
Economic impact of visiting and befriending

Prepared for the
St Vincent de Paul Society

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Executive summary

The St Vincent de Paul Society (SVP) approached Pro Bono Economics for assistance in understanding the economic effects of its activities. Pro Bono Economics put the SVP in contact with Oxera Consulting LLP (Oxera), which has undertaken this study.

The SVP is an international Christian voluntary organisation that was founded in 1833 in Paris and that works to tackle poverty and provide practical assistance to individuals and families in need. The SVP in England and Wales has been active since 1844 and consists of around 10,000 volunteers. The main activity of the SVP is visiting and befriending—assisting people directly through visits to domestic residences, care homes, hospitals and prisons.

Oxera is one of Europe's foremost economics consultancies, combining our economic skills, rigorous analysis and detailed industry expertise to deliver insights into policy, legal and regulatory issues. Oxera has undertaken a number of pro bono projects to provide analysis and evidence to organisations that would not normally be able to work with Oxera. This report is the result of such a project.

As the SVP's primary focus is on visiting and befriending, this is the aspect that this project has focused on. We have reviewed the relevant literature to identify the economic effects of visiting and befriending in general, and applied the resulting framework to the SVP's activities to provide a quantification of their costs and benefits. Oxera has not conducted any primary research for this study, and its conclusions are therefore based on a review of the available literature, combined with information provided to Oxera by the SVP.

We have used an 'economist's approach' to defining the relevant costs and benefits of visiting and befriending, in particular by defining them with reference to a counterfactual—i.e. the position in the absence of that activity. Thus, for example, avoided costs to the National Health Service (NHS) are counted as a benefit of visiting and befriending activities. In addition, we have considered a range of non-financial costs and benefits, including improvements in quality of life and the opportunity cost of volunteering. The analysis presented here is therefore a social cost–benefit analysis, rather than a purely financial assessment. Through our research we have identified five direct impacts of visiting and befriending on those receiving the visits, which result mainly from the relationship that develops between the volunteer and beneficiary. These impacts can be mapped to four economic effects. In particular, visiting and befriending results in the following:

- improved mental health;
- better navigation of 'the system';
- enhanced skills training;
- enhanced educational opportunities (education and employment);
- direct provision of basic necessities.

These five impacts have an economic effect in the following four ways:

- reduction of cost to the NHS;
 - improvement of quality of life in the beneficiaries;
-

- improved labour market outcomes;
- reduced cost of social services to the government.

When quantifying the impact of the SVP, we have defined these costs and benefits relative to a counterfactual. In this case, the counterfactual is the absence of the SVP. There are several important ways in which the lives of those who are directly involved with the SVP, and the financial situation of the government, would be different in the absence of the visiting and befriending service provided by the SVP, as set out below.

In terms of quantitatively assessing the impacts above, it is difficult to precisely quantify all of the impacts due to a lack of robust evidence in the literature on the magnitude of such impacts. Given this issue, we have quantified only a small proportion of the economic effects relating to the SVP's befriending activities, for which there was a quantitative evidence base in the literature.

Accounting for the benefits and costs that are associated with befriending activities that involve elderly people only, we calculated that the SVP's befriending activities result in an economic welfare improvement of about £11m per year. Alternatively, this can be presented as a benefit–cost ratio equal to 2.87, which indicates that for every £1 of cost generated, there is £2.87 of benefits.

We believe that the estimate above is likely to be conservative, as it covers only two of the main types of benefit that occur from befriending (reduction in depressive symptoms and the benefits that accrue to volunteers). As described qualitatively in this report, there are several other effects that lead to subsequent economic impacts that have not been quantified.

1 Introduction

The St Vincent de Paul Society (SVP) approached Pro Bono Economics for assistance in understanding the economic effects of its activities. Pro Bono Economics put the SVP in contact with Oxera Consulting LLP (Oxera), which has undertaken this study.

1.1 Introduction to the SVP

The SVP is an international Christian voluntary organisation that works to tackle poverty and provide practical assistance to individuals and families in need. The Society was founded in 1833 in Paris and has operated in England and Wales since 1844. Consisting of around 10,000 volunteers across 1,100 parish-based groups, the SVP's main activity is visiting and befriending—assisting people directly through visits to domestic residences, care homes, hospitals and prisons. In addition, the SVP undertakes a number of other activities such as holiday schemes, furniture stores, community shops, soup runs and residential care.

1.2 Introduction to Oxera

Oxera is one of Europe's foremost economics consultancies, specialising in a number of sectors and skills. Oxera combines economic skills, rigorous analysis and detailed industry expertise to deliver insights into policy, legal and regulatory issues. The consultancy was established in 1982 and now has a wide base of clients including companies, regulators and governments.

Oxera has undertaken a number of pro bono projects to provide analysis and evidence to organisations that would not normally be able to work with Oxera. This report is the result of such a project.

1.3 Objectives of this study

The objectives of this study are to identify and, where possible, quantify the economic effects of visiting and befriending activities. We use the SVP's activities as a case study to illustrate the costs and benefits of these activities. Oxera has not conducted any primary research for this study, and the conclusions are therefore based on a review of the available literature, combined with information provided to Oxera by the SVP.

We have used an 'economist's approach' to defining the relevant costs and benefits of visiting and befriending, in particular by defining them with reference to a counterfactual—i.e. the position in the absence of that activity. Thus, for example, avoided costs to the National Health Service (NHS) are counted as a benefit of visiting and befriending activities. In addition, we have considered a range of non-financial costs and benefits, including improvements in quality of life and the opportunity cost of volunteering. This makes the analysis presented here a social cost–benefit analysis, rather than a purely financial assessment.

The remainder of this report is structured as follows: section 2 provides a more detailed introduction to the SVP and its activities; section 3 outlines the economic effects of visiting and befriending; section 4 provides a quantification of the costs and benefits of those activities; and section 5 concludes.

