid.

## **5.2 Illustrative scenario analysis**

In this section we set out a scenario-based analysis that explores how the balance between the attributable benefits and costs depends on the extent to which improved outcomes (such as the prevention of homelessness) are causally attributed to Veterans Aid, the duration of positive outcomes, and the magnitude of any costs incurred in supporting veterans in the sample prior to 2016/17. We have constructed scenarios that allow for uncertainty in both benefits and costs. This is done using the following approach:

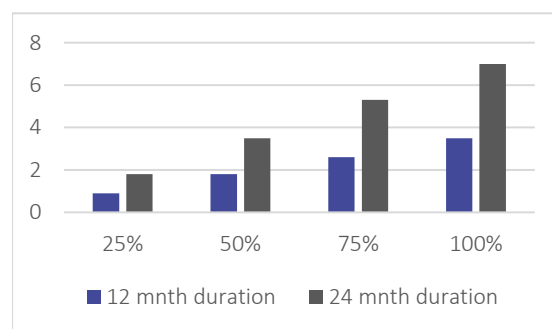
- Attributable benefits are calculated by multiplying our estimate of the gross benefit of successful outcomes by the assumed % attribution factor, and by the assumed duration of benefits.
- Costs of support are calculated by multiplying our estimate of the costs in 2016/17 by a % uplift factor that reflects the value of support provided in prior years.

The specific values we use in our scenarios are shown below. These are chosen to illustrate a wide range of possibilities.

Factor	Scenario Assumptions
% attribution of benefits	25%, 50%, 75%, 100%
Duration of benefits	12, 18 and 24 months
Cost uplift	0%, 50%

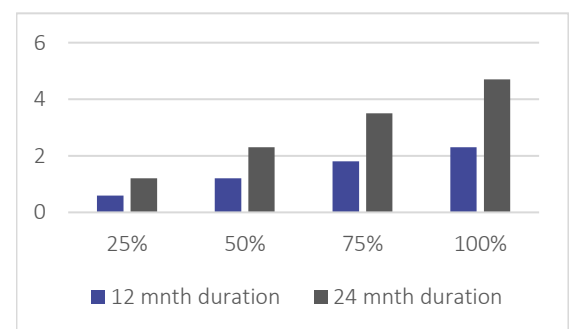
Figures 4 and 5 show the ratio of the attributable benefit to cost for these scenarios.<sup>8</sup> This is referred to as the benefit-cost ratio, or BCR, which is a widely used measure of the return per £1 invested in an intervention. Note that the chart on the left is based on no uplift to costs, and the one on the right on a 50% uplift to costs. The results shown relate to the costs and benefits for veterans in the client sample.

**Figure 6. BCR - no cost uplift**



PBE analysis

**Figure 7. BCR - 50% cost uplift**



PBE analysis

These figures show that benefits are likely to exceed costs (i.e. BCR above 1) for most of the assumptions considered. A BCR at or below 1 only arises in the no cost uplift scenario if the % attribution is 25% and benefits do not persist beyond the follow up call. As expected, applying a 50% cost uplift results in a BCR at or below 1 in a wider range of circumstances, specifically if the attribution rate is 50% and benefits do not persist beyond the follow up call, or if the attribution rate is 25% and the benefits do not persist beyond 24 months.

There are two important points to note when interpreting these results. First, the potential benefits are based on the values from the UCD that we use as a proxy for the social value of the outcomes targeted by Veterans Aid. As discussed earlier, these are at best indicative. Second, the quantification of benefits may not fully capture improvements in veterans' wellbeing to the extent that they are not captured in the values from the UCD.

### 5.3 Conclusion

The scenario shows that the net benefit delivered by Veterans Aid for clients in the sample depends on extent to which the outcomes achieved are attributable to the support it provides,

<sup>8</sup> For simplicity we do not discount future benefits or costs. This does not materially alter our findings given the short time period considered.



the time over which the benefits are maintained, and the cost of support provided to veterans in the sample prior to 2016/17. Unfortunately, it is not possible to give a definitive view of the likely Benefit to Cost ratio, based on currently available information. In part, this is because the lack of a suitable comparator group means that it is not possible to reliably assess the size of the attribution to Veterans Aid.

