



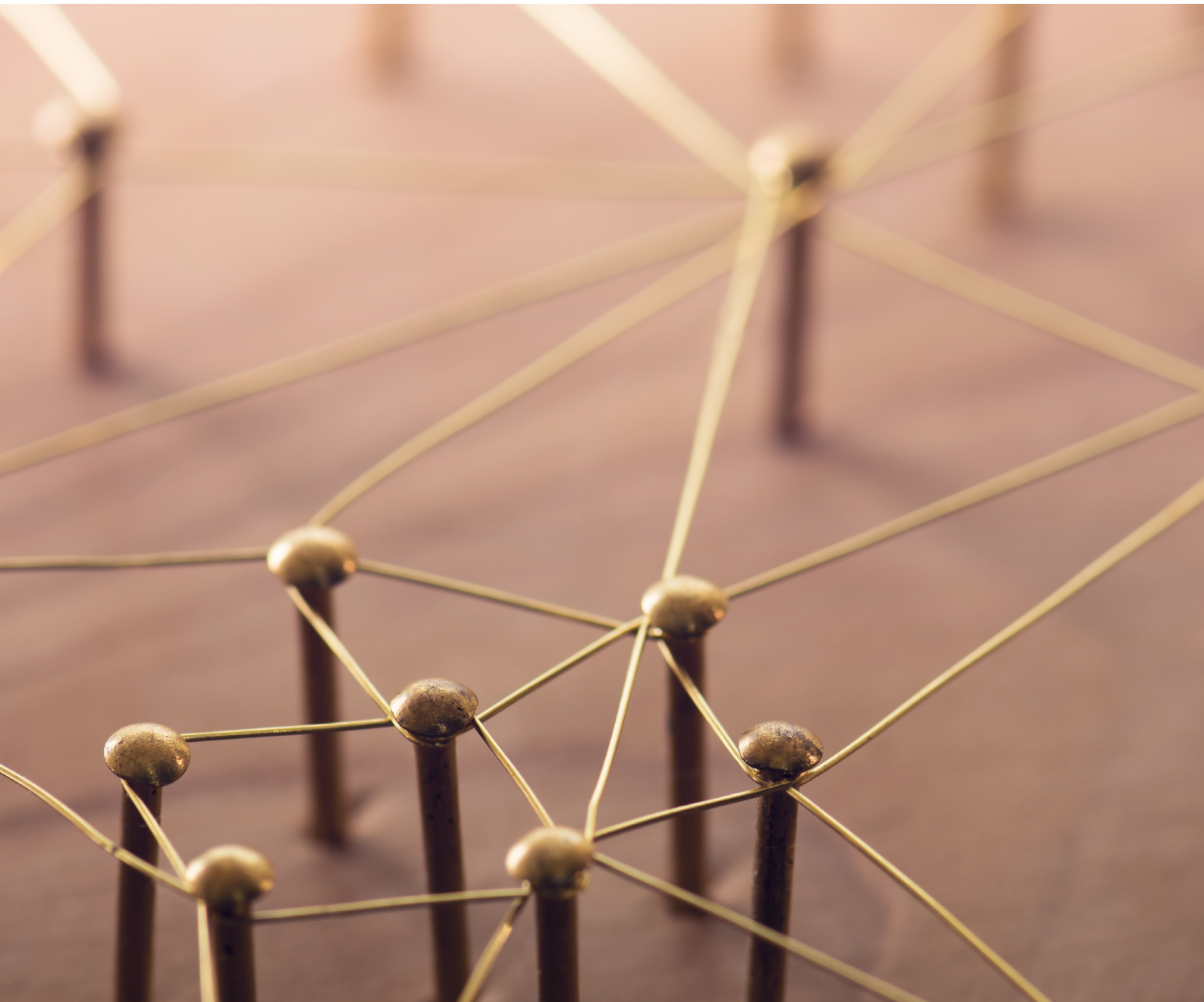
Mental Health
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National Alliance of Voluntary
Sector Mental Health Providers

Demonstrating the value of the voluntary and community sectors

Mental health and criminal justice



Citation

Breedvelt, J. .J. .F. & Elliott, I. (2016). *Demonstrating the Value of the Voluntary and Community Sectors; Mental Health and Criminal Justice*. London, England: Mental Health Foundation.