While we have identified a wide range of likely economic effects arising from visiting and befriending, the available literature and the inevitable complexity of many of the situations in which individuals are visited/befriended mean that we have been able to robustly quantify only a small proportion of these effects. The

partial (and therefore conservative) nature of the quantification of the benefits needs to be taken into account when drawing conclusions from this analysis.

2 Background to the SVP and its activities

The SVP operates primarily in England and Wales, but has a presence in many other parts of the world. It functions almost exclusively through volunteers who contribute time, used goods and financial donations. Volunteers are members of small regional conferences that meet weekly or fortnightly. The SVP in England and Wales is organised on the following five levels.

- Conferences are the smallest and most basic level within the SVP. They are small groups that gather weekly or fortnightly and organise regular visits with those in need.
- District Councils are made up of groups of conferences. Conferences are grouped into District Councils by region.
- Central Councils generally match up with the 23 Roman Catholic Dioceses in England and Wales.
- The National Council is made up of the 23 presidents of the Central Councils and a national executive.
- The National Board of Trustees consists of the national president, who is elected by the Central Council presidents, and the national board, which is appointed by the president.

The works of the SVP are broadly split into two categories: visiting and befriending; and special works.

2.1 Visiting and befriending

Visiting and befriending operates across the 1,100 parishes in England and Wales, with around 10,000 volunteers making approximately 420,000 visits in 2014.¹ The purpose of visiting and befriending is to support those in need in whatever way is necessary. The main mechanism through which support is provided is through personal contact between volunteers and those in need. This support can be both moral and practical.²

The SVP seeks to befriend vulnerable individuals in seven main groups:

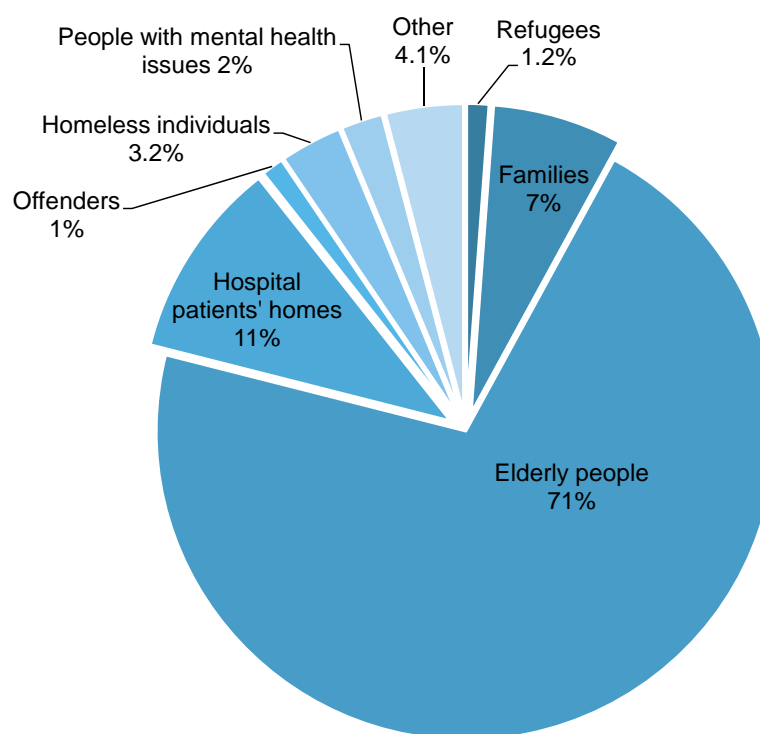
- elderly people, in their own homes and in residential homes;
- people staying long term in hospital;
- families (particularly single parent families, and those with parents who have mental health issues);
- the homeless;
- offenders;
- refugees;
- people struggling with mental health issues.

Figure 2.1 provides a breakdown of the beneficiaries of the SVP's visiting and befriending activities.

¹ See SVP website, 'Who We Are', <http://svp.org.uk/WhoWeAre>; and data supplied by the SVP.

² SVP website, 'What We Do', <http://svp.org.uk/WhatWeDo>.

Figure 2.1 Types of visiting and befriending activities in 2013



Source: SVP.

The main goal of the SVP volunteers during visits is to be a source of support and happiness for those in need.³ Through these visits, the SVP aims to address a number of important social issues, including:

- poverty;
- social isolation;
- lack of access to services.

During visits, the SVP's volunteers may engage in conversation, discuss issues and problems that the individual is dealing with, help with tasks around the home including gardening and decorating, assist with shopping trips, have discussions with utility companies, assist in completing official forms, and help to check whether those they are visiting are receiving the benefits that they are entitled to. In certain cases, the SVP may provide small amounts of financial support, usually for food, heating or rent. This generally occurs only after a visit from a volunteer, and is largely dependent on the financial resources of the local volunteer group.⁴ Volunteers may also assist with providing or sourcing basic necessities including food, furniture and appliances.⁵

³ For more details, see SVP website, 'Who We Are', <http://svp.org.uk/WhoWeAre>, accessed 14 August 2015.

⁴ For more details, see SVP website, 'Requests for Help', <http://svp.org.uk/RequestsForHelp>, accessed 14 August 2015.

⁵ For more details, see SVP website, 'What We Do', <http://svp.org.uk/VisitingBefriending>, accessed 14 August 2015.

2.2 Special works activities

The second main activity of the SVP is its special works. These are various activities across England and Wales that support different groups of disadvantaged people. They include:⁶

- furniture stores, to provide free furniture to disadvantaged individuals;
- support centres, to provide services such as debt advice, counselling, and training in basic literacy, numeracy and information technology;
- community shops, to provide low-cost goods to individuals;
- holidays, including children's camps and caravan holidays;
- residential care for homeless people and for people released from prison on licence;
- projects for disabled people such as social clubs, deaf centres and signed masses;
- soup runs, to provide food and blankets to homeless people.

2.3 Funding

The SVP is a volunteer-run organisation, and most of its activities rely on people giving their time to help those in need. Some activities also rely on donations of food or used goods such as furniture, clothing and household items, as well as financial donations. The majority of this funding comes from donations from individuals.

⁶ See SVP website, 'SVP Projects & Special Works', <http://svp.org.uk/Projects>, accessed 14 August 2015.

