



Ministry
of Justice

The Value for Money of the Early Legal Advice Pilot

An assessment of costs and benefits

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1. Summary

The Early Legal Advice Pilot (ELAP) was designed to explore the impacts of providing early legal advice to people with debt, welfare or housing problems. It was funded through the HM Treasury Shared Outcomes Fund, which supports projects that can lead to cross-cutting benefits, using robust and often novel evaluation techniques to assess impact. The approach aligns with MoJ's Evaluation and Prototyping Strategy and the objectives of the Cabinet Office Evaluation Task Force, which has a remit to improve evaluations across government.

ELAP offered up to three hours of free legal advice to residents in Manchester City and Middlesbrough Council areas with any of these three issues. The pilot intended to prevent these problems from clustering and escalating, reducing costly 'downstream' interactions with public services and improve the wellbeing of those receiving advice.

It was decided that a pilot of a Randomised Control Trial (RCT) would test how ELAP would work before rolling it out more widely. This report presents the final findings of the ELAP Value for Money (VfM) assessment of the pilot-RCT design. Although the pilot-RCT led to very low uptake and ELAP was stopped before progressing to a full trial, valuable lessons were learned via the project and publishing the results demonstrates the commitment to transparency and building capability in a complex area.

The VfM report analyses how additional public value could be created from the public resources dedicated to ELAP. It uses qualitative evidence to inform a theoretical model of how the costs of an ELAP-type intervention could convert into benefits to the economy and society.

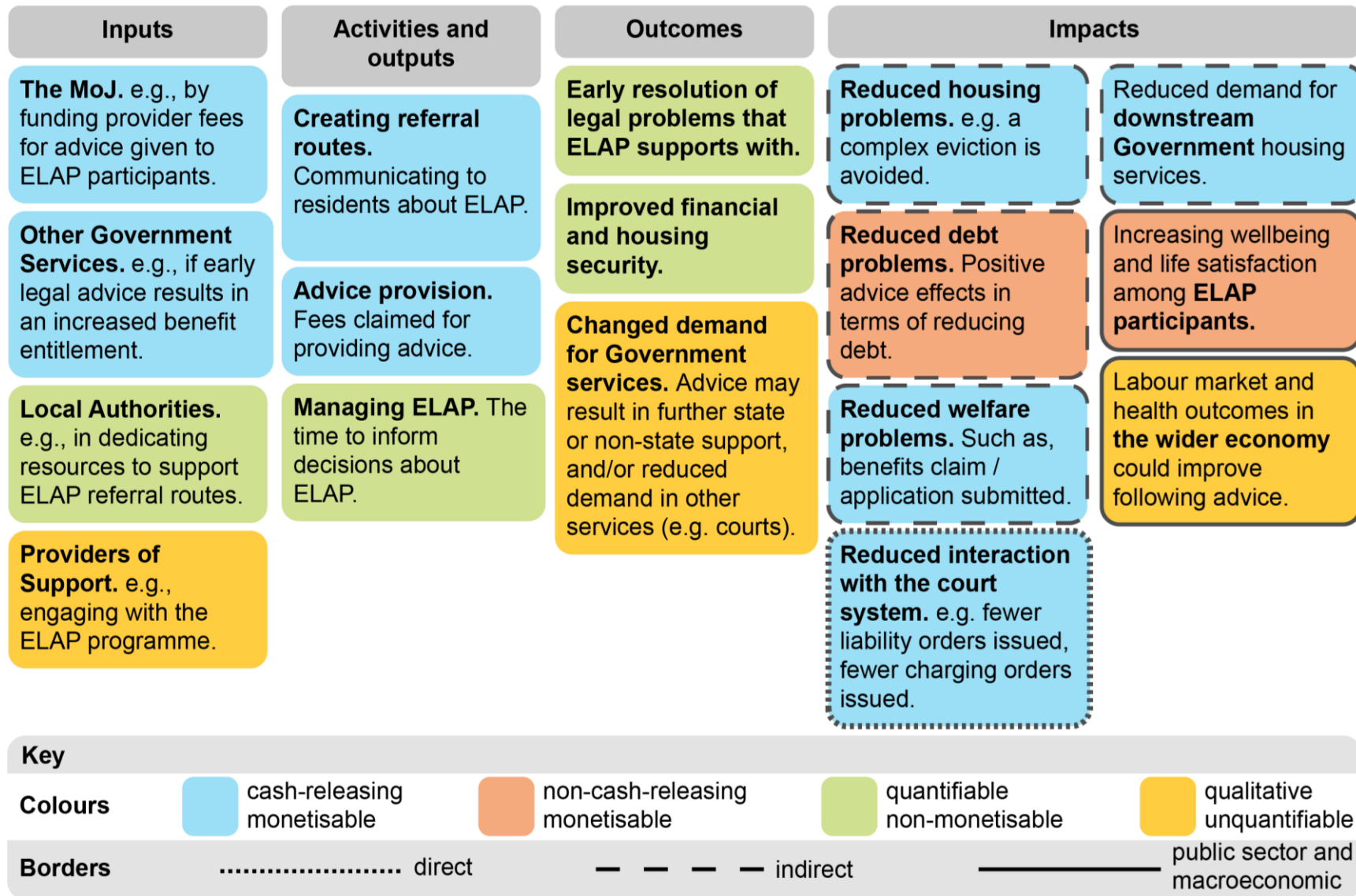
Note that this document complements the initial Feasibility Study and the Final Evaluation Reports, which provide more detail on background and planning, and the process and impact evaluations.

1.1 A VfM framework for ELAP

The foundation of the VfM analysis is a framework that explains how ELAP converts MoJ resources into additional public value, looking at both costs and benefits. This framework is summarised in Table 1.

The VfM framework provides a structure for an illustrative modelling exercise, where values for the costs and benefits can be inputted to understand what magnitude of Benefit Cost Ratios (BCRs) may be realised from an ELAP-style intervention.

Table 1: Summary of costs and benefits in the VfM framework¹



¹ Key references are included in the main body of the report.

1.2 Modelling ELAP Value for Money

The key assumptions (see page 23 for details) used in the central modelling scenario were:

- 17% of people have a positive housing outcome following advice.
- 17% of people have a positive debt outcome following advice.
- 31% of people have a positive welfare outcome following advice.

A sensitivity analysis was also applied to explore how much the expected outcomes of intervention may vary in response to different ELAP success rates i.e. using more optimistic and pessimistic assumptions about the proportion of people who have a positive outcome following advice (such as avoiding eviction, debt being reduced or a benefit entitlement issue resolved).²

The results of the modelling exercise are recorded in Table 2, showing how the central modelling assumptions were adjusted to different scenarios. One set of results includes so-called ‘welfare weights’ – accounting for the manner in which individuals with low-income place higher value on heightened earnings compared to individuals with a higher income.

Table 2: Illustrative ELAP benefit-cost ratios, under different scenarios

Scenario (brackets are adjustment to central scenario)	Highly Pessimistic (-10%)	Pessimistic (-5%)	Central	Optimistic (+5%)	Highly optimistic (+10%)
Without welfare weight	0.3	2.2	4.1	6.0	7.8
With welfare weight	3.6	6.3	8.9	11.6	14.3

The results show that on the model’s central scenario, there is a benefit-cost ratio (BCR) of 4.1 (for every £1 spend on ELAP, £4.10 of public value benefits would be realised). The primary contributors to benefits are: increased subjective wellbeing from decreased debt arrears; and, increased take-up of benefit entitlements. Adding welfare weights into the

² Note that this uncertainty exists because the pilot-RCT was unable to collect data on it.

model yields an estimated BCR of 8.9 (for every £1 spend on ELAP, £8.90 of public value benefits would be realised)

1.3 Conclusions and recommendations

The following are the key conclusions:

- **The illustrative BCRs suggest good returns on investment from early legal advice.** Critical to realising this public value are: making referral routes effective, and the extent to which three hours of legal advice can change the outcomes (more hours of advice may yield proportionally better outcomes).
- **The quality of available evidence on monetisable costs and benefits means credible BCRs for a policy of early legal advice can be produced.** There is enough evidence to have confidence in the values attached to costs and benefits for an illustrative ELAP BCR and also form the foundation for future robust BCRs, if primary information on service outcomes can be collected.
- **The balance of unmonetisable costs to unmonetisable benefits do not suggest a lower BCR.** There are indications that unmonetised benefits (such as economic and societal gains from increased productivity) could outweigh the unmonetised costs (such as increased demand for Government services), suggesting a larger BCR if all costs and benefits could be calculated.
- **A key piece of information to produce greater insight from BCRs would be the success rates of advice.** Without a comparison between a treatment and control group, which was not possible during the pilot-RCT, there is no current method of establishing the extent to which benefits, that are expected to result from advice, arise.
- **The resolution of each type of social welfare problem can generate significant benefits.** Housing, debt and welfare problems can be interconnected and mutually reinforce one another. This suggests that increases in public value may be magnified, and prioritising advice on one social welfare problem over another does not yield any benefits.