Acknowledgements

'Demonstrating the Value' developed from the Strategic Partnership funded Mental Health, Criminal Justice and BAME Communities Working Group (2015-2016), which was Chaired by Dave Spurgeon, Nacro. Working Group members were: Mental Health Providers Forum, Centre for Mental Health, Clinks, the Men's Health Forum, Mental Health Foundation, Nacro and the Race Equality Foundation. The Working Group came about as a result of an earlier conference on Mental Health, Criminal Justice and BAME Communities in 2014. Other issues raised at the conference were building a resource about 'what works', and peer support.

This discussion paper was initially developed as briefing for 'Demonstrating the Value' webinar (March 2016) organised by Dave Spurgeon, NACRO. Andy Bell, Centre for Mental Health and Dave Spurgeon, Nacro reviewed both the webinar briefing and this discussion paper. 'Demonstrating the Value' draws on Criminal Justice and Mental Health Case Studies¹ prepared by Hazel Alcraft at Clinks and Mental Health Providers Forum and the webinar discussion.

Published in collaboration with:

Centre for
Mental Health

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¹http://www.mhpf.org.uk/sites/default/files/documents/attachments/clink_mhpf_case_studies_.pdf

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1. Overview and introduction

Voluntary and community sector (VCSE) organisations are frequently asked by funders to demonstrate the economic value of their work using limited evaluation budgets or from their own data and resource. Even where VCSE organisations are not asked to formally evaluate, they still want to understand what impact they make, what 'added value' they bring and how that can help in design and delivery. This paper has been written in order to inform discussion between System Partners and VCSE organisations about the future development of such economic evaluation.

The case studies collated by the Mental Health Providers Forum² illustrate the richly diverse, innovative VCSE mental health support for individuals, families, communities and populations who have experienced significant and cumulative adversity and trauma, and who present with complex needs.

The Nacro – Mental Health Foundation webinar provided an opportunity for VCSE organisations to discuss the challenges of evaluation, to explore alternative methods for demonstrating value, to identify data that could be used in economic evaluation (including routinely collected data, which is sufficient or could be enhanced), and to identify ways in which issues regarding economic evaluation could be taken forward. Organisations

identified a number of issues in meeting such funders' requests for economic evaluations, including the:

- lack of clarity as to what type of economic analysis the funder is seeking,
- limitations in their own knowledge and skills to undertake economic analysis,
- inadequate funding to deliver an economic evaluation as well as other forms of evaluation,
- scope of evaluation disproportionate to the value of the grant and the cost of tools to carry it out,
- methodological requirements of economic evaluations that do not match with innovative, person-centred and highly varied interventions with diverse and changing populations who have complex needs, and
- lack of data to fulfil the methodological requirements of particular approaches such as Return on Investment.

This paper outlines reasons for conducting an economic evaluation in mental health, provides an overview of the most commonly used approaches and considers the challenges associated with these. Drawing on the case studies, it presents the existing data collected by VCSE organisations that could be included within economic evaluations. It includes resources to support VCSE organisations undertaking evaluations such as the Green Book for appraisal

²http://www.mhpf.org.uk/sites/default/files/documents/attachments/clink_mhpf_case_studies_.pdf



and evaluation in central government (see Appendix 1). The points³ raised by webinar participants are discussed in order to identify next steps in:

- building capacity, capability and confidence,
- negotiating scope,
- valuing co-production, and
- developing core resources.

The webinar briefing sent to participants in advance posed a number of questions.

What kinds of evaluations have you undertaken and what kinds of data have you collected during these?

What would facilitate you including an economic element to these evaluations?

What types of economic evaluations are funders requesting?

What support do voluntary and community organisations need to deliver economic evaluations?

2. Why conduct an economic evaluation in mental health?

It is commonly known that resources in mental health are scarce. There have been policy commitments to achieve parity of esteem, most recently through the NHS England commissioned Taskforce report 'The Five Year Forward View for Mental Health'. However, the challenges persist of addressing historic under-investment as well as responding to increasing pressures, expectations and demand, which result in fewer people getting care and support.