3 Economic impact of visiting and befriending

3.1 Introduction

This section explains how visiting and befriending has a number of economic effects. Economic effects relate to the costs and benefits of visiting and befriending. By benefits, we mean the increase in wellbeing of both the volunteers providing the visiting and befriending service and those receiving the service; by costs, we mean the economic (opportunity) costs of that activity. Thus we consider a wider range of costs and benefits than just financial costs and benefits.

We have reviewed the relevant literature in order to identify the key mechanisms through which visiting and befriending activities can have an economic impact.⁷ In conducting our research we have also had discussions with the SVP and used data and information provided by the SVP.

Through our research we have identified five direct impacts of visiting and befriending on those receiving the visits, which result mainly through the relationship that develops between the volunteer and beneficiary. These impacts can be mapped to four economic effects. In particular, visiting and befriending results in the following:

- improved mental health;
- better navigation of 'the system';
- enhanced skills training;
- enhanced educational opportunities (education and employment);
- direct provision of basic necessities.

These five impacts have an economic effect in the following four ways:

- reduction of cost to the NHS;
- improvement of quality of life in the beneficiaries;
- improved labour market outcomes;
- reduced cost of social services to the government.

3.2 Impacts of activities

This section discusses the five direct impacts of visiting and befriending, and the channels through which each of these impacts leads to the four economic effects listed above.

3.2.1 Improved mental health

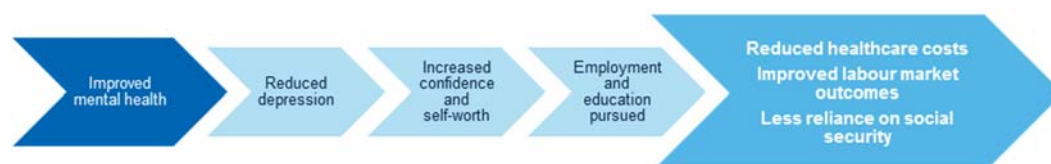
There is a body of evidence that indicates that befriending has a material impact on the mental health (including a reduced incidence of depression) of those who are befriended.⁸ The economic effects of this improvement in mental health include reduced costs to the NHS resulting from the reduction in the treatment of

⁷ There is an ongoing debate about the economic effects of 'happiness'. We have not included these effects in this report, as the evidence from this debate as applied to visiting and befriending is limited.

⁸ Mead, N., Lester, H., Graham, C.C., Gask, L. and Bower, P. (2010), 'Effects of befriending on depressive symptoms and distress: systematic review and meta analysis', *The British Journal of Psychiatry*, **196**, pp. 96–101.

depression; less reliance on the government for social security;⁹ and improved labour market outcomes. The second and third effects are a result of those being visited and befriended having increased confidence and autonomy and therefore an increased likelihood of securing and retaining employment, and therefore being less reliant on government resources such as social security.¹⁰ These effects are shown in Figure 3.1.

Figure 3.1 Economic benefits from improved mental health



Note: The diagram is illustrative only and is not intended to provide an accurate depiction of the relationships between these steps, which are likely to be non-linear and to exhibit a degree of feedback.

Source: Oxera.

3.2.2 Support with ‘the system’

The individuals who are visited and befriended may not always receive the benefits to which they are entitled.¹¹ They may also struggle to pay utility bills and/or be burdened by debts.¹² Those visiting or befriending them may be able to help them to receive these benefits and/or can assist in negotiating with utility companies or financial services companies.¹³ This means, for example, that individuals may increase the resources they have available to heat their homes or buy food.

Research shows that improved access to public services, and support in dealing with debts, can mitigate stress and depression levels.¹⁴ With lower levels of depression and higher levels of confidence, those individuals who are visited or befriended are more likely to seek out skills training, education and employment, as well as having a greater probability of retaining employment.¹⁵ This has several economic effects: avoided cost to the NHS (through lower levels of depression treatment); greater economic activity through increased or more productive employment; lower benefit payments in the long term (i.e. social security); and better quality of life. A stable home for a child, with engaged parents and adequate resources, provides a greater chance for success in education and employment in the future.¹⁶ The benefits therefore endure over a longer time period if children are involved. These effects are shown in Figure 3.2.

⁹ King's Fund (2008), 'Paying the Price: the cost of mental health care in England to 2026'.

¹⁰ St Vincent de Paul Society, 'Changing lives', pp. 56 and 79.

¹¹ For more details, see SVP website, 'What We Do', <http://svp.org.uk/VisitingBefriending>, accessed 14 August 2015. St Vincent de Paul Society, 'Changing lives', pp. 32 and 58.

¹² St Vincent de Paul Society, 'Changing lives', pp. 58–62.

¹³ St Vincent de Paul Society, 'Changing lives', pp. 61–2.

¹⁴ Knapp, M. (2012), 'Building community capital in social care: is there an economic case?', *Community development journal*.

¹⁵ Knapp, M. (2012), 'Building community capital in social care: is there an economic case?', *Community development journal*.

¹⁶ Urban Institute (2013), 'The Negative Effects Of Instability on Child Development: A Research Synthesis', Low-Income Working Families – Discussion Paper 3, September.

Figure 3.2 Economic benefits from support in navigating ‘the system’



Note: The diagram is illustrative only and is not intended to provide an accurate depiction of the relationships between these steps, which are likely to be non-linear and to exhibit a degree of feedback.

Source: Oxera.

3.2.3 Skills training

The individuals who are visited and befriended may lack certain skills. For example, they may come from backgrounds where they were unable to develop literacy and numeracy skills, become financially literate, or become proficient with new technologies.¹⁷ Through visiting and befriending, volunteers can spend time helping to develop these skills, and act as a source of information on further courses and training. Learning basic skills, particularly literacy and numeracy, results in greater education and employment potential in the individuals being visited.¹⁸ This has the potential to result in less reliance on the government for social services, and increased productivity (leading to an increased likelihood of gaining and retaining employment). These effects are shown in Figure 3.3.

