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nef The New Economics Foundation is a registered charity founded in 1986 by the leaders of The Other Economic Summit (TOES), which forced issues such as international debt onto the agenda of the G7/G8 summit meetings. It has taken a lead in helping establish new coalitions and organisations, such as the Jubilee 2000 debt campaign; the Ethical Trading Initiative; the UK Social Investment Forum; and new ways to measure social and environmental well-being.

Tomorrow's People's Getting Out to Work (GOTW) initiative in Merseyside provides intensive support and advocacy to ex-offenders on a one-to-one basis to ensure they gain long-term, sustainable employment.

Tomorrow's People commissioned **nef** (the new economics foundation) to conduct an independent evaluation of GOTW that assesses the initiative's impact in terms of its effectiveness and its social and economic return to the wider community.

In this report we present the findings of our evaluation. We discuss the effectiveness of the initiative relative to its objectives and to national averages. We then estimate the social and economic returns generated by GOTW, using **nef**'s approach to Social Return on Investment (SROI) analysis. Finally, we make six recommendations based on our findings.

Getting Out to Work Merseyside: A