Although it is not possible to reliably quantify the attribution factor, our analysis indicates that veterans supported by Veterans Aid succeed in making real improvements in their lives. The charity provides extensive practical support to clients who face very challenging circumstances, and it is unlikely that veterans would have been able to make as much progress without its support. We also note that Veterans Aid has told us that, in many cases it is approached by veterans because of a lack of access to appropriate support elsewhere, or because these alternatives have been ineffective.

While these considerations suggest that the attribution rate may be relatively high, this remains an area of uncertainty. As noted above, this is difficulty that often arises when evaluating interventions targeting homelessness.

In addition, the value of pre-2016/17 costs is uncertain. Over time, however, Veterans Aid will be able to develop a more comprehensive view of the full 'lifecycle' costs of the support provided to veterans as it adds further data to its client database, which will assist future evaluations.

These findings represent a useful initial step to further understanding of the value of Veterans Aid's work which the charity will be able to develop further as it gathers more evidence. We commend Veterans Aid for the significant effort and care it has invested in developing processes to monitor its work. This involved a considerable commitment of time and resources by an organisation that is focused on helping homeless veterans. We expect that the charity will continue to see benefits over the coming years from its investment in upgrading its monitoring processes.

## Annex 1: Information provided by Veterans Aid

### The client sample

Veterans Aid provided data for a sample of 166 veterans it worked with in 2016/17. This includes the following information for 230 interventions provided to these veterans in 2016/17:

- Anonymised client identifier.
- Type of intervention: this indicates which of the six areas the intervention relates to.
- Date of follow up call with client to check progress.
- Result of follow up call. This information is used to determine whether the intervention was successful, based on a set of defined criteria (see Annex 2)
- The amount of support provided by Veterans Aid staff in 2016/17 relating to the intervention in 2016/17, recorded in minutes.<sup>9</sup> This is used to calculate the staff cost per intervention by multiplying the duration of staff support in minutes by the staff cost per minute.<sup>10</sup>
- The external expenditure incurred by Veterans Aid in the form of financial support provided to the veteran in 2016/17. This includes expenditure by Veterans Aid on items such as food, transport and accommodation, and the cost of any required services such as treatment for alcohol or drug misuse.
- The overhead cost allocation to the intervention. This is calculated as 25% of the sum of staff time and external expenditure.

Some clients in the sample were helped on more than one of the intervention areas in 2016/17. In this case, the above information is detailed separately for each intervention. Follow ups for individuals in the client sample took place over the course of the first 7 months of 2018.

### Criteria used to define successful interventions

Veterans Aid carries out follow up contacts with veterans who have not sought help on an issue for 6 months.<sup>11</sup> The result of the follow up contact is used to assess whether the intervention resulted in an outcome that has been maintained at the time of the follow up call.

Table 1 sets out the criteria applied by Veterans Aid to determine whether an intervention is deemed to be successful. For example, if the veteran sought help to secure crisis accommodation, the criteria for a successful outcome is whether the individual is either in the same accommodation or has moved to a different accommodation. When it is not possible to contact a veteran at the follow-up the success of the intervention is recorded as uncertain.

<sup>9</sup> This includes an allocation of indirect staff support time to clients who received employment-related assistance. The estimated staff time for each client has been uplifted by 25% to account for potential under-recording of staff time on individual interventions.

<sup>10</sup> The cost per minute of VA staff support is derived by dividing the annual staff costs by the total annual minutes worked by VA staff in FY 2016/17.

<sup>11</sup> In addition, Veterans Aid staff were not aware that the client was struggling, based on their contact with the individual.