Figure 3.3 Economic benefits from skills training



Note: The diagram is illustrative only and is not intended to provide an accurate depiction of the relationships between these steps, which are likely to be non-linear and exhibit a degree of feedback.

Source: Oxera.

3.2.4 Educational opportunities

Those people who are visited/befriended may be isolated from society and/or unaware of opportunities that exist for further education, be they training, educational, or employment-related. Those undertaking the visiting and befriending can provide information to individuals about opportunities that they might not have known to exist, and encouragement to individuals to pursue the opportunities available to them. For example, offenders who may have been discouraged about the probability of finding employment, or individuals who thought they had missed their chance to attend further education, can benefit significantly from learning about opportunities and being encouraged to attend those opportunities.¹⁹ Both education and employment lead to increased confidence, an improved sense of self-worth, and a lower incidence of

¹⁷ Office for National Statistics (2014), 'Internet Access – Households and Individuals 2014', Statistical Bulletin, 7 August. Office of the Deputy Prime Minister (2005), 'Inclusion Through Innovation – Tackling Social Exclusion Through New Technologies', A Social Exclusion Unit Final Report, November.

¹⁸ National Literacy Trust (2014), 'Literacy Changes Lives 2014: A new perspective on health, employment and crime', September.

¹⁹ St Vincent de Paul Society, 'Changing lives', p. 36.

depression.²⁰ The likelihood of individuals finding and retaining employment and becoming less reliant on government resources is increased by visiting and befriending. These effects are shown in Figure 3.4.

Figure 3.4 Economic benefits from new information on opportunities



Note: The diagram is illustrative only and is not intended to provide an accurate depiction of the relationships between these steps, which are likely to be non-linear and to exhibit a degree of feedback.

Source: Oxera.

3.2.5 Provision of necessities

During their visits, those providing the visiting and befriending may become aware that the individuals they are visiting lack certain necessities. For example, individuals may confide that they are struggling to buy food, are unable to pay their utility bill, do not have sufficient money to buy fuel for their car, or cannot afford to buy winter clothes.²¹ Having these necessities can result in decreased levels of stress, an improved sense of self-worth, and more confidence.²² In addition, if such support prevents individuals from becoming homeless, it avoids significant costs as the individuals do not need to be supported in council housing. In turn, this can result in avoided costs to the NHS from avoided treatment of depression, and can lead these individuals to seek out opportunities.²³

Figure 3.5 Economic benefit from receiving basic necessities



Note: The diagram is illustrative only and is not intended to provide an accurate depiction of the relationships between these steps, which are likely to be non-linear and to exhibit a degree of feedback.

Source: Oxera.

3.3 Summary of the economic benefits of visiting and befriending

The following figures show how the impacts of visiting and befriending can have an economic effect. In the central circle on each of the figures, a particular economic effect is presented. The various channels through which this economic effect is achieved are shown in the surrounding squares.

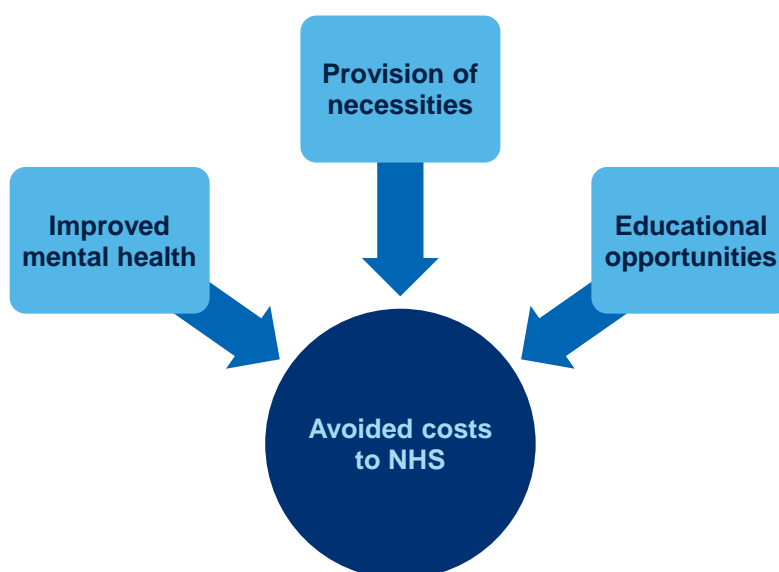
²⁰ Chevalier, A. and Feinstein, L. (2006), 'Sheepskin or Prozac: The causal effect of education on depression', *Centre for the Economics of Education*.

²¹ St Vincent de Paul Society, 'Changing lives', pp. 24–6.

²² About Families (2012), 'Parenting on a low income', Topic Report, March.

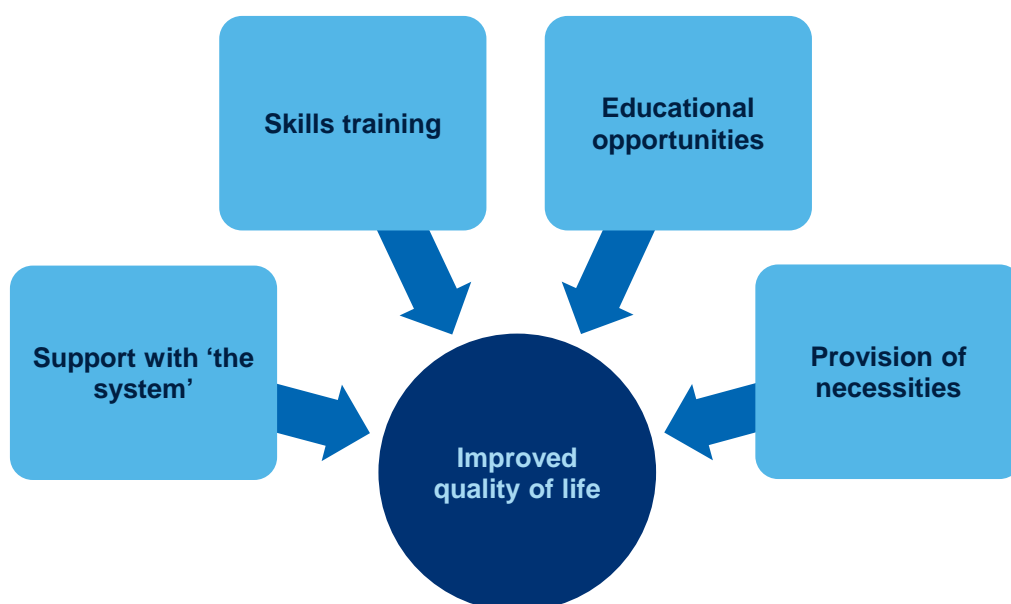
²³ King's Fund (2008), 'Paying the Price: the cost of mental health care in England to 2026'.