2. Introduction

2.1 Background to ELAP

The Early Legal Advice Pilot (ELAP) was a HM Treasury Shared Outcome Fund project, exploring the impacts of early legal advice on individuals with debt, welfare or housing problems (collectively referred to as 'social welfare problems'), and the potential downstream cost savings for public services. ELAP sought to collect evidence by trialling the novel use of robust quantitative evaluation methods on this issue.

The approach aligns with MoJ's Evaluation and Prototyping Strategy,³ published in 2023, which sets out the importance of prototyping to understand whether interventions work before committing large amounts of resource and public money. This includes building in mechanisms to test and learn as pilots progress and, where necessary, make decisions to stop them in a controlled way. The Strategy supports the objectives of the Cabinet Office Evaluation Task Force, which has a remit to improve evaluation capability and quality across government.

An extensive Feasibility Study in Spring 2022 assessed the possibility of conducting ELAP as a randomised controlled trial (RCT). An RCT approach was recommended, but the study identified several significant risks, and recommended first conducting a pilot-RCT to test the proposed approach on a smaller scale before moving to a fully powered RCT. This recommendation was accepted and the pilot-RCT ran from November 2022 to March 2023.

The pilot-RCT proposed in the Feasibility Study involved identifying potential pilot participants and requesting they complete an initial survey (online or by phone) to determine eligibility and provide baseline data. They would then be randomised within the survey questionnaire into treatment and control groups. Outcomes would be measured using an endline survey, to be completed by participants three months after receiving the ELAP service, and using administrative data if possible.

³ <https://www.gov.uk/government/publications/moj-evaluation-and-prototyping-strategy>

The proposed design involved identifying potential ELAP participants using lists of residents in Council Tax Arrears (CTA), held by Manchester City and Middlesbrough local authorities (LAs). CTA is a legal issue itself and was thought to be associated with wider in-scope legal needs, including debt, housing and welfare benefit issues (see the Feasibility Study for detailed reasoning).

2.2 Background to the VfM assessment

The purpose of a Value for Money (VfM) analysis is to objectively assess how effectively resources are used. ELAP used Government resources to provide early legal advice to people with social welfare law problems. The intended outcome was to prevent social welfare law problems from worsening, reducing costly 'downstream' interactions with public services, and improving the wellbeing of those individuals. Within this context, it was thought that ELAP would deliver benefits to individuals, local and national government, society and the economy.

ELAP was introduced as part of the Legal Support Action Plan, following the Legal Aid, Sentencing and Punishment of Offenders Act 2012 (LASPO). The LASPO legislation restricted the scope of legal aid for social welfare law, providing access to legal aid for only the most urgent of problems, such as the imminent loss of a home through eviction (Hansard, 2022). Post-Implementation Review (PIR) of the legislation in 2019 reported anecdotal evidence that this restriction prevented legal issues from being addressed early, which led to them clustering and escalating. The argument was that, while a restricted scope of legal aid saved money, these savings were offset by increased costs to the state elsewhere, such as through greater demand for local authority homelessness and housing services, greater use of the court system and poorer health outcomes (Ministry of Justice, 2019).

The LASPO PIR also noted the lack of available empirical evidence on how the costs of the legal aid system created benefits for society and the economy. The ELAP pilot-RCT was designed to add to the evidence base. While there were challenges in getting people with social welfare law problems to take part in the pilot (described in the Early Legal Advice Pilot: Final Evaluation report), this technical report assesses what was learned

about how early legal advice could create additional public value⁴ when compared to the business as usual (BAU) support that would be locally available in the absence of ELAP.

Note that no alternative use of the Government resources dedicated to ELAP has been considered within the VfM assessment, i.e. a comparison is not made between the costs and benefits of ELAP with the costs and benefits of a different type of intervention that also attempts to address social welfare law problems at an early stage (though the fact that ELAP participants may access other forms of support is referenced within the analysis, but not quantified). Hence, it should be noted that – even if the VfM analysis of the ELAP suggests a positive Benefit Cost Ratio (BCR) – different BCRs would apply to other intervention programmes.

2.3 Objectives of the VfM analysis

Under the original design of the ELAP pilot-RCT launched on October 2022 there were two objectives for the VfM analysis:

- To understand how the resources needed to run ELAP were converted into additional public value.
- To estimate the BCR of ELAP, accounting for uncertainty and complexity by using sensitivity and scenario analysis.

However, during the delivery of the testing phase (pilot-RCT) there was very low take up of the pilot services (Please see the Early Legal Advice Pilot: Final Evaluation report for further information.) This has affected how these VfM objectives can be met. Specifically, it has created three evidence gaps:

- **No available comparison between a treatment and control group.** The implications of the low take-up, and alterations to the pilot design in response, are that there can be no assessment of how outcomes differ between those ELAP participants who receive legal advice and those who are part of local BAU support services.

⁴ Public Value is also sometimes called Social Value and incorporates all significant costs and benefits that affect the welfare and wellbeing of the population: <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020>

- **No information on how ELAP participants' circumstances change over time.** The evaluation was not able to collect baseline and endline survey responses for those receiving advice as intended, which would have provided some insight into how legal problems – and their impacts – evolved over time, e.g., how wellbeing and levels of financial distress had changed following the receipt of advice.
- **A lack of descriptive data on the population in receipt of advice.** There were 104 baseline survey responses collected from people eligible for ELAP services, which provides some limited indicative information, but very few went on to receive advice. A large client survey sample would have provided some insight into the nature of legal problems, and subsequently what savings and benefits may arise from them.

Despite these evidence gaps, it is still possible to provide VfM insight on how ELAP could generate additional public value. These insights inevitably come with significant caveats and qualifications, providing illustrative findings, rather than being based upon observed data. As such, the VfM analysis has been adapted to answer the following research questions:

- What categories of cost and benefit are relevant to the ELAP?
- What types of organisations bear the costs / receive the benefits?
- Can these costs and benefits be monetised? If so, how?
- What outcomes would have to change for the benefits of ELAP to outweigh costs?
- How sensitive is the BCR to changes in input variables?
- What are the lessons that can be learnt for future VfM assessments of similar early legal advice (ELA) interventions?

In order to meet these objectives, the VfM analysis has been informed by:

- **A literature review.** To understand how benefits may arise from early legal advice.
- **Desk research.** To identify how the benefits of early legal advice may have a value attached to them
- **Semi-structured interviews.** To understand how costs and benefits arise in practice (incorporating interviews with providers, Legal Aid Agency (LAA) and

HM Courts and Tribunals Service (HMCTS)), and how they should be incorporated into a VfM assessment (incorporating interviews with the Financial Conduct Authority (FCA) and Department for Work and Pensions (DWP)).

- **An illustrative modelling exercise.** To demonstrate the scale of public value that could be created under certain success rates of ELAP.

2.4 The rest of this report

The following chapters meet the objectives for the VfM analysis in the following ways:

- **Presenting a VfM framework for ELAP.** This describes example journeys of those with social welfare problems, from initial problems through to incurring cost to the state. It sets out the bearers of costs and the routes to benefits, the interaction of costs and benefits and limitations of the framework.
- **Commentary on costs and benefits.** Setting out how each of the costs and benefits arise, how they can be measured (if at all), how they are relevant to a wider rollout of an ELAP-type intervention and the limitations of the framework.
- **Modelling VfM.** Setting out illustrative examples of how an ELAP could generate a positive outcome for the state.
- **Sensitivity analysis and ELAP BCR.** Explaining key inputs into the ELAP modelling process and how important certain assumptions are.
- **Conclusions.** Setting out what can be learned from the VfM analysis and how it could be enhanced in the future.

3. A VfM framework for ELAP

The foundation of the VfM analysis is a framework that explains how ELAP converts MoJ resources into public value.

3.1 The interaction of costs and benefits

There is a logical chain of events for how costs are borne and how benefits theoretically arise. ELAP is designed and promoted by **the MoJ, LAs** and **providers of support**. Following this, **ELAP participants** are given advice and providers collect a fee from **the MoJ**. The advice may result in demand for **other government services**, e.g. increased benefit payments or health service requirements. The advice may also result in demand for **providers of support**, e.g. demand for charities offering financial advice. **ELAP participants** gain increased wellbeing and life satisfaction, improving labour market and health outcomes that will ultimately benefit **the wider economy**. Lower demand for **downstream government services**, such as housing and court services will ensue. This explanation of how costs and benefits interact are visually presented in Figure 2 in Annex I. The next chapter looks at the costs and benefits that are part of the framework in more detail.

3.2 The bearers of costs

Our research suggests that there are four organisational types that will bear the costs arising from ELAP:

- **The MoJ**. For example, by funding provider fees for advice given to ELAP participants, and by funding agencies such as the LAA to administer and monitor legal aid initiatives. NB: costs attributed to the MoJ are ‘direct public costs’ in Green Book terminology, i.e. costs to the originating organisation.
- **Other Government Services**. For example, if early legal advice results in an increased benefit entitlement or referral to another type of state support, such as an NHS mental health service (MoJ, 2022). NB: these are ‘indirect public costs’ in Green Book terminology, i.e. costs to other public sector organisations other than the MoJ.