Demand for mental health and social care services have increased⁴ and thus quality of care and standards decreased.⁵

When demand exceeds supply, decisions need to be made about funding and allocation of money. In part, these imperatives are reflected in the growing interest in prevention that is reducing the prevalence of mental health problems, intervening early and supporting recovery.

Because of this scarcity, decisions between competing alternatives have to be made in order to provide the highest level of care within the budgets available. Increasingly, voluntary and community organisations are required by funders to demonstrate value for money.

³The webinar briefing sent to participants in advance posed a number of questions.

- What kinds of evaluations have you undertaken and what kinds of data have you collected during these?
- What would facilitate you including an economic element to these evaluations?
- What types of economic evaluations are funders requesting?
- What support do voluntary and community organisations need to deliver economic evaluations?

⁴ Health Foundation Representation to the 2015 Comprehensive Spending Review (2015) available at: <http://www.health.org.uk/sites/default/files/HealthFoundationRepresentationTo2015CSR.pdf>

⁵ *ibid*



As Drummond et al (2015)⁶ summarise:

'To put it simply, resources – people, time, facilities, equipment - are scarce. Choices will and have to be made about their deployment and methods 'what we did last time' 'gut feelings' 'educated guesses' are rarely better than organised consideration of the factors involved in a decision to commit resources to one use instead of another.'

3. What is an economic evaluation?

An economic evaluation analyses and compares different courses of action and can take into account cost, consequence or both at the same time. It's important to note that an economic evaluation functions best with a counterfactual, or the so called comparison group or a control group. The cost and consequence of the alternative provision are equally important for commissioners to draw conclusions on the efficacy of the intervention. Without this, you would not know whether any savings are due to the project or other confounding factors.

Cost: Cost can imply the direct service cost but it often spans wider than this. Cost can cover productivity losses for an individual but also the cost to a system as well as cost that could be avoided by an intervention.

Put very simply, costs can be categorised in three sections:

Avoided costs – cost caused by a (health) problem avoided by the intervention

Direct costs – costs to the system, community and families

Indirect costs – productivity losses to society caused by the issue⁷

Consequences are defined as the outcomes. They are commonly termed 'benefits' of an intervention or service and can be measured various ways such as cost savings on the system and improvements in quality of life. As mental health affects many areas in life, the consequences can be widespread; this means that services are likely to have an effect on a community level as well as improving individual outcomes.⁸

There are different types of economic evaluation one can conduct when assessing the economic benefit of an intervention. All evaluations work towards achieving an insight into the effectiveness, affordability and efficiency of a service. They also work to achieve insight into areas of improvement; areas where spending into services and resources can be improved. Some evaluations provide stronger evidence for this than others; but it depends on the data available, the timeframe and

⁶Drummond MF, Sculpher MJ, Torrance GW, O'Brien BJ, Stoddart GL, . Methods for the economic evaluation of health care programmes. fourth ed. Oxford: Oxford University Press; 2015.

⁷National Information Center on Health Services Research and Health Care Technology (NICHSR) (n.d.). In *Health Economics Resources: Glossary of Frequently Encountered Terms in Health Economics*. Retrieved from <https://www.nlm.nih.gov/nichsr/edu/healthecon/glossary.html>

⁸ ibid



the interest of the funder as to what approach is eventually chosen.

Economic evaluations are tailored packages of evaluation. They are not the only (and may not be the best) solution to demonstrating value. Whilst this paper intends to promote economic evaluation 'literacy' amongst voluntary and community organisations; it can additionally support organisations to engage more confidently with funders who request economic evaluations without the necessary specificity or resource.

3.1 Types of economic evaluation

There are different economic evaluation approaches that can be taken.

The four most common types are detailed below:^{9,10}

- **Cost benefit analysis:**
A cost benefit analysis details all benefits and costs in a common denominator, most often money. It can help weighing costs of a certain course of action against the benefits of a certain intervention.

- **Cost consequences**
The consequences, such as improved quality of life, reduction in service use and/or any adverse consequences are presented here together with costs for the service or intervention. The difference between cost benefit and cost consequence is that the benefits are not displayed in a common denominator or combined.

- **Cost utility¹¹**
In cost utility analysis the outcomes or consequences are measured in a way that displays utility, such as for example Quality Adjusted Life year measure.