**Table 1** Criteria used to define successful outcome

Intervention type	Criteria for successful outcome
Crisis accommodation	Either in the same accommodation or has moved but no longer homeless
Prevention of homelessness	Either in the same accommodation or has moved but no longer homeless
Support to address alcohol dependency	Completed treatment and is currently abstinent or relapsed but returned to abstinence
Support to address drug dependency	Completed treatment and is currently abstinent or relapsed but returned to abstinence
Support to access mental health treatment	Completed treatment and currently report that they are generally stable and confident, or alienated but stable
Support to secure employment	Has been able to secure and remain in employment

*Source: Veterans Aid*

## Annex 2: UCD estimates of value of outcomes

Table 2 shows the estimated values in the UCD that we have used for the intervention areas included in the client sample.<sup>12</sup> The first two columns show the intervention areas and the corresponding outcome in the UCD. The next three columns show the estimates in the UCD for the three different types of value that are provided in the UCD:

- Fiscal value: these are costs or savings to the public sector. Note that these estimates do not include transfer payments such as tax or social security benefits.
- Economic value: net increase in earnings or growth in the local economy.
- Social value: wider gains to society such as improvements to health; educational attainment, housing etc.

The estimates in the table represent amounts per person per annum. Estimates are expressed in 2015/16 prices in the UCD and these have been converted to 2016/17 prices in the table.

**Table 2 UCD estimates of value of outcomes (2016/17 prices)**

Veterans Aid intervention	UCD Description	Fiscal value	Economic value	Social value
Crisis accommodation	UCD reference H.030 One-off and on-going costs associated with statutory homelessness	£2,784		
Prevention of homelessness	UCD reference H.050 Cost of a homelessness prevention or housing options scheme	£714		
Support to address alcohol dependency	UCD reference HE1.0 Cost to the NHS of alcohol dependency, per year per dependent drinker	£2,059		£1,599
Support to address drug dependency	UCD reference HE2.0 Savings from reduction in drug-related offending and health and social care costs	£3,809	£9,437	£4,020
Support to access mental health treatment	UCD reference HE11.0 Cost of service provision for adults suffering from depression and/or anxiety disorders	£998	£4,621	
Support to secure employment	UCD reference E1.0 Fiscal and economic benefit from a workless claimant entering work	£609	£15,115	

Source: Unit Cost Database v04, New Economy Manchester

<sup>12</sup> <http://www.neweconomymanchester.com/our-work/research-evaluation-cost-benefit-analysis/cost-benefit-analysis/unit-cost-database>.

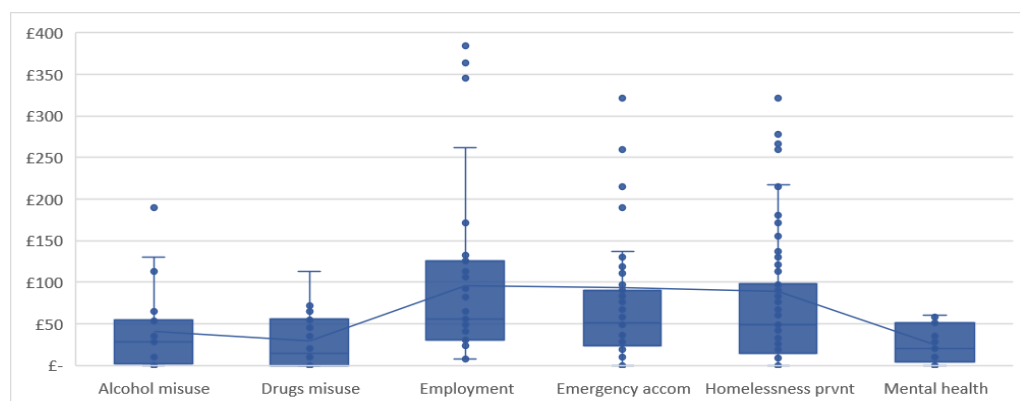
## Annex 3: Analysis of Veterans Aid intervention costs

This annex sets out our analysis of the costs incurred in 2016/17 by Veterans Aid in relation to the 230 interventions in the sample data. Figures 5 to 7 show the cost per intervention for staff time, external expenditure and overheads, broken down by intervention area. The figures have the following features:

- The solid boxes show the range in which the middle 50% of the observations lie (this is known as the interquartile range).
- The line joins the average cost per intervention in each intervention area.
- The vertical lines on either side of the solid boxes identify which data points can be considered relatively unusual. Any points above or below these lines are outliers.