- **Local Authorities (LAs).** For example, in dedicating resources in engaging with ELAP to support referral routes.
- **Providers of Support.** This includes the providers of ELAP advice. But it also includes those organisations that may be affected by the introduction of ELAP. For example, advice may lead to subsequent signposting to local or national services, that increases demand from them.

One important point to note is that some of the ‘costs’ borne by the above organisational types would be offset (or exceeded) by the benefits that these costs create. For example, if legal advice increases the benefit payments of a person then it is a cost to the DWP, but a benefit to the recipient, where the value of that payment to the recipient is greater than it is to the state, referred to as ‘welfare weights’ in Green Book methodology and discussed later in this document.⁵

3.3 The routes to benefits

Our research suggests that the costs borne by the organisational types in the preceding section are converted into benefits in three areas:

- **Downstream Government Services.** For instance, reduced demand for housing services (a local government service) and for court services (a national government service). NB: when the pilot was designed, these two services were thought to be where a large proportion of overall benefits would be felt – but there are others, such as lower demand for health services.
- **ELAP Participants.** For instance, increasing wellbeing and life satisfaction, which is typically lower than the wider population.
- **The Wider Economy.** For instance, labour market and health outcomes could improve following the resolution of a social welfare problem, with subsequent positive effects on labour supply and productivity.

⁵ See paragraph 6.3 of the Green Book on Economic Transfers, <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020#valuation-of-costs-and-benefits>

4. Commentary on costs and benefits

This chapter describes how specific costs and benefits align to the VfM framework. In addition to informing a VfM calculation, the contents of Table 3 (on key cost considerations) and Table 4 (on key benefit considerations) are fundamentally important to policymakers' understanding of how public resources used to deliver early legal advice translate into societal and economic benefits. Each table contains the following information:

- **A description.** Detailing what the cost / benefit is and how it arises.
- **The bearer of cost / route to benefit.** Setting out how costs and benefits apply to the VfM framework (set out in Chapter 3).
- **The monetisable / unmonetisable cost / benefit.** Describing if each cost or benefit is monetisable / unmonetisable for the purposes of modelling and calculating a Benefit Cost Ratio (BCR). In addition, adding context on whether reducing the benefit is cash-releasing, i.e. if the money can be reallocated elsewhere or removed from budgets.

The chapter ends with some overall observations on what the key cost and benefit considerations mean for a VfM calculation.

4.1 Key cost considerations

Table 3: ELAP cost considerations

Cost description	Organisation(s) bearing the cost	Monetisable / unmonetisable costs
<p>Creating referral routes. Costs incurred to communicate to residents in pilot areas (Manchester and Middlesbrough) that they may be eligible to take part in ELAP. Letters and text messages were sent to those within CTA by Manchester City and Middlesbrough Councils, as the primary referral route. The total cost depends on the number of residents contacted. It is assumed the number of people contacted is proportional to cost (although cost could reduce with scale e.g. lower per letter printing cost if more letters are sent).</p>	<p>The MoJ covered the costs of LAs to send letters and texts under the original design of ELAP.</p> <p>Providers of Support, including legal aid providers, a cost-of-living advice line and health services, who agreed to promote referrals into ELAP.</p>	<p>Monetisable cost(s). The MoJ paid LAs around £20,000 (exc.VAT) to cover the costs of letters and text messages (information provided by the MoJ). This converts to £28 per person contacted.</p> <p>Unmonetisable cost(s): Providers of Support were not directly compensated for contributing to the promotion of referral routes.</p>
<p>Advice provision. ELAP providers can claim a flat-rate fee for each ELAP participant they deliver advice to. The fee is comparable to those offered under existing legal aid arrangements, but included an uplift to account for the additional reporting providers have been asked to contribute, to support evaluation.</p> <p>The number of fees claimed is open-ended. Advice to providers states that:</p> <p>“Advice should be delivered to as many pilot scheme participants as is reasonably practical and there are no limits on the number of pilot scheme participants that may be assisted”. (MoJ, 2023)</p>	<p>The MoJ sponsors the Legal Aid Agency (LAA). All ELAP work undertaken by providers would be reported monthly in arrears to the LAA, with payment made upon receipt of payment reports (MoJ, 2023).</p>	<p>Monetisable cost(s): The provider fee is set in legislation at a flat-rate of £200.70 (MoJ, 2022). The total cost of advice provision to the MoJ, therefore, will be proportionate to the number of ELAP participants.</p> <p>Unmonetisable costs(s): None.</p>

Cost description	Organisation(s) bearing the cost	Monetisable / unmonetisable costs
<p>Managing ELAP. Officials in the MoJ (or its agencies), council officers within LAs and ELAP providers have had to dedicate time to engaging with the ELAP programme. This includes meetings and correspondence taken before and during the scheme. Some costs will be incurred as one-off set-up costs (such as designing a provider contract that can be used repeatedly) and some as recurring costs (such as reviewing provider submissions).</p>	<p>The MoJ utilises policy and analytical resources internally to set-up and operate ELAP. These resources include managing a consortium to design ELAP, administer the implementation of ELAP and manage the evaluation. Moreover, ELAP required the use of LAA resources for the following:⁶</p> <ul style="list-style-type: none"> • Creating provider contracts. • Reviewing a sample of claim data to ensure compliance / eligibility. • Industry stakeholder consultation. <p>LAs and Providers of Support have also had to utilise staff time to engage with the ELAP process.</p>	<p>Monetisable cost(s): Some ELAP costs can theoretically be itemised, e.g. an FTE to administer ELAP.</p> <p>Unmonetisable cost(s): The time taken to engage with, design and implement ELAP is hard to quantify (without a specific attempt to do so). A quote from one provider interview demonstrates this:⁷ “I've spent hours and hours of non-billable, non-recoverable time and...if I was to aggregate my salary, we potentially put in – I'm not going to say tens of thousands – but we were putting multiple of thousands of pounds in terms of this from our own coffers”.</p>
<p>Increased demand for government services. An ELAP participant may have another interaction with the state following advice, i.e. after three hours of advice it may be determined that the participant needs to be referred to another public service, either locally or nationally. These types of costs were anticipated, as set out in Annex 2 of the ELAP Provider Guidance on outcomes (MoJ, 2023).</p>	<p>The MoJ may incur cost because advice leads to eligibility for legal aid.</p> <p>Other government services may bear costs, such as advice leading to an additional benefit claim which</p>	<p>Monetisable costs(s). The ability to monetise these types of cost comes down to the ability to measure increased demand for government services following ELAP advice. For example, if advice leads to a known increase in benefit entitlement, then a value can be attached to it.</p>

⁶ These tasks were referenced in the research interviews undertaken with the LAA.

⁷ Quote taken from interview with an ELAP provider.

Cost description	Organisation(s) bearing the cost	Monetisable / unmonetisable costs
	<p>will be paid by the Department for Work and Pensions (DWP).⁸</p> <p>LAs may bear a cost because advice leads to signposting to LA services.</p>	<p>Unmonetisable costs(s). For example, if advice leads to a referral to an LA service but no record of that subsequent interaction is made.</p>
<p>Increased demand for Providers of Support. This is the same as the previous point but for support services that are not state provided. Following advice, an ELAP participant could be signposted to another organisation to receive support.</p>	<p>Providers of Support may experience increased demand for their services following advice, with a wide range of potential services that this could incorporate.</p>	<p>As above.</p>

4.2 Key benefit considerations

Table 4: ELAP benefit considerations

Benefit description	Benefitting organisation(s)	Monetisable and unmonetisable benefits
<p>Reduced housing problems. The potential savings from resolving housing problems with early legal advice are wide-ranging. For instance, it could be that a complex eviction is avoided, a homelessness application is avoided or homelessness advice and support avoided.</p>	<p>Downstream government services e.g. councils would not have to process housing applications.⁹</p> <p>ELAP participants would experience reduced stress and anxiety after having a housing problem resolved.</p>	<p>Monetisable benefit(s): There are some estimates of the value of reduced interaction with homelessness and housing services (GMCA, 2022). It is cash-releasing as reduced demand means less money spent on intervention.</p>

⁸ Note that some of these costs are categorised as ‘dis-benefits’ in a VfM assessment. These are those outcomes from early legal advice that are negative, but don’t count as a cost to the MoJ and are instead a negative on the benefits side of the VfM equation.

⁹ Note that some of these benefits may return to a Registered Social Landlord.