- **Cost effectiveness**
Cost effectiveness analysis will look at whether something is effective whilst expenses have already been made. This is often used when a programme is already running and helps assess whether the cost is justified. It may help inform funding decisions as to whether a service should continue to receive funding.

Other, less popular, approaches are cost minimisation, where outcomes are similar and a comparison is made on which

⁹ Academy Health. (2004). *Glossary of Terms Commonly Used in Health Care*. Washington, D.C. Retrieved 27 May, 2016, from <http://www.academyhealth.org/files/publications/glossary.pdf>

¹⁰ Pharmacoeconomics. (2005). *Glossary of Terms used in Health Economics, Pharmacoeconomic and Quality-of-Life Analyses*. Retrieved 27 May, 2016, from http://pt.wkhealth.com/pt/pt-core/template-adis/phe/media/PEC_Guide_Chart_WEB.pdf

¹¹ Luyten, J., Naci, H., & Knapp, M. (2016). Economic evaluation of mental health interventions: an introduction to cost-utility analysis. *Evidence Based Mental Health*, 19(2), 49-53. doi: 10.1136/eb-2016-102354



intervention poses the least cost^{12, 13} and cost offset, where future cost savings

of an intervention are estimated and included in the model.¹⁴

3. 2 The economic evaluation process

The steps that organisations often go through when doing an economic evaluation are given below. It gives a sense of what the process entails and can be helpful in discussions with funders. A note of caution, this is an overview and thus the process may seem simple in writing. However, conducting an economic evaluation can be challenging and difficult and it is not an approach that can be simply applied, each evaluation needs tailoring to the specifics of the intervention. It is helpful to not do this on your own, engage with experts adept at supporting you to ensure you are confident you are measuring the right things from the start. This will help you to be more confident in the findings of your analysis.

- A. Develop your evaluation question: what do you want to establish, this includes looking at your perspective as previously discussed (broad or narrow) and the theory of change.
- B. Consider your Counterfactual (that is the comparison between what actually happened and the trajectory of what would have happened in the absence of the intervention): this could involve looking at national indicators for social care or intervention/care as usual collect data from before the intervention.
- C. Identify Data: look at which data is already available and what data you need to collect in order to answer your question.
- D. Gather data: this data could be either historical or current data, which measures cost.
- E. Identify and agree the metrics to be used in the economic evaluation, measure and value the consequence information
- F. Combine both cost and consequence in an economic model or use a cost benefit analysis tool.
- G. Assess outcomes and re-evaluate.
- H. Communicate impact and findings

¹² Pharmacoeconomics. (2005). *Glossary of Terms used in Health Economics, Pharmacoeconomic and Quality-of-Life Analyses*. Retrieved 27 May, 2016, from http://pt.wkhealth.com/pt/pt-core/template-adis/phe/media/PEC_Guide_Chart_WEB.pdf

¹³ Briggs, A. H., & O'Brien, B. J. (2001). The death of cost-minimization analysis? *Health Econ*, 10(2), 179- 184. doi: 10.1002/hec.584

¹⁴ Pharmacoeconomics. (2005). *Glossary of Terms used in Health Economics, Pharmacoeconomic and Quality-of-Life Analyses*. Retrieved 27 May, 2016, from http://pt.wkhealth.com/pt/pt-core/template-adis/phe/media/PEC_Guide_Chart_WEB.pdf



4. Key concepts to consider in mental health economic evaluation

The complexities in mental health for economic evaluations have been documented widely. It can take a considerable amount of staff time and resource. However, it is important to note that economic evaluation, however challenging, can sometimes be a real value for charities. The key considerations and issues for economic evaluations in the charitable sector are detailed below.

4.1 Taking a broad vs. narrow perspective of outcome measurement

One area to consider is the perspective of the evaluation. A narrow perspective implies that an issue is viewed from a single, defined and concise perspective whilst a broad perspective looks at the impact of a programme at a more societal level. For example, a narrow perspective could be a health only outcome whilst a wide perspective would take into account the effects on criminal justice, education, employment.

Mental health and criminal justice programmes can have a very wide set of outcomes thus making it difficult to ensure all outcomes are measured. It's important to be aware of this and take this into account when discussing and assessing economic evaluations.