Figure 3.6 **Avoided healthcare costs**



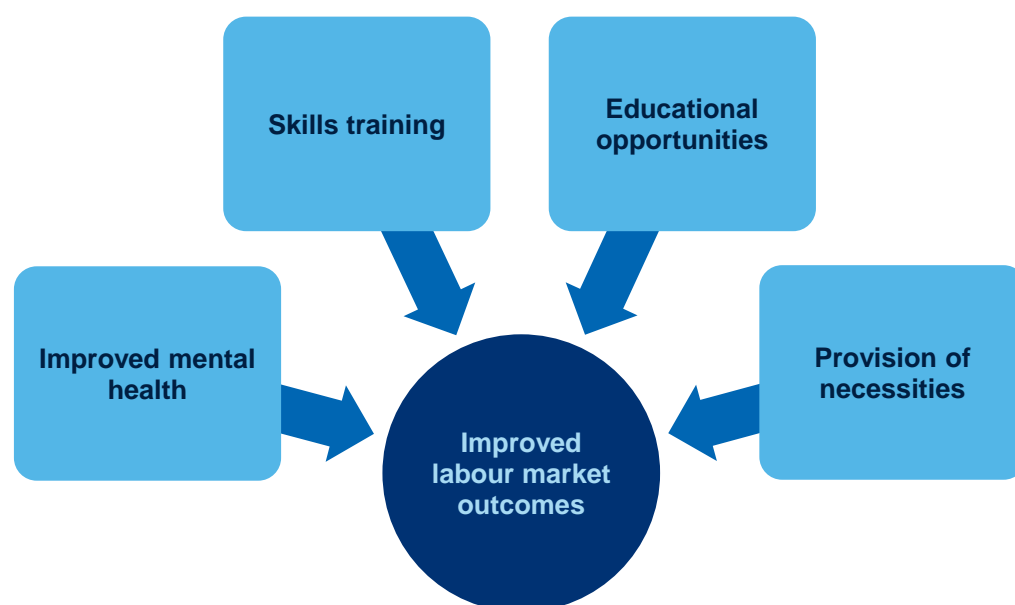
Source: Oxera.

Figure 3.7 **Improved quality of life**



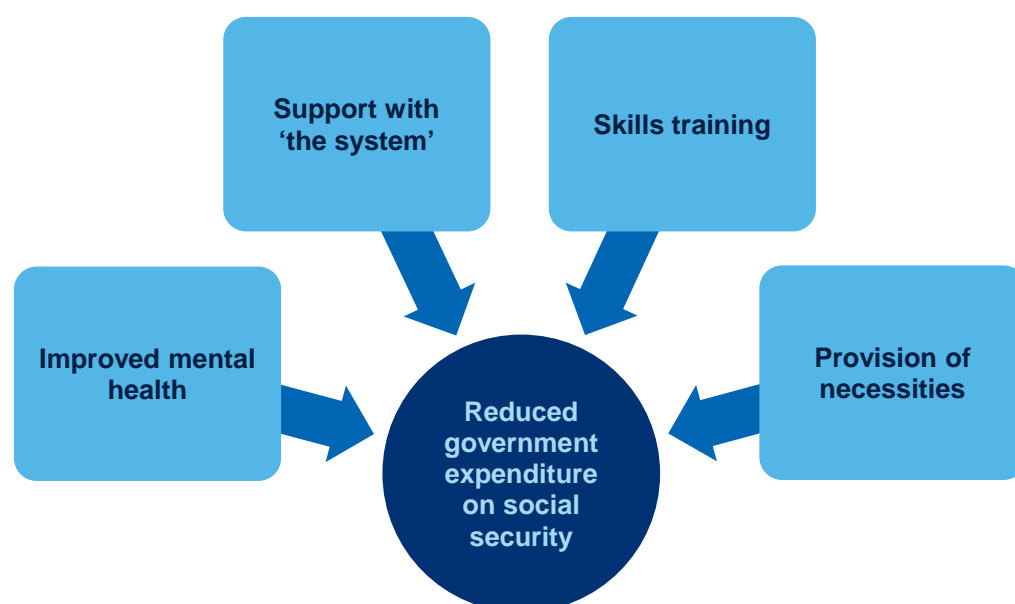
Source: Oxera.

Figure 3.8 Improved labour market outcomes



Source: Oxera.

Figure 3.9 Reduced government expenditure (in the long term) on social security programmes



Source: Oxera.

3.4 Value to volunteers: improved wellbeing

The benefits of visiting and befriending extend to the volunteers themselves. The positive consequences of volunteering are well documented and include increased life satisfaction, decreased depression and psychological distress, better physical health, and lower mortality later in life.²⁴ Volunteers providing the visiting and befriending service are therefore likely to experience an increase in wellbeing and life satisfaction from their volunteering.

²⁴ Thoits, P.A. and Hewitt, L.N. (2001), 'Volunteer Work and Well-Being', *Journal of Health and Social Behavior*, **42**, June.

3.5 The next step: quantifying the effects of the SVP's befriending activities

This section has already identified the four main mechanisms through which befriending activities have an economic effect:

1. avoided healthcare costs to the NHS as a result of reduced incidence or severity of depression;
2. improved quality of life to the beneficiary;
3. increased labour market outcomes to the beneficiary;
4. saved 'state costs' as a result of lesser reliance on social services and government administrative services.