Benefit description	Benefitting organisation(s)	Monetisable and unmonetisable benefits
	<p>The wider economy may benefit from healthier employees, private landlords not managing eviction processes, and fees funding advice providers.</p>	<p>Unmonetisable benefit(s): There is evidence on the extent of wellbeing gain that arises from not interacting with housing services. This is a non-cash releasing benefit – wellbeing gains will not mean more money to spend.</p>
<p>Reduced debt problems Some research has examined the outcomes of advice, showing positive effects in terms of managing finances, reducing debt and preventing the escalation of debt problems (LSE, 2022).</p>	<p>ELAP participants would have more sustainable finances. For example, YouGov found that those with unmanageable debt who have sought debt advice are almost twice as likely to move into manageable debt within 12 months compared to those who have not sought debt advice (YouGov, 2012). In a 2018 survey, 60% of StepChange’s clients said their overall financial situation was better than before seeking advice, with 12% saying that their debt problem had been completely sorted (StepChange, 2019). In addition, there would be wellbeing benefits for the participants (discussed in Chapter 5 in detail).</p>	<p>Monetisable benefit(s): It would be possible to monetise this benefit with access to information on how much debt had been reduced by following advice, or data on how wellbeing had changed following the resolution of debt problems. But it is not possible to monetise at the present time without survey evidence from participants who receive advice. This is non-cash-releasing as it relates to benefits to the individual.</p> <p>Unmonetisable benefit(s): There are numerous different types of debt problems and extents – not all have evidence of societal and economic gains. As above, this is non-cash releasing.</p>
<p>Reduced welfare problems Relating to any issues around benefit claims that may be contributing to a debt, housing or welfare problems, and that could potentially be solved by the receipt of advice. Annex 2 of the ELAP Provider Guidance (MoJ, 2022) makes suggestions on how outcomes should be determined. Several are relevant to this</p>	<p>Downstream government services benefit as those with a resolved welfare problem will no longer rely on other government services.</p> <p>ELAP participants from increased welfare payments and a wellbeing gain.</p>	<p>Monetisable benefit(s): Figures are available for how much benefit entitlement may change after an advice intervention (these are further set out in the ‘The illustrative VfM of ELAP’ in Chapter Six). This is non-cash releasing as benefit entitlement may increase, benefitting ELAP participants and not departmental budgets.</p>

Benefit description	Benefitting organisation(s)	Monetisable and unmonetisable benefits
<p>cost category including: benefits claim/ application submitted; application for benefit appeal tribunal; understanding of benefits eligibility and entitlement.</p>	<p>The wider economy would benefit, with numerous benefits to ensuring problem resolution, including increased productivity and better health (Journal of Financial Counselling and Planning, 2006).</p>	<p>Unmonetisable benefit(s): No evidence was found on how much productivity and wellbeing increases in response to higher welfare payments. This is a non-cash releasing benefit.</p>
<p>Reduced interaction with the court system. As with the previous section, there are varied ways through which an ELAP participant may interact with the court system. For instance, an LA can ask the courts to issue a liability order, the use of bailiffs may be required or there may be charging orders or bankruptcy proceedings (see the Annex II for examples of this).</p>	<p>Downstream government services will benefit. Some court costs are covered entirely by fees paid for by those taking issues to court. But some fees – there are variations according to the types of fee incurred – cover only a proportion of costs and the state picks up the rest. Hence, fewer court interactions means less costs incurred by the state.</p> <p>ELAP participants – in some cases – would be paying fines and fees associated with their social welfare law problem and would benefit from avoiding them. Their wellbeing would also benefit from not having to go to court (Clemente et al, 2020).</p>	<p>Monetisable benefit(s): Some court fees are well established and standardised. This is a cash releasing benefit as reduced court fees means more money available for those organisations paying the fees (although, it depends on who is liable to pay the fees).</p> <p>Unmonetisable benefit(s): There is no single figure for what a day in court costs the public sector (this was discussed with the LAA as a form of response). This is a cash releasing benefit as reduced demand for the court system means more money is available the court system.</p>

4.3 Conclusions ELAP costs and benefits

Table 10 in Annex V and Table 11 in Annex VI summarise the information about costs and benefits in the previous sections.

Section 4.1 and 4.2 above serve to highlight that there is much that is known and can be monetised about the costs and benefits of early legal advice, but also significant unknowns around costs and benefits too (and these are unlikely to become known, as they are difficult to quantitatively measure).

More generally, the descriptions of costs and benefits demonstrate that each person receiving early legal advice will have unique and complex situations. To give one example, someone in Council Tax Arrears may find the money to pay off the arrears themselves, may be required to pay what they owe out of their wages or benefits, or may experience bailiffs being used to collect payment. Figures 3, 4 and 5 in Annex II further illustrate this, presenting examples of different types of problem progression or escalation for someone in CTA; someone in debt; and, someone in rent arrears.

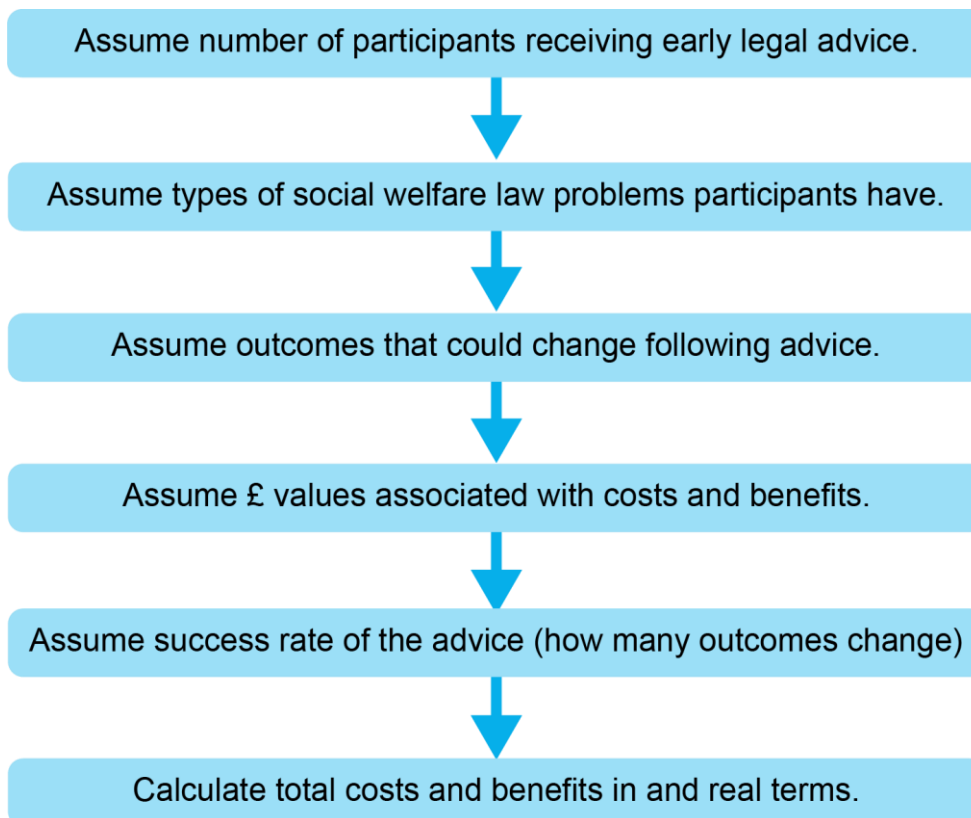
However, regardless of the unique and complex situations, they will still give rise to broad categories of costs and benefits that can be monetised, e.g. whatever the participants' social welfare problem is, the provider fee – and the cost to MoJ – is the same. Moreover, there is a relatively high degree of confidence in some of the valuations of costs and benefits. For instance, the value of increased wellbeing is relatively well-established. In short, unique and complex situations can be represented in the modelling analysis in general terms, giving policymakers some insight into what BCRs could look like under an ELAP-style intervention.

5. ELAP Value for Money modelling approach

Existing evidence and the VfM framework are used in the following chapters to model illustrative BCRs for a policy providing early legal advice. This illustrative policy is based on ELAP, assuming that referral into the scheme is operating effectively, and that participants receive advice.

The modelling is based upon the process and assumptions presented in Figure 1.

Figure 1: Modelling process to calculate ELAP BCRs



Given the ELAP pilot-RCT evaluation was not able to collect survey data on client outcomes, in addition to the above assumptions, judgements have been made on how to approach important features of the modelling. This includes the number of years over which benefits arise and how to treat increases in wellbeing following the resolution of

more than one problem. These modelling considerations are discussed below and described further in Annex III.

5.1 Key assumptions

The majority of modelling assumptions were based upon existing evidence. For assumptions on costs, actual values were straightforwardly incorporated (such as the assumed provider fee and payments to LAs to create referral routes), as outlined in Chapter 4. For assumptions on benefits, values were taken from other studies with key assumptions and detail set out in Table 5.

