



Fact Sheet

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Considering economic evidence? Here is some more food for thought ...

Background

This fact sheet builds on previous work with NHS Health Scotland, CHEX, and Voluntary Health Scotland in exploring the use of economic evidence in the third sector.

This includes our participation in the Economic Evaluation Working Group, a 2009 Conference 'Healthier Lives, Wealthier Communities' and publications on case studies and the use of economic evidence to support health improvement. Details of these are at the end of this fact sheet.

From all this work we know that some community food and health initiatives have already taken the journey to produce and use economic evidence.

This fact sheet is both a reflection on a couple of those journeys, [The Food Train](#) and [Mearns and Coastal Healthy Living Network](#), and some basic information on approaching the development of economic evidence. It is not a detailed guide on the different approaches to or how to do it.

What do we mean by 'economic evidence'?

Economic evidence is a way of putting together financial information about your work that relates costs to the outcomes you achieve. It is really an economic form of evaluation, though it can mean looking at cost savings for others from your work or comparing it to others.

In practice economic evaluations assess the value of doing one thing against another or doing nothing at all (often called the counterfactual). This comparative aspect is crucial to economic evaluation. There are five main types of economic evaluation, and two common ones are cost consequence analysis¹ and cost benefit analysis². [The Food Train](#) undertook a cost consequence analysis.

Another form of economic evidence you may have heard of is Social Return On Investment (SROI)³. Put simply, it is a way of self-reporting your outcomes with a financial value. [Mearns and Coastal Healthy Living Network](#) undertook a SROI (see box on next page for number references).

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¹Cost consequence analysis – this is where the costs of an initiative are presented alongside all the positive and negative consequences, these may include cost savings for some organisations or quantitative or qualitative data on the outcomes for service users, and comparing this to either another initiative or doing nothing.

²Cost benefit analysis – this is where costs and outcomes are all presented in financial terms for the initiative, this means that financial values have to be established for more qualitative or softer outcomes. These are then compared to the findings of another initiative or what would have happened if the initiative had not existed.

³SROI is a form of cost benefit analysis, it involves making adjustments to a set of financial proxies to put a monetary value on outcomes for a number of stakeholders, including assumptions about what would have happened anyway, ie if the initiative had not existed – known as deadweight.

What can you get from developing economic evidence?

The Food Train and Mearns and Coastal Healthy Living Network identified a number of benefits from developing economic evidence, they said it:

- built our confidence in the value of our work
- raised our profile and credibility
- raised interest in economic evidence amongst other local voluntary organisations
- supported us in securing funding
- helped us identify improvements

- helped us identify other outcomes and negative outcomes we may not have considered otherwise
- helped us develop new financial arguments
- made us better able to adapt our case to different audiences

“It boosted our confidence in making the economic case and getting into those discussions with funders, we upped our game. We can speak with some authority about the added value our service brings, and back it up with facts and figures. Working out the economic value of the time and expertise our volunteers give was a revelation, we can now say for however much a funder puts in our volunteers contribute £X, that’s a powerful argument.”

The Food Train

While all of this is positive there are a couple of caveats:

- While some funders understand and welcome economic evidence, others are less receptive to it.
- It can cost a significant amount to develop economic evidence, and funding is hard to get.
- Once you have done it, how long will you be able to use it before it becomes out of date? Will there be an expectation that you need to repeat it?

What do you need to develop economic evidence?

Before you start developing economic evidence you need to be very clear on why are doing it, who you will use it with and what you want to achieve from it. It may be obvious, but keeping this in focus will help you decide if it is really for you and manage the process better.

It helps if you have access to certain skills, systems and resources when you want to develop economic evidence. You may already have these, or be able to get them, so here are a few examples of what you could need:

- People with certain skills – especially those with good numeracy, finance and research capabilities, including using excel spreadsheets.
- Internal systems – well-developed financial and outcome evaluation processes and systems are important, reducing the workload.
- People to help – you may need to gather a bit more information from service users or external stakeholders, or check out some things with them – both **The Food Train** and **Mearns and Coastal Healthy Living Network** involved their volunteers in the process.
- Access to external information about other services, evaluations or research – this could be statistical or operational information, or other research findings – **The Food Train** found it particularly difficult to access accurate full costs for comparators and pinpoint potentially relevant NHS information.

- Specific knowledge of the process or the capacity to gain it – if you are doing it yourself you will need some technical 'know how' – **Mearns and Coastal Healthy Living Network** undertook two days of training in SROI from the SROI Network before they began theirs
- External expertise – you may commission a consultant to do the work or get some extra expert support – **The Food Train** worked with an external consultant, **Mearns and Coastal Healthy Living Network** received some guidance from a member of the SROI Network.
- Funds – for training or consultants, or organising events and activities to gather information.
- Time – this may be obvious but trying to rush it may well compromise the quality of the work.

“We looked at four of our services at the same time, though it was a lot of work, it really helped highlight differences between them, one service in particular came out with a much higher return on investment than the others and we were able to identify areas where we could make improvements.”

“ We also found that our volunteers felt they got more out of volunteering than they put in, as most of our volunteers are older people having this positive affirmation is very important.”
Mearns and Coastal Healthy Living Network

An example of thinking it through a bit

An independent funder had helped a community café establish a lunch club for older people. The Grant Officer knew they could not fund this long term but wanted to

help them build their capacity to make an economic case to other funders. The Grant Officer asked them a series of questions to help work out what they might need by way of support.