In addition, there is a value to volunteers themselves from providing the visiting and befriending services.

While these effects are based on economic logic and a review of the relevant literature, quantifying them is challenging. There are two main reasons for this.

1. There is a lack of robust evidence on the scale of the 'unit' effects—i.e. the effect of one hour of volunteering or a single parcel of food. The number of volunteers, number of recipients and hours of volunteering are the most readily available metrics of visiting and befriending activities. As highlighted in the previous section, there is evidence that the impacts of befriending are significant. However, there is little empirical evidence that links the quantity of inputs (e.g. volunteer's time) to the *quantity* of change in outcomes. It is clear that there is value associated with each hour of volunteering, but it is not clear what this value actually is.
2. It is challenging to allocate improved social outcomes to the specific input of befriending. For example, consider a single mother who is unemployed and suffering from depression. She contacts a charity and begins to receive weekly visits from a volunteer. She also begins attending college. A year later, her depression is gone, she has completed a college course and has a job. It is clear that she has a better quality of life, has improved labour market prospects, and is no longer receiving NHS care to treat her depression. However, it is not clear to what extent these changes can be attributed to the fact that she was befriended, and to what extent they are due to her attending college, which she *might* have done anyway. This example highlights the difficulty in demonstrating that the visiting and befriending activities result in observed improved outcomes.

It is due to these two issues that we have quantified only a small proportion of the economic effects of the SVP's befriending activities. The breakdown of our analysis is explained in the next section.

4 Quantitative assessment of the impact of the SVP's visiting and befriending activities

This section quantifies a portion of the economic impact of the SVP's visiting and befriending activities. These calculations represent only a fraction of the SVP's impact and, in reality, the total value of the SVP's activities is likely to be higher. As outlined in the previous section, quantification of the total economic effect is difficult due to the lack of robust evidence on the unit effects of the types of activities the SVP carries out.

As set out in section 2, the SVP undertakes a number of activities beyond visiting and befriending. These activities have not been the focus of this study.

4.1 Counterfactual

It is a well-established principle that, when calculating the economic effect of something, the relevant costs and benefits to take into account are those costs and benefits that are incremental to those that would arise anyway. In this case, the counterfactual that is used is the absence of the SVP (or, more generally, the absence of befriending services). So, for example, if those people who make donations to the SVP would not donate that money to other charitable causes if the SVP did not exist, but would rather spend their money elsewhere, then there is an opportunity cost to those people from donating their money to the SVP that is equal to the benefit they would have received from spending that money elsewhere.

There are several important ways in which the lives of those who are directly involved with the SVP, and the financial situation of the government, would be different in the absence of the visiting and befriending service provided by the SVP. For the recipients (i.e. those visited or befriended), mental health, quality of life, education levels, and labour market prospects would be likely to be lower. For the government, NHS costs to treat depression and public money spent on social programmes such as benefits would be greater. For SVP volunteers, overall life satisfaction would be lower, but those of working age (less than 50%) would have more time to earn money or more time to engage in other activities. The costs of running the SVP would also be saved.

One challenging area, where we do not have much evidence, is what would happen to the donations of food and money to the SVP in the counterfactual. It is possible that, for some people, if they could not donate food or money to the SVP, they would instead donate it to another charity such as a food bank. Given this uncertainty, we have not included the costs of this food or financial support in the costs of the SVP. This is likely to result in an understatement of the total economic costs of the SVP.

However, there is a similar limitation on the evidence available about what would happen to people who receive food or financial support from the SVP in the counterfactual. In particular, it is possible that, in the counterfactual, some of those individuals would not receive financial support or food from other sources, which would lead to potentially significant costs if this resulted in, for example, their energy supply being cut off. Due to a lack of evidence in this area, we have not been able to quantify these avoided costs/incremental benefits. Some of these negative outcomes are associated with relatively high economic costs, either to the (non-)beneficiary or to society. For example, cutting off utility services will not only affect the customer, but will also cause the utility company to incur real economic costs in administering and carrying out of the disconnection (and often then a subsequent reconnection). These benefits are

likely to offset the understatement of costs referred to above, because the benefits of the SVP's activities are also understated.

This counterfactual provides a framework for quantifying the effects of the visiting and befriending service offered by the SVP. If we can calculate the value of a certain outcome that would not have occurred if the service did not exist, then we can attribute this value to the SVP and its befriending activities.

From the counterfactual, we identified three economic benefits that could be quantified with a degree of confidence: the reduced healthcare costs to the NHS; the improved quality of life of the beneficiaries; and the increased satisfaction for volunteers conducting the visits. We also identified some quantifiable economic costs: the opportunity and monetary costs for the volunteers involved; and the administrative costs of running the SVP. In the remainder of this section, we explain in more detail the calculations for each of these outcomes.

4.2 Calculations and analysis

This section explains the methodology used to determine the value for each of the benefits and costs listed above. As mentioned above, because of a lack of robust evidence, only a small proportion of the effects are quantified. Thus, for example, the improved labour market outcomes arising from reduced incidence of depression have not been quantified despite being potentially large.

4.2.1 Reduced healthcare costs

To calculate the value of the reduced healthcare costs resulting from the SVP's befriending activities, we calculated how much a reduction in depressive symptoms in a single elderly person saves the healthcare system in a year, and combined this with the number of elderly people who are visited/befriended by the SVP. We focused on elderly people for two reasons: this group accounted for over 70% of all SVP visits in 2013, making it the group that receives the highest portion of all visiting and befriending activities; and there is significantly more data available on elderly people as a group compared with the other groups typically befriended by SVP volunteers.