Table 5: Assumptions used to value the benefits of early legal advice, by type of social welfare law problem

Type of social welfare problem	Benefit valuation and key assumptions
Housing	<p>The Greater Manchester Unit Cost Database (Greater Manchester Combined Authority, 2022) collates evidence on 900 unit costs to inform cost benefit analyses. Most of the database entries are taken from national sources, including government reports and academic research. These entries have all been quality assured by the GMCA Research Team. These unit costs have been used for ELAP model assumptions around the costs savings to the public sector of resolving a housing social welfare law problem, including:</p> <ul style="list-style-type: none"> • The per incident average cost of a complex eviction to LAs is £8,518. • The average cost of a homelessness application is £3,819. • The average cost of homelessness advice and support is £819. <p>Note that in the modelling the cost savings are applied to only one of these benefits to avoid double counting.</p> <p>There are a lack of studies that examine the relationship between subjective wellbeing and housing problems. Empirical research has mainly focused on living conditions (dampness, living space, neighbour noise, etc.), or on how homelessness affects physical and mental health. One example of evidence that does exist comes from Collard et al., (2012), showing that fewer people are in rent arrears after receiving advice, but this effect was not statistically significant compared to those who did not receive advice. Hence, a wellbeing assumption related to the resolution of housing problems has not been included in the model.</p>

Type of social welfare problem	Benefit valuation and key assumptions
Debt	<p>There is some limited evidence around the extent of debt reduction or write-off following legal advice. In its 2021–22 impact report, the Citizens Advice Bureau claimed to have helped people write-off £13,059 of problem debt (Citizens Advice, 2022). Other studies found a debt reduction or write-off between £7,585 and £11,516, but these studies were carried out before 2010 (Buck et al., 2009; Legal Services Research Centre, 2007), hence, the Citizens Advice Bureau figure is used in the modelling.</p> <p>Simetrica Jacobs (2020) has explored the relationship between subjective wellbeing and total debts / arrears, based on the Office for National Statistics' Wealth and Assets Survey, after controlling for other changes in individuals' overall financial situation. The results show that while total amount of debt does not appear to have a significant effect on subjective wellbeing, as affordable and manageable debt can serve valuable purposes, total debt arrears are associated with negative effects on subjective wellbeing (a 0.058-point decrease in life satisfaction on a 0–10 scale). This study is used by the Financial Conduct Authority (FCA) in its policy assessments, and is included in the VfM modelling in this analysis.</p>
Welfare	<p>Citizens Advice show that in 2021–22 they helped people who should have received additional benefits, claim an average of an additional £6,614 per person per year (an assumption that is included in the VfM modelling) and £1,159 in back payments (Citizens Advice, 2022). In comparison, a review of empirical studies shows an additional gain of £1,840 in one-off payments and an additional £2,757 in annual household income (Reece et al., 2021). The Citizens Advice figure was used in the modelling as it was more recent.</p> <p>Green Book guidance advises adding distributional weighting, or the 'welfare weights', to model the potential distributional impact on the increase in benefit entitlements. This is included in this VfM modelling by assuming that taxpayers, i.e. those ultimately funding the ELAP project, have median equivalised income, and the ELAP participants are in the lowest equivalised income group. The welfare weight is then equal to the median equivalised income divided by the lowest quintile income, and then multiplied by 1.3. (the estimate of the elasticity of the marginal utility of income suggested in the Green Book). Using the 2021/22 households below average income (HBAI) statistics, the welfare weight is 2.5. Given the uncertainties in the weighting method (the empirical evidence is unclear on the size of the marginal utility of income), the weighted and unweighted costs and benefits are presented side-by-side in the VfM modelling results, as suggested by the Green Book.</p>

However, where there is no available evidence to directly inform the value of a modelling assumption, other approaches have been used to create the assumption. This specifically applies to establishing the proportion of people who resolve, in part or in full, their social welfare law problem after receiving advice. Examples of the key assumptions created for the modelling – and why they have been chosen – are as follows:

- **17% of people have a positive housing outcome following advice.** One of the intended outcomes of early legal advice is to prevent downstream interaction with LA housing and homelessness services. Hence, the modelling tried to identify the population of people that do use housing and homelessness services that are most likely to benefit from early legal advice. National homelessness statistics (Department for Levelling Up, Housing and Communities, 2023) show that of those people who are owed a homelessness prevention duty, 17% subsequently successfully secure accommodation for 6+ months in their existing accommodation. It is assumed that this proportion of people are those with the most straightforward problems to solve. One note of caution in using this figure is that councils may spend a much greater amount of time in solving these issues than the three hours of advice offered under ELAP (see conclusions).
- **31% of people have a positive welfare outcome following advice.** Research from Citizens Advice suggests that the organisation helped people to gain £200 million in total benefits, but have advised cases worth a possible total of £650 million (Citizens Advice, 2022). The modelling assumes that this proportion of successful help to potential help can be applied to the success of early legal advice.
- **10% of people have a positive debt outcome following advice.** This is an example of an assumption that needs to be made, but is set arbitrarily due to both a lack of evidence and no basis found through which to create an assumption. The success rate has been deliberately set lower than those of positive housing and welfare outcomes so as to be conservative (where it could have been justified to match the success rates that are associated with the housing and welfare outcomes above).

Finally, the modelling also assumes costs and benefits arise only within a single year. In reality, the benefits of successful outcome following advice could continue over a number of years, e.g. if an ELAP participant's welfare entitlement increases following advice and the increased entitlement lasts for several years. Again, the purpose of this simplification is to avoid overstating benefits.

6. The illustrative VfM of ELAP

This chapter describes the modelling analysis that was completed using the key assumptions in the previous chapter. It sets out the approach to checking confidence in the assumptions, as well as illustrative BCR results.

6.1 Sensitivity analysis

The purpose of a sensitivity analysis is to explore how much the expected outcomes of an intervention vary in response to key input variables. There is a reasonable degree of confidence in the assumptions used in the VfM modelling to represent the value of costs and benefits, as they are the best available from the research undertaken. But there is significant uncertainty around ELAP success rates and these therefore have had to be inferred. Our central scenario for success rates are those set out in the previous chapter. The BCRs also consider success rates that are:

- 5 percentage points lower than the central scenario (pessimistic)
- 10 percentage points lower than the central scenario (highly pessimistic)
- 5 percentage points higher than the central scenario (optimistic)
- 10 percentage points higher than the central scenario (highly optimistic)

These figures are in one sense, arbitrary, but provide illustrations at set intervals of how BCRs differ.

6.2 ELAP BCR

The results of the modelling exercise are recorded in Table 6 (costs and benefits) and Table 7 (net social gain and BCRs). Overall, the central scenario estimates a cost to the MoJ of £12.8 million over a 10-year period in 2023 prices. Meanwhile, £52.4 million in discounted benefits is projected (after netting out dis-benefits) from resolution of participants' debt, housing and welfare problems. The primary contributors to these benefits are increased subjective wellbeing from decreased debt arrears and increased take-up of benefit entitlements. Taking these factors into account, the total discounted net

benefit of the intervention amounts to £39.6 million, yielding a benefit-cost ratio (BCR) of 4.1.

When incorporating welfare weights into the analysis, the estimated benefits rise to £114.8 million, resulting in a net social gain of £101.9 million and a BCR of 8.9. Across the other scenarios, the BCRs range from 0.3 (highly pessimistic) to 7.8 (highly optimistic).

To note, there is no Green Book recommendation on whether to favour analysis with or without welfare weights – it is a tool to represent uncertainty.

Four other observations from the analysis that are of note:

- **Benefits are derived differently across social welfare law problem types.** For instance, the main benefit to resolving a housing problem comes from downstream savings to state services; the main benefit arising from resolution of a welfare problem arises from the marginal utility of gaining income from those on lower incomes (the results that incorporate ‘welfare weights’).
- **Positive BCRs are evident even under highly pessimistic success rates.** The highly pessimistic scenario reduces central scenario success rates by 10 percentage points. This would mean 7% of housing advice cases have a positive outcome, 21% of welfare advice cases have a positive outcome and 0% of debt advice cases have a positive outcome. Success rates this low may seem unlikely given that those being referred for early legal advice would theoretically have a problem. However, these levels are still associated with positive BCRs from delivery.
- **While there is limited comparable evidence, the BCRs seem comparably high.** For instance, a study in Australia looked at BCRs of legal representation in comparison to self-representation in court. The BCRs it calculated ranged from 1.6 to 2.25 (Productivity Commission, 2014).
- **Costs are proportional to the number of participants.** Providers get paid a fee for how many people receive advice. The more people that receive advice, the increased likelihood that they will experience better outcomes from the advice.