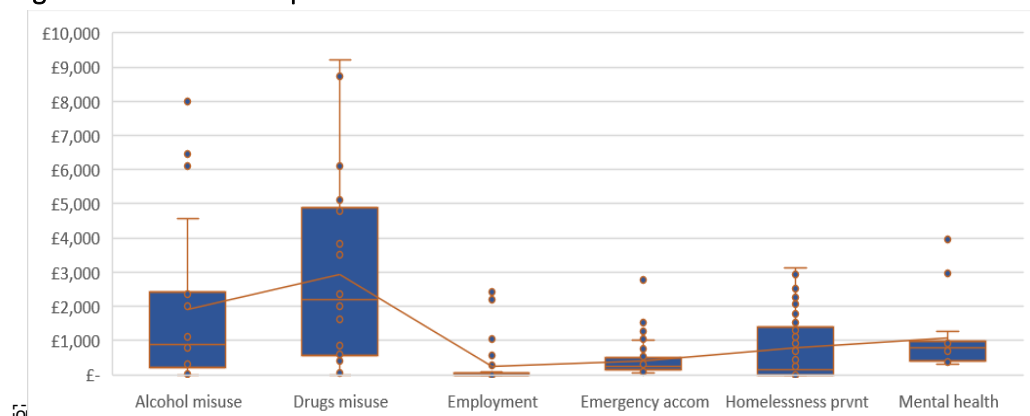
The charts show that the cost per intervention varies significantly between interventions in each of the three cost categories, albeit to a varying degree. This reflects the fact that the amount of support needed varies significantly between clients, depending on their circumstances. It is also likely that some of the variation is because some clients received support prior to 2016/17 which is not reflected in the client sample data.