It is estimated that an individual suffering from depression costs the NHS around £42 per year.²⁵ Furthermore, it is estimated that 20% of all older people suffer from depression.²⁶ Therefore, of the approximately 54,000 elderly people that the SVP visits annually, almost 11,000 are likely to suffer from depression, although this is likely to be a conservative estimate as individuals who receive a visiting and befriending service are possibly more likely to suffer from depression than the average older person. While it is unlikely that all depressive symptoms in every elderly individual suffering from depression and visited by the SVP will be entirely alleviated, this is likely to be offset to some extent by the greater proportion of people with depression who receive visiting/befriending services than those with depression in the population as a whole. It also seems likely that, for many individuals who benefit from the visits, the benefits to the NHS will be sustained over a period of time. In this case, the avoided costs to the NHS amount to over £462,000 per year, as shown in Table 4.1.

²⁵ Knapp, M. (2012), 'Building community capital in social care: is there an economic case?', *Community development journal*.

²⁶ Mental Health Foundation (2007), 'The Fundamental Facts – The latest facts and figures on mental health', 2007 edition.

Table 4.1 Value of avoided NHS costs (£'000)

Number of beneficiaries of SVP visiting and befriending activities per year	76,566
Percentage of all visits to elderly individuals	71%
Percentage of elderly people suffering from depression	20%
Estimated annual cost to the NHS of a depressed individual (£)	42.5
Reduction in NHS costs (£'000)	461.9

Source: Oxera analysis, based on SVP data and analysis from Knapp, M. (2012), 'Building community capital in social care: is there an economic case?', *Community development journal*.

4.2.2 The value of improved quality of life

To determine the value of the improved quality of life experienced by beneficiaries, we again focused on the elderly individuals who benefit from the SVP's visiting and befriending activities.²⁷ We used the following figures in our calculation.

- Health utility is a measure for describing the quality of life of an individual—a value of 1 represents perfect health and a value of 0 is death.²⁸ The health utility for a mildly depressed individual is 0.69.²⁹ We do not have the evidence to determine the extent of these effects, and therefore, for the purposes of our analysis, we use a conservative estimate as a limit on the level of health utility improvement from depression alleviation. Based on the results from Knapp (2012), the average of four health utility values for depression remission, maintenance treatment provides the value that we used for the increase in health utility (0.79) on the potential alleviation of depression symptoms for patients suffering from mild depression. If an individual's depressive symptoms are alleviated and their health utility measure reaches 0.79, the increase in health utility they experience is 0.10 (0.79 - 0.69).
- The value of an additional year in perfect health is evaluated to be £20,000. This figure is based on surveys that ask respondents how much they would be willing to pay to live another year if they were in perfect health.³⁰
- On average, an individual with depression will have depressive symptoms due to social isolation for 38 days per year.³¹

The value of a day in perfect health is therefore approximately £54.79.³² Each day where depressive symptoms are alleviated improves the health utility on those days by 0.10. The value of a day in depression remission, compared with a day with mildly depressed symptoms, can therefore be valued (assuming a linear relationship between health utility and monetary value) at approximately £5.48 (£54.79 x 0.10). Alleviating 38 days per year of mildly depressed symptoms therefore has an annual value of around £208.20 per person (£5.48 x 38 days).

²⁷ As mentioned above, an alternative way of approaching this issue would be to consider the effects of visiting and befriending on happiness, and the economic effects of increased happiness.

²⁸ Revicki, D.A. and Wood, M. (1998), 'Patient-assigned health state utilities for depression-related outcomes: differences by depression severity and antidepressant medications', *Journal of Affective Disorders*, **48**:1, pp. 25–36.

²⁹ Revicki, D.A. and Wood, M. (1998), 'Patient-assigned health state utilities for depression-related outcomes: differences by depression severity and antidepressant medications', *Journal of Affective Disorders*, **48**:1, pp. 25–36.

³⁰ Knapp, M. (2012), 'Building community capital in social care: is there an economic case?', *Community development journal*.

³¹ Keyes, C., Shmotkin, D. and Ryff, C. (2002), 'Optimizing well-being: The empirical encounter of two traditions', *Journal of Personality and Social Psychology*, **82**:6, June, pp. 1007–22.

³² £20,000 per year divided by 365 days.

Approximately 76,566 individuals are visited by the SVP per year. 71% of these individuals are elderly; of these individuals, we assume that approximately 20% are depressed. The total value of improved quality of life for the elderly recipients of the SVP's befriending activities is therefore approximately £2.3m per year.

This estimate is conservative in that it is likely that the proportion of elderly people visited by the SVP who suffer from depression will be higher than that in the population as a whole. In addition, this analysis assumes that those not suffering from depression gain no quality of life value from the befriending (which seems very unlikely), and therefore this approach is likely to (significantly) understate the benefits of befriending. It also seems likely that the benefits of improved health utility—i.e. improved quality of life—are sustained beyond a year. This is shown in Table 4.2.

Table 4.2 Value of quality of life improvement in beneficiaries (£'000 per year)

Health utility for mild–moderate depression	0.69
Health utility improvement from alleviating depression symptoms	0.10
Value of additional year in perfect health (£)	20,000
Value of an additional day in perfect health (£)	54.79
Value of a day without depression (compared to with depression)	5.48
Number of days per year with depression symptoms due to social isolation	38
Number of beneficiaries of the SVP's befriending activities per year	76,566
Percentage of all visits to elderly individuals	71%
Percentage of elderly people with depression	20%
Total value of improved quality of life (£'000)	2,265

Source: Oxera.

4.2.3 Value from the satisfaction of volunteering

Those who volunteer regularly experience increased life satisfaction: according to HACT data, the average value of regular volunteering is £2,357, based on analysis which determined that the increased life satisfaction from regular volunteering is equivalent to the increased life satisfaction that would result from an additional £2,357 in income.³³ There were 8,891 SVP volunteers involved in visiting and befriending activities in 2013.³⁴ Of the individuals visited by volunteers, 71% are elderly. Therefore, the value to the volunteers is equivalent to almost £15m per year. This is shown in Table 4.3 below.

Table 4.3 Value of increased life satisfaction in volunteers (£'000 per year)

Wellbeing value from regular volunteering (£)	2,357
Number of volunteers involved in visiting and befriending activities	8,891
Percentage of visiting and befriending activities involving elderly people	71%
Total value of benefit to volunteers of visiting and befriending elderly people (£'000)	14,885

Source: Oxera analysis.