4.2 Quantifying the cost of an intervention: multi-agency involvement

Another area to consider is where your project sits within the wider field of service provision. Often multiple agencies are involved and every person will have a different pathway with different additional costs. It is important to be aware of this when calculating unit costs and benefits as:

1. The unit costs need to be attributed to the intervention, and
2. You will have to have some confidence to ensure that your intervention has largely contributed to the benefit. Mapping out agencies and their involvement is useful to understand the influence and anticipate the effects they can have on your work and how this ultimately affects the costs.

4.3 Considering your theory of change

Looking at your theory of change is useful as you will be able to clearly identify what your inputs are and what your intended outputs are. This will also help you when you want to consider your counterfactual i.e. to consider what would have happened if your intervention would not have existed.



4.4 Starting small

It is easy to start with part of your programme or intervention and perhaps look at qualitative or a couple of outcomes at first. Once this is established, an organization can seek to find ways to improve the evidence. The defined outcomes will need to be reasonable and achievable within the funding and time available.

4.5 Efforts and resource

Economic evaluations involve resource of staff and funding for researchers including potential training. It may sometimes be challenging to undertake an economic evaluation so the extra work involved has to be considered.

Think about your economic outcomes from the start if possible. It is useful to start incorporating economic outcomes in routine data collection. Outcomes and benefits can be measured in lots of different ways from clinical scales to recovery-focused measures like INSPIRE and more objective measures like employment and housing.

5. Learning from criminal justice and mental health case studies

Mental Health Providers Forum and Clinks collated VCSE organisations' case studies on their work around mental health and criminal justice, with a particular focus on BAME communities. These illustrate the rich contribution made by voluntary organisations in complex life, social and service situations.

The complexity highlights the challenge of undertaking valid economic evaluations of this work. However, in reviewing the case studies a number of outcomes were identified that could have an economic value ascribed to them.

5.1 Reduction in criminal activity

- Reduced re-offending – costs to person and property; and costs of service interventions.

5.2 Reduction in service use

- Liaison and Diversion services, which relocate the person to a less costly type of service provision.
- Advocacy that reduces the time in custody, and increases the use of bail rather than remand.
- Reduced use of secondary mental health services (including hospital care) due to relapse prevention and supporting people within community services.
- Use of peer support and self-management approaches rather than public, voluntary, community or private services.
- Reduced need to support services to family and preventing other family members becoming involved in care or having their lives disrupted (education, employment), and also supporting families to continue to be engaged in a person's life when they are in the criminal justice system and / or experience mental health problems.
- Use of integrated care approaches including triage so that service use is efficient and effective.



- Stronger engagement with services including therapeutic support due to this support being timely, tailored, culturally appropriate.

5.3 Enhanced economic activity

- Training and education to improve likelihood of securing employment, and employment that is more stable and with better terms and conditions.
- Engagement in employment including self-employment, social enterprise
- Contribution through volunteering including mentoring (which also enhances service provision).

5.4 Maximising income (in addition to economic activity)

- Maximising income through benefit take up.
- Managing and minimising debt.

6. Discussion

Direct economic analysis of relatively small scale interventions of the kind delivered by VCSE organisations is difficult. A key message of this discussion paper is that there are other ways to demonstrate value; this includes drawing on qualitative data (such as that included in the case studies) from which assumptions about economic benefits can be made (discussed in Section 5). It can be argued that the costs of negative outcomes for people with mental health problems within the criminal justice system are so high that interventions, which in any way reduce these costs are worth investing in. However, if an

intervention does not provide benefit or actually does harm then there is an opportunity cost in investing in ineffective or damaging interventions. It is important to adhere as much as possible to the evidence base, where it is available, so that interventions have the best possible chance of adding value.

6.1 Building capacity, capability and confidence

We need to find ways to reduce VCSE organisations' anxieties about evaluation including economic evaluation for example through training, accessible pro- bono support from academic institutions, and circulating accessible information about evaluation approaches and existing resources (see Appendix 1: Further Reading). With greater understanding and confidence about evaluation, VCSE organisations could review their routinely collected data and consider how this could be used in evaluations in its existing form or further developed. (Funders may benefit from such support too so that they are better placed to negotiate scope etc.)