Why do you need to develop economic evidence? Who is it for and how will you use it?

We want it to contribute to a funding case for other funders. The local authority, and two independent grant makers are possible sources of support for the lunch club. We know that previous conversations with them have been hard, we think better economic evidence will help our case. We can build it into applications, discussions with council staff and promotional material to elected members. We want to know about the social and economic impact of the club on older people and the community.

What knowledge, skills and resources can you contribute?

Our manager and one of the Board have been to a ½ day session on SROI, the Board member was keen on this, though it seemed like a lot of work. We don't know about other approaches. We could get our finance officer involved, they have good financial and analytical skills, plus did some research at University. We have a diverse team of volunteers, they already collect information and stats for evaluations, some may help, though they might need a bit of training and support.

How well developed are your internal financial and outcome monitoring systems ?

We have very good financial systems, we can cost services and activities very accurately. Our evaluation is good at capturing information on our activities, numbers attending etc, we know folk really enjoy our club, we regularly get 93-97% satisfaction ratings, folk would really miss it if we had to stop, including our volunteers. We know people have made friends and it is a very lively club. We don't have information on things like health improvements, other than occasional anecdotal stuff. We probably need to get a bit more organised on outcomes, we don't have what you call baseline, so it is hard to really demonstrate the degree of change.

Do you have access to research evidence on lunch clubs impact? What do you know about other similar services for older people and their effectiveness or impact? Do you know what would have happened if you were not here?

We have research evidence that our service was needed from a community consultation by the local CHP. Before we started we went to visit a lunch club in another area to see how they did things and get tips on how to do it. They were really successful, busy and everyone was happy with the service. We know that there isn't another lunch club in the area so our service is crucial.

The Grants Officer realised that while they may be keen, they would need some expert help. Clearly they could crunch numbers but the qualitative aspects of the outcomes also needed a bit of work. On the research side they needed to think through what other information they could use for comparison. The Grants Officer helped them engage a consultant to support them through the process, improve their evaluation systems, research and write up a report.

Hints and tips

- Be clear – why do you want to have economic evidence? How will you use it? What resources do you have to do it? Do you have access to other resources that could help?
- Start specific – pick a discrete service or initiative to begin with. Thinking through or doing a small DIY pilot you can learn from could help refine your thinking on economic evidence and its value to you.
- Involve others – whether to crunch numbers, collect information from service users or do some research, getting others on board with help manage the work and build understanding and buy in from your people.
- Pay attention to systems and processes – making improvements to embed monitoring and evaluation in ongoing work can save you time and energy in the long term, keep it simple but relevant.
- Use and build on it – information can get out of date, so keep it fresh if you can. Remember you may have to adapt your argument for different audiences, reviewing the elements and focus of your economic case.

Closing observations

Organisations already collate financial information, they monitor activities and evaluate their progress towards outcomes. Developing the research and analysis to prepare more rounded economic evidence of impact, does require some different thinking, resources and skills. The costs will depend on what you can access internally and what help you need to buy in. The benefits, as we have seen, can be varied and significant.

Organisations' need for, and motivation to develop, economic evidence will vary.

Indeed some funders may actively encourage or support it, while others are less interested or influenced by it. Sometimes it is perceived as more relevant for social enterprises. Yet we see the NHS using cost consequence analysis and return on investment approaches, and local authorities continuing to look for best or added value in their funding decisions. There is a need for economic evidence in relation to preventative spend, which both [The Food Train](#) and [Mearns and Coastal Healthy Living Network](#) reflect. The interest in economic evidence and the language associated with it continues to permeate the third sector. So even if you are not in a position to do it or feel that it is not for you, it is likely to remain on the radar for some time to come.

Acknowledgements

In preparing this fact sheet we spoke to [The Food Train](#) and [Mearns and Coastal Healthy Living Network](#) about their experience of developing and using economic evidence. We would like to thank them for their input to the development of this factsheet.

[The Food Train](#) is a volunteer-led grocery delivery, befriending, and household support service for older people living in Dumfries and Galloway, Stirling, Dundee and West Lothian. A copy of its economic evaluation, and one for Happy Jack, can be found on the CFHS website at:

www.communityfoodandhealth.org.uk/publications/evaluation-of-the-food-train-in-terms-of-its-economic-value/

[Mearns and Coastal Healthy Living Network](#) aim to promote a healthier, happier way of life for older people by mobilising volunteers to provide a range of services, such as support for shopping and ICT, in rural south Aberdeenshire. It also contributes to capacity building work with older people's organisations across Aberdeenshire.

Further information

Preliminary Case Studies of the Application of Economic Evidence of Health Improvement Work in Community-led Projects and Organisations, 2009, by Peter Taylor, for NHS Health Scotland, which includes a **Mearns and Coastal Healthy Living Network** case study, and one for Lanarkshire Community Food and Health Partnership can be found at:
www.healthscotland.com/topics/settings/community-voluntary/economic-evidence.aspx

Economic Evidence for the Community and Voluntary Health Sector in Scotland – What are the questions we still need answered? 2010, NHS Health Scotland, a report of a roundtable discussion can be found at:
www.healthscotland.com/documents/4530.aspx

Exploring the use of economic evidence to support the health improvement contribution of the third sector, 2011, NHS Health Scotland can be found at:
www.healthscotland.com/documents/5109.aspx