³³ HACT and Fujiwara, D. (2014), 'Community investment values from the Social Value Bank', March 2014, <http://www.socialvaluebank.org/>. Regular volunteering is defined as volunteering at least once a month. We have been informed by the SVP that all SVP volunteers would fit into this category.

³⁴ See 'Visiting and Befriending' section of SVP's website.

4.2.4 The cost of a ‘befriending hour’

There are two costs incurred by volunteers who are involved in befriending activities that have been quantified (as outlined above, we have not quantified the costs of the donations of food or money that is paid to recipients of the visiting or befriending service). First, there is a monetary cost associated with actually visiting the individual. The majority of this would be transportation costs, which SVP estimates to be £1, which is mostly the fuel costs of transporting the volunteers.³⁵ The total monetary cost of the SVP’s visiting and befriending activity is therefore over £1m. The other cost is the opportunity cost of the time spent volunteering. We measure this by calculating the income that the volunteer could be receiving if they were working instead of volunteering.³⁶ We use the average hourly wage in the UK of £11.83 as the opportunity cost of each hour of volunteering.³⁷ Approximately 50% of the SVP volunteers are still in the labour force. Of the individuals visited by volunteers, 71% are elderly. The value of the approximately 605,800 volunteer hours spent visiting and befriending elderly people by volunteers who could otherwise be working is then approximately £5m. The total cost (i.e. monetary and opportunity cost) of volunteering is then around £6m.

Table 4.4 The cost of volunteering: for visiting and befriending elderly people

Monetary cost of an hour of volunteering (£)	1
Opportunity cost of an hour of volunteering (average UK hourly wage) (£)	11.83
Number of volunteer hours at SVP ('000)	1,165
Percentage of volunteers in labour force	52%
Percentage of visiting and befriending activities involving elderly people	71%
Total monetary cost of volunteering with elderly people (£'000)	828
Total opportunity cost of volunteering with elderly people (£'000)	5,082
Total cost of volunteering (£'000)	5,910

Source: Oxera.

4.2.5 SVP administrative costs

The cost of actually running the SVP, including the wages of a small group of staff, audits, and banking functions was £330,000 in 2013.³⁸ On an assumption that these costs can be allocated uniformly across the number of visits, 71% of these costs can be allocated to visiting and befriending elderly people—i.e. the cost of the SVP’s operations that can be allocated to visiting and befriending elderly people was approximately £234,000 in 2013.

4.3 Summary of costs and benefits

The table below summarises a portion of the overall benefits and costs that are associated with befriending activities that involve only elderly people, since this provides details of the relationships between the costs and benefits of the SVP’s single largest activity.

³⁵ Estimate provided by SVP.

³⁶ This relies on an economic theory which states that people would work until the value they receive from an additional hour of work equals the value of an additional hour of leisure time. The value of that marginal hour of work is then measured through the average wage, in the absence of any more detailed information about the SVP’s volunteers.

³⁷ Office for National Statistics (2013), ‘Annual Survey of Hours and Earnings, 2013 Provisional Results’, Statistics Bulletin, 12 December.

³⁸ Information provided by the SVP.

Two versions of a benefit–cost ratio are presented: one where volunteering is both a cost and a benefit to the volunteers themselves; and one where both the costs and the benefits to the volunteers are excluded. In both cases the benefit–cost ratio is between 2.5 and 3.

Table 4.5 Benefits and costs of the SVP’s visiting and befriending activity (£’000)

Benefits		Costs	
Reduced healthcare costs	462	Monetary cost of volunteering	828
Improved quality of life	2,265	Opportunity cost of volunteering	5,082
Increased wellbeing in volunteers	14,885	Administrative costs of running the SVP	234
Total benefits	17,612	Total costs	6,144
Net benefits	11,467		
Benefit–cost ratio	2.9		
Net benefits (excl. volunteering) ¹	1,665		
Benefit–cost ratio	2.6		

Note: Numbers may not sum due to rounding. ¹ This excludes the increased wellbeing of volunteers and the opportunity cost of volunteering from the calculation.

Source: Oxera analysis.

5 Concluding remarks

This report has reviewed the economic effects of visiting and befriending, and has quantified (some of) these effects with reference to the SVP's visiting and befriending activities. Drawing on the relevant literature, we have identified a number of benefits to those individuals who are visited or befriended. These benefits have a number of economic impacts, specifically:

- avoided costs to the NHS;
- improved quality of life for the recipients of the visiting or befriending;
- improved labour market outcomes;
- reduced costs of social security in the long term.

We have also drawn on the evidence that shows a benefit accruing to volunteers, as well as those people who receive the visiting and befriending services.

Due to the relative lack of good-quality evidence on the unit impacts of visiting and befriending (i.e. the effect of one extra hour of visiting or befriending), we have quantified only a small number of these impacts—specifically, the avoided costs to the NHS arising from a reduction in the treatment for depression, and the value associated with the improved quality of life arising from visiting or befriending. Therefore, this analysis offers only a partially quantified picture of the economic effects of the SVP's visiting and befriending activities.

Set against these benefits, we have calculated the monetary costs of visiting and befriending, and the opportunity costs of the volunteers' time.

From this analysis, we can conclude that the SVP's visiting and befriending activities have substantial economic effects, with the benefits significantly exceeding the costs, with a benefit–cost ratio of approximately 3. A large proportion of the benefits accrue to volunteers with the SVP, but if both the costs of, and the benefits accruing to, volunteers themselves are excluded, the benefit–cost ratio still exceeds 2.5.

We have not quantified all the benefits of the SVP's visiting and befriending activities, or the costs and benefits of the SVP's other activities, and therefore the results presented here are likely to be an underestimate of the economic effects of both the SVP's befriending activities and the SVP's activities in total.

In addition, in carrying out this research we have not identified evidence that would suggest that other organisations carrying out similar befriending activities would create different benefits and costs. One would therefore expect similar benefit–cost ratios to be present where other organisations provide these types of service.

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