**Figure 8. Staff cost per intervention**



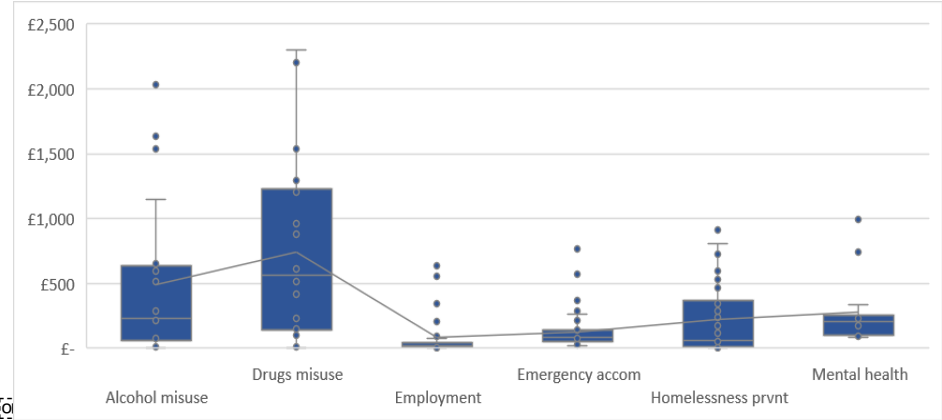
PBE analysis of client sample

**Figure 9. External cost per intervention**



PBE analysis of client sample

Figure 10. Overhead cost per intervention

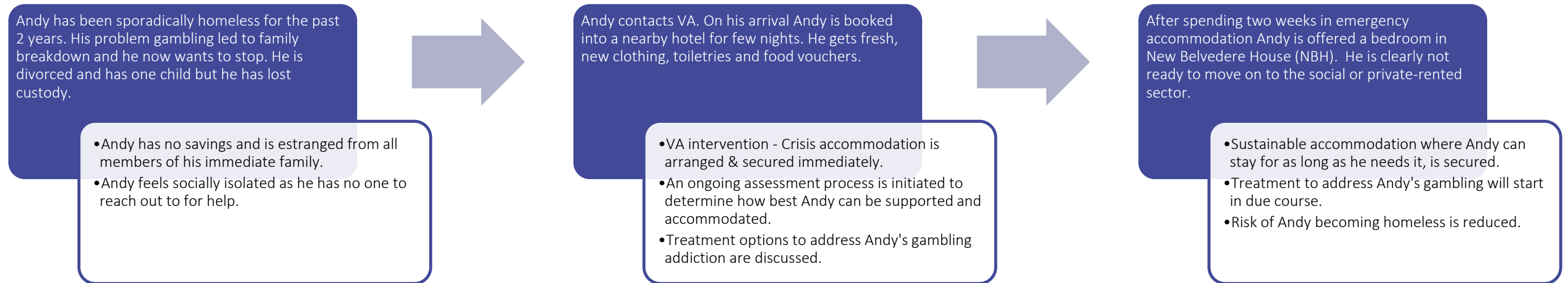


PBE analysis of client sample

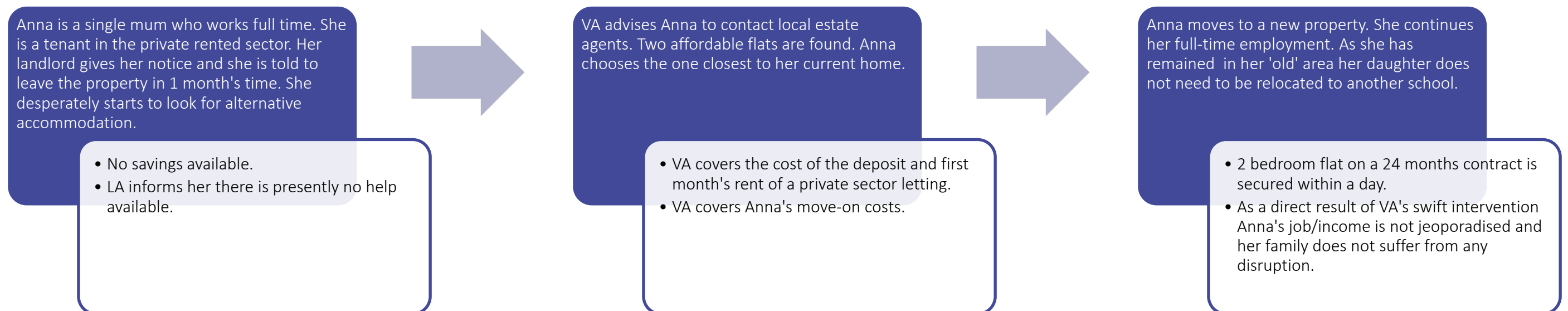


## Annex 4: Case study scenarios

### Metric 1 Homelessness application – average one-off and on-going costs associated with statutory homelessness



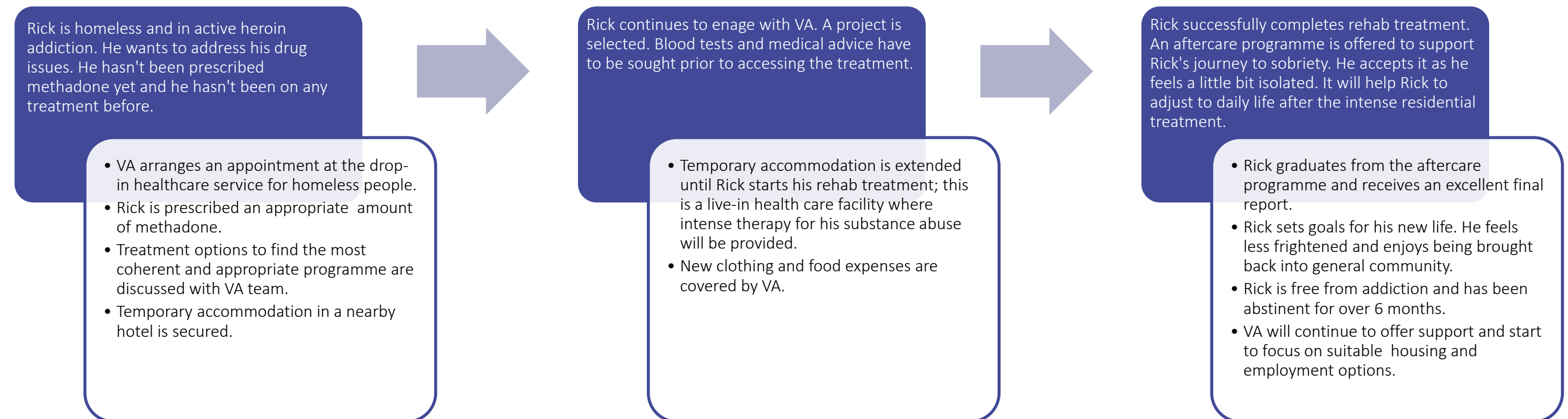
### Metric 2. Homelessness advice and support – cost of a homelessness prevention or housing option scheme that leads to successful prevention of homelessness.



