

Appendix 3

Methodology

Porchlight have used The Greater Manchester Combined Authority (GMCA) Research Team's [cost benefit analysis \(CBA\) methodology](#) in order to estimate the potential fiscal cost (costs only to the public sector) per annum to KCC, districts and the NHS as result of the cessation of the Kent Homeless Connect (KHC) service.

The methodology has become nationally leading in its approach to articulating the fiscal value of interventions and was adopted as supplementary guidance to HM Treasury's Green Book in 2014.

The [Unit Cost Database](#), alongside Porchlight's internal data, has been used to estimate the increased use of statutory services associated with the cessation of the contract and associated costs.

Findings

It is estimated that, as a result of cessation of the contract, **the public sector will inherit costs in the region of £8,049,600 per annum, far exceeding the cost saving of £5,072,180 made by KCC.** In short, for every pound saved through the cessation of the contract, £1.59 will need to be spent elsewhere to provide services to the individuals that benefit from the Kent Homeless Connect service. These costs will be distributed amongst KCC, districts and the NHS.

In addition to the cost to the public sector, there will be a loss of an additional £1,348,224 in economic value and £563,616 of social value. Economic value refers to the net growth in the local economy from, for example, the improvement in mental health of homeless risk individuals supported by the service. Social value includes wider social benefits, such as reduced crime and increased safety.

KCC will incur a fiscal cost of £1,253,638 per annum, of which £47,388 is associated with services to homeless risk clients and £1,206,250 is associated with services to clients within supported accommodation. Costs include:

- The cost to the criminal justice system of Serious and Multiple Disadvantage individuals being unsupported
- The cost to the criminal justice system of individuals who misuse drugs and experience homelessness/housing instability being unable to work towards recovery
- The cost to social care of individuals currently accessing KHC who experience mental ill-health and who would require alternative provision
- The cost to social care of clients with complex needs who currently access KHC but would instead require an at home care package
- A proportion of the cost of telephone-based advice provided by Porchlight's helpline

Districts will incur a fiscal cost of £3,344,364 per annum, of which £2,277,357 is associated with services to homeless risk clients and £1,067,007 is associated with services to clients within supported accommodation. Costs include:

- The cost to homelessness services of Serious and Multiple Disadvantage individuals being unsupported
- The cost of advice and support provided to homeless risk clients
- The cost of a proportion of supported accommodation clients returning to rough sleeping
- The cost of statutory homelessness applications being made by homeless risk clients who would have accessed support through KHC.

Local NHS systems will incur a fiscal cost of £2,543,445 per annum, of which £453,606 is associated with services to homeless risk clients and £2,089,839 is associated with services to clients with supported accommodation. Costs include:

- The cost to the health system of Serious and Multiple Disadvantage clients being unsupported

- The cost to the criminal justice system of individuals who misuse drugs and/or alcohol and experience homelessness/housing instability being unable to work towards recovery
- The cost to the health system of individuals who would be unable to make improvements to their mental health
- The cost to the health system of individuals who would be unable to make improvements to their physical health
- A proportion of the cost of telephone-based advice provided by Porchlight's helpline