6.2 Negotiating scope

VCSE organisations need to agree with funders what evaluation will (and can) be done, linking evaluation with intervention outcomes, and then start collecting data early. The approach, scale and timing of evaluation must be proportionate, meaningful and possible with regards to the data to be collected, methods selected, tools to be used, and the resource available.



6.3 Valuing co-production

In keeping with a co-production ethos, evaluations could be developed with service users / clients and staff by asking them to identify the value of interventions and their (often wide ranging) impacts, and involving service users as peer researchers.

VCSE organisations could work with researchers both with academic institutions and charities as well as public sector funders to develop appropriate economic evaluation methodologies and methods (for example around data collection) and pilot these. Methodologies that have been developed with businesses and public services may not be appropriate to VCSE organisations. Distinguishing the specific economic value of an intervention is particularly challenging when each intervention may contextually tailored to an individual or family who could have multiple agencies delivering several interventions around complex needs simultaneously.

6.4 Developing core resources

Public sector funders could valuably invest development resource in a VSCE economic evaluation standardized toolkit including:

- mapping economic evaluation to organizational theories of change,

- calculation of unit costs that reflect variation across the country,
- calculations of 'added value' of interventions beyond for example a therapeutic benefit, and
- multipliers of value for interventions that stabilize and / or improve the lives of individuals and their wider social networks (for example parents who create stable homes in which they have increased contact or live with their children; or individuals who are able to return to work and secure stable and mentally healthy employment – becoming less reliant on public services or social security).

Public sector funders could also negotiate VCSE access to public data to track the impact of interventions on behaviours such as re-offending and public service use. The New Philanthropy Capital's Data Labs exemplify how this could be achieved.¹⁵

It is important that VCSE organisations have sufficient knowledge and skills around economic evaluation in order to be able to: engage confidently in this conversation with funders, to commission or undertake economic evaluations as required, and to mobilise their existing data systems to gather evidence that can make an economic case. Economic evaluations can be complex and costly; and for VCSE organisations they should be approached in a manner that is proportionate to their knowledge, skill and resource.

¹⁵ <http://www.thinknpc.org/our-work/projects/data-labs/>



Appendix 1: Further publications of interest

The Green Book for appraisal and evaluation in central government provides a useful insight into the evaluation cycle and shows ways how evaluations can be incorporated when implementing a new intervention. www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf

The New Economy Manchester provides an overview of cost benefit analysis with guidance and a model. This provides a useful methodology for services. <http://neweconomymanchester.com/our-work/research-evaluation-cost-benefit-analysis/cost-benefit-analysis/cost-benefit-analysis-guidance-and-model>

The New Economy Manchester also provides a unit-cost database, which is useful to estimate cost. <http://neweconomymanchester.com/our-work/research-evaluation-cost-benefit-analysis/cost-benefit-analysis/unit-cost-database>

Personal Social Services Research Unit: Unit costs for health and social care. <http://www.pssru.ac.uk/project-pages/unit-costs>

National Information Center on Health Services Research and Health Care Technology (NICHSR) <https://www.nlm.nih.gov/nichsr/edu/healthecon/glossary.html>

AcademyHealth. Glossary of Terms Commonly Used in Health Care. 2004 edition. Washington, D.C.: AcademyHealth, 2004 <http://www.academyhealth.org/files/publications/glossary.pdf>

Further support:

There are various organisations and academic institutions adept at helping charities to demonstrate their worth. Some come at a cost whilst others operate on a pro bono basis. Depending on time and need, either options will have pros or cons. Pro bono economics is one of the organisations who operate for free and may be able to help to demonstrate your worth in the third sector. You may also wish to contact the authors for further guidance.

JUNE | 2016



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Our mission is to help people understand, protect and sustain their mental health.

Prevention is at the heart of what we do, because the best way to deal with a crisis is to prevent it from happening in the first place.

We inform and influence the development of evidence-based mental health policy at national and local government level. In tandem, we help people to access information about the steps they can take to reduce their mental health risks and increase their resilience. We want to empower people to take action when problems are at an early stage. This work is informed by our long history of working directly with people living with or at risk of developing mental health problems.

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