Table 6: Cost benefit analysis under different scenarios

	Highly Pessimistic	Pessimistic	Central	Optimistic	Highly optimistic
Estimated costs, real discounted (£ million)					
Total costs (to MoJ)	£12.8	£12.8	£12.8	£12.8	£12.8
Estimated dis-benefits and benefits, real discounted (£ million)					
Total dis-benefits (to other government services)	£28.4	£35.2	£42.1	£48.9	£55.7
Benefits to resolving HOUSING problem	£4.3	£7.1	£10.0	£12.8	£15.6
Benefits to resolving DEBT problem	£-	£21.2	£42.5	£63.7	£85.0
Benefits to resolving WELFARE problem (no welfare weight)	£28.4	£35.2	£42.1	£48.9	£55.7
Benefits to resolving WELFARE problem (with welfare weight effect)	£70.5	£87.4	£104.4	£121.4	£138.3
Total benefits (without welfare weight effect)	£4.3	£28.4	£52.4	£76.5	£100.5
Total benefits (with welfare weight effect)	£46.2	£80.6	£114.8	£149.0	£183.1

Table 7: Net social gain and BCR under different scenarios

Scenario	Central	Pessimistic	Central	Optimistic	Highly optimistic
Net social gains (loss), real, discounted (£ million)					
Without welfare weight effect	(£8.5)	£15.5	£39.6	£63.6	£87.7
With welfare weight effect	£33.6	£67.7	£101.9	£136.1	£170.3
Benefit-cost ratio (BCR)					
Without welfare weight effect	0.3	2.2	4.1	6.0	7.8
With welfare weight effect	3.6	6.3	8.9	11.6	14.3

7. Conclusions and recommendations

Despite the challenges in the adoption of ELAP, experience and evidence from the pilot-RCT evaluation offers significant insight for policymakers thinking about widening the scope of legal aid to address housing, debt and welfare issues. In terms of the VfM of early legal advice, the following are the key conclusions:

- **The illustrative BCRs suggest good returns on investment from early legal advice.** The central modelling scenario suggests a BCR of over 4 (excluding the welfare weight effect), which suggest significant public value. The research interviews as part of the ELAP evaluation also suggest that there is demand for early legal advice. This means that the factors critical to realising this public value are making referral routes to ELA effective, and understanding if the advice offer (e.g. 3 hours of legal advice) is enough to change the outcomes of someone with a social welfare law problem. Though it is important to note that the view was expressed in qualitative interviews that three hours was a small amount of time to try and address problems. Future early legal advice design should potentially focus on these two issues.
- **Evidence-based, monetisable costs and benefits mean credible BCRs for a policy of early legal advice can be produced.** For example, there are available figures on how savings may arise from reduced housing and homelessness applications to LAs, and how an increase in wellbeing would arise from resolving a social welfare problem (in part or in full). This means that illustrative BCRs can be produced, but also that there is potential for well-evidenced, robust BCRs to be produced if an effective referral mechanism for early legal advice could be established, and information on the outcomes of that advice could be collected.
- **The balance of unmonetisable costs to unmonetisable benefits do not suggest a lower BCR.** The unmonetised costs largely focus on the knock-on consequences of bringing people with social welfare law problems into a system whereby they can be signposted to other support. These costs may then generate a subsequent increase in public value if the support helps a person with outcomes. Equally, there are unmonetised benefits for ELAP participants (mainly

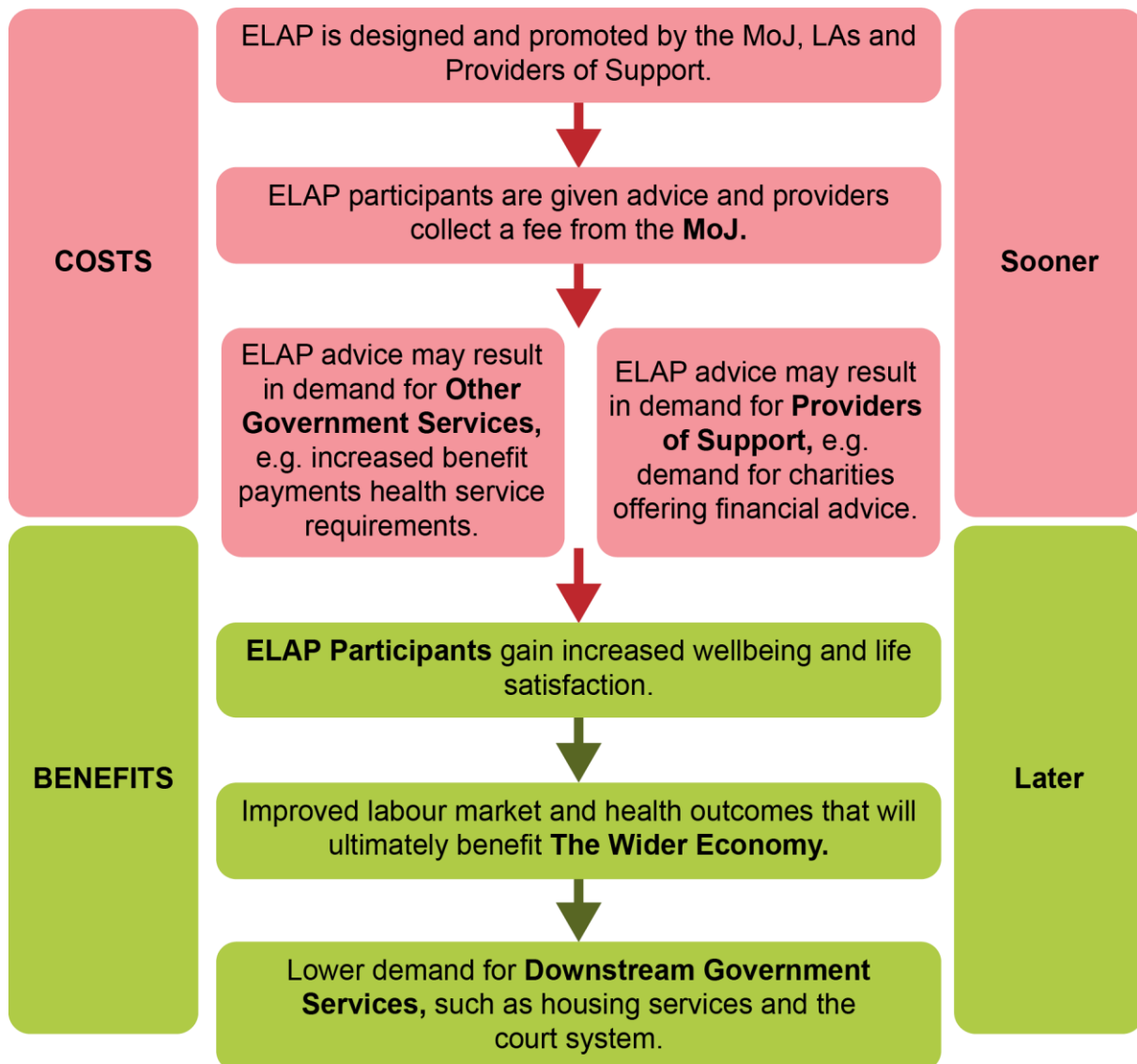
in how their subjective wellbeing might improve as a result of advice) and unmonetised benefits to the economy and society as a result of productivity and health gains that could result from people having their social welfare problems solved. While it cannot be said with certainty, unmonetised benefits could outweigh the unmonetised costs, suggesting a larger BCR if all costs and benefits could be calculated.

- **A key piece of information to produce greater insight from BCRs would be the success rates of advice.** Without a comparison between treatment and control group, which was not possible during the pilot-RCT, there is no current method of establishing the extent to which benefits, that are expected to result from advice, arise. Hence, any calculation of BCRs is theoretical and must be viewed in this context to consider VfM. Annex IV includes further suggestions for how a VfM exercise could be enhanced.
- **The resolution of each type of social welfare problem can generate significant benefits.** While the magnitude of benefits depend on the severity of the problem, in isolation, the resolution of a debt, housing or welfare problem can lead to significant £ increases in public value. These problems can obviously interlink and reinforce each other, implying that increases in public value may be amplified, and that there is no benefit to prioritising advice of one social welfare problem above another. Moreover, from what previous evidence tells us, the resolution of each type of social welfare law problem generates different types of benefits, e.g. the resolutions of a housing problem generates more value to the state than the resolution of a welfare problem, which generates more value to the individual.

Annex I

Costs converted to benefits

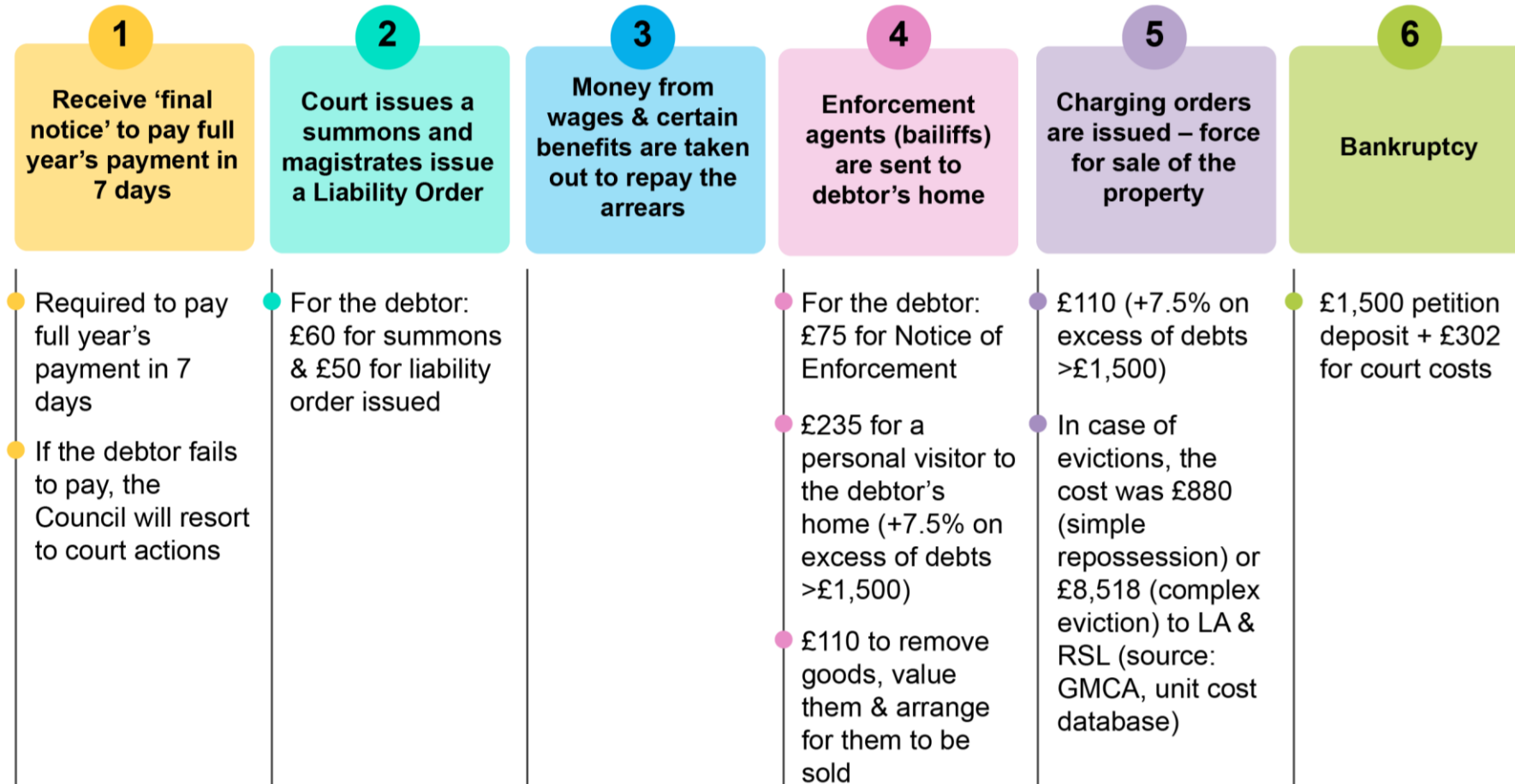
Figure 2: The conversion of costs into benefits through ELAP



Annex II

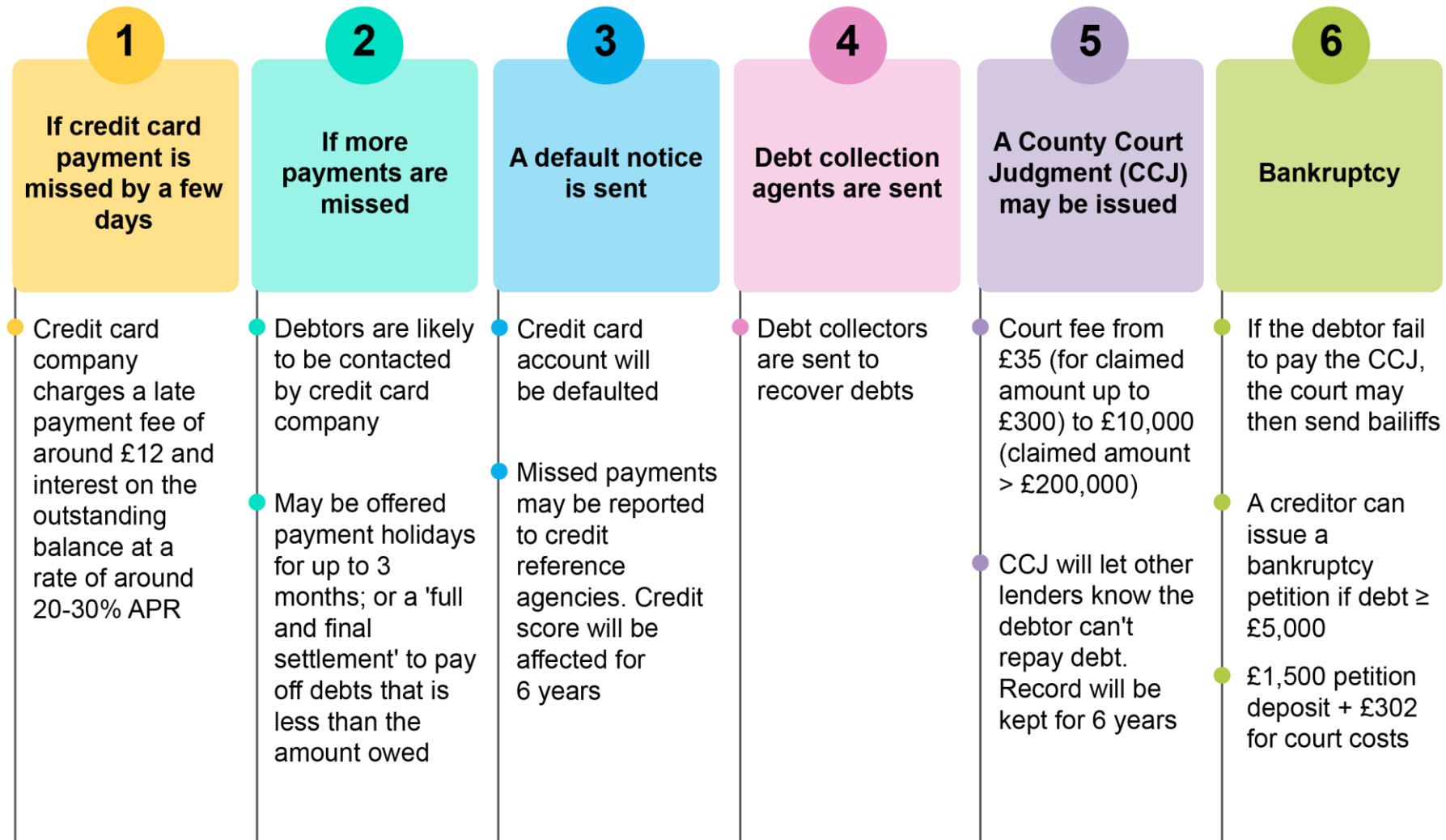
Examples of escalation

Figure 3: Example Journey of somebody in council tax arrears



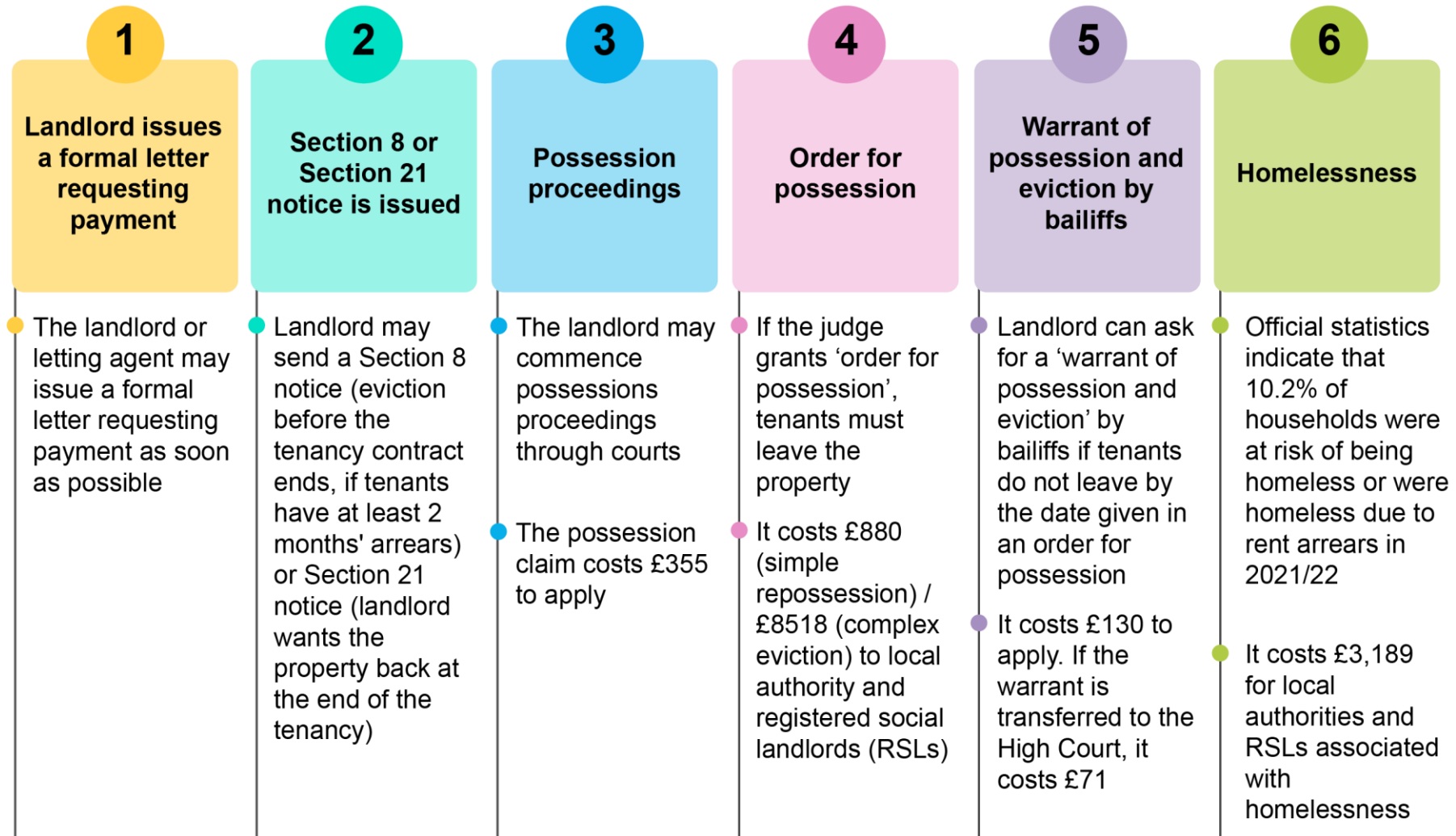
Sources – (GMCA, 2022; Harrow Council, 2014; Ipswich Borough Council, 2023; Money to the Masses, 2022; National Debtline, 2023; Tunbridge Wells Borough Council, 2023; UK Government, 2023)