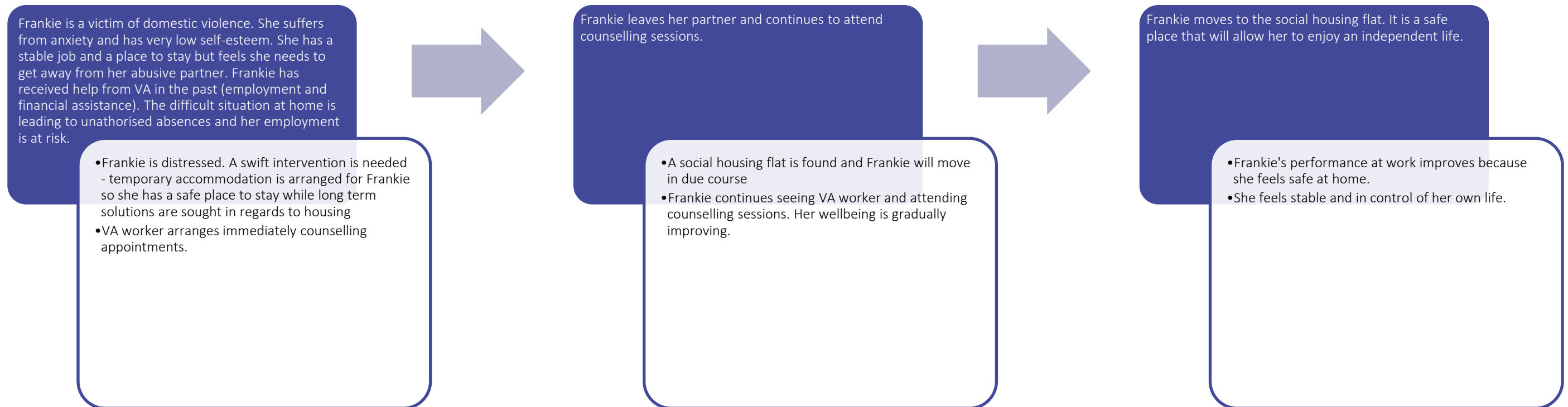
### Metric 3 Alcohol misuse - estimated annual cost to the NHS of alcohol dependency, per year per dependent drinker.



### Metric 4 Drug misuse – average annual savings resulting from reductions in drug-related offending and health and social care costs as a result of a structured, effective treatment programme



## Metric 5 Average cost of service provision for adults suffering from depression and/or anxiety disorders, per person per year



## Metric 6 Job Seeker's Allowance: Fiscal and economic benefit from a workless claimant entering work