Figure 4: Example journey of someone missing credit card payments



Sources – (Money, 2021; MoneyNerd, 2023; Pave, 2022; Step Change Debt Charity, 2023; UK Government, 2023)

Figure 5: Example journey of someone in rent arrears



Sources – (Alan Boswell Group 2017, Alan Boswell Group, 2022; Citizens Advice, 2021; Department for Levelling Up, Housing & Communities, 2023; GMCA, 2022, Ministry of Housing, Communities & Local Government, 2023)

Annex III

Outline modelling considerations

The following are key assumptions made in the illustrative modelling:

- **The number of ELAP participants grows over time.** In the first year of period there are assumed to be 800 ELAP participants (the original number that was expected to take part in the ELAP pilot-RCT). It is then assumed that ELAP participants grow each year as more people become aware of the service, and referral routes become more effective. To note, policy design may put a cap on the number of participants that take part in the scheme, but this is not included in the modelling results.
- **Social welfare law problems and success rates remain constant during the period.** For example, the proportion of people that have a housing, debt or welfare problem remains the same. This could potentially change over time, however. For example, housing problems could become more prominent as the cost of living increases and real wages fall; success rates could change once providers become established with experienced staff.
- **Costs and benefits arise only within a single year.** In reality, the benefits of successful outcome following advice could continue over a number of years, e.g. if an ELAP participant's welfare entitlement increases following advice and the increased entitlement lasts for several years. Again, the purpose of this simplification is to avoid overstating benefits.
- **Only assumptions that are evidence-based are included (unless absolutely necessary).** For example, there is no evidence on how the resolution of a housing problem affects wellbeing. Therefore, no wellbeing impact for the resolution of a housing problem has been modelled.¹⁰

¹⁰ There is potentially some data relevant to housing and wellbeing that is collected, but the cost of obtaining it was prohibitive for this project.

- **Wellbeing benefits are set to a minimum.** For example, if a participant had a debt and a housing problem, the model assumes that wellbeing benefits are generated from resolving one of them. The purpose of this simplification is to avoid overstating benefits, e.g. a participants' wellbeing may increase by a greater amount if both the debt and housing problem are resolved simultaneously, but there is nothing in the available literature to suggest if this is the case, and by how much the additional uplift would be.

Annex IV

Wider cost and benefit considerations

The difficulty in measuring some outcomes. Somebody who is experiencing a social welfare law problem today could potentially require homelessness and housing services, or have interactions with the court system, months or years in the future. To establish whether the costs that this would impose on public services are avoided following advice, would require data, such as records of homelessness applications or on court orders imposed. Obtaining this type of data was explored as part of the ELAP Feasibility Study, but issues around data security and timeliness of access made acquiring the data unrealistic. Even a study with significant resources would experience challenges in access, making the identification, measurement and quantification of the full range of final outcomes challenging.

The location of advice could affect the scale of costs and benefits. One example is that the cost of rehousing somebody who has faced eviction will differ across areas depending on factors such as the cost and availability of social housing. Another example is the local landscape for advice, whereby the BAU will differ according to location, e.g. in a place with no BAU advice the benefits of early legal advice are potentially higher than in areas with no BAU legal advice.

Successful early legal advice could change the distribution of economic activity. For instance, if social welfare problems can be addressed at an earlier stage then it could mean that bailiffs will have less work. Hence, there needs to be an assumption about what happens to the resources that would have been used for bailiff activity instead – a straightforward assumption would be that the resources would be used to generate an equivalent amount of activity elsewhere in the economy.

Table 8: Wider cost considerations for policymakers

Cost description	Wider considerations
Creating referral routes	The resources dedicated to creating referral routes for ELAP were largely ineffective. It is unknown whether creating more effective referral routes would cost more, the same or less than those observed in ELAP. Equally, once effective referral routes are established, the cost of maintaining them may fall as local awareness and signposting become embedded.
Advice provision	Note that the fee uplift may not exist without the additional reporting required, and could revert back to the standard legal aid fee for a wider rollout of ELAP. Provider questionnaires yielded different views on the suitability of the fee. Two of three providers felt that the level of the fee was not an issue, instead arguing that the uncertainty of demand for advice under ELAP added uncertainty into financial planning. One provider felt the fee was too low, suggesting a £500 fee would be more suitable.
Managing ELAP	Managing an ELAP type programme that is not time-limited will require ongoing resource costs to administer.
Increased demand for Government services	While this is listed as a cost, those receiving the support from other government services should experience a benefit. For example, the cost to the DWP of an increased benefit entitlement will be a benefit to the recipient of their increased entitlement (and will even offset the cost due to so-called 'Welfare Weights').
Increased demand for Providers of Support	As above.

Table 9: Wider benefit considerations for policymakers

Benefit description	Wider context
Reduced housing problems	<p>Access to administrative data from Local Authorities would potentially provide more information on housing outcomes. This may be difficult to obtain – see later section entitled, “Further cost and benefit considerations”.</p> <p>Despite the lack of monetisation, policymakers should be aware of these potential benefits as they could be significant. Equally, if early legal advice does not generate these benefits, then subsequent services that ELAP participants are referred on to have the potential to do so.</p>
Reduced debt problems	

Benefit description	Wider context
Reduced welfare problems	While increased benefit payments are listed as a cost to DWP, those costs can be regarded as translating into a net benefit. The Green Book states that in weighted analysis, financial benefits for lower income households are given a higher social value than the equivalent benefits for higher income households (HM Treasury, 2022)
Reduced interaction with the court system	Note that in Middlesbrough, potential ELAP participants were already at the point of having a liability order issued. Hence, the process costs of setting the orders in motion, and the process of the participant paying were already in motion. This means that participants' social welfare problems were at different stages across the two areas, and any analysis should recognise this.

Annex V

Monetisable and unmonetisable costs

The table shows monetisable (“Yes”) and unmonetisable (“No”) costs.

Table 10: Summary of monetisable and unmonetisable costs

	The MoJ	Other Government Services	Local Authorities	Providers of Support
Creating referral routes	Yes -	0	0	No -
Advice provision	Yes -	0	0	0
Managing ELAP	Yes -	0	No -	No -
Increased demand for Government services	Yes -	Yes -	No -	0
Increased demand for Providers of Support	0	0	0	No -

Key: “Yes” denotes monetisable, “No” denotes unmonetisable, ‘+’ denotes a net benefit; ‘-’ denotes a net cost; ‘0’ denotes neither cost nor a benefit.

Annex VI

Monetisable and unmonetisable benefits

The table represents monetisable (“Yes”) and unmonetisable (“No”) benefits.

Table 11: Summary of monetisable and unmonetisable benefits

	Downstream Government Services	ELAP participants	The wider economy
Reduced housing problems	Yes +	No +	No +
Reduced debt problems	0	+	No +
Reduced welfare problems	0	+	No +
Reduced interaction with the court system	Yes +	No +	0

Key: “Yes” denotes monetisable, “No” denotes unmonetisable, ‘+’ denotes a net benefit; ‘-’ denotes a net cost; ‘0’ denotes neither cost nor a benefit.¹¹

¹¹ Idea taken from The Work Programme: A quantitative assessment, November 2020, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/937682/work-programme-quantitative-impact-assessment.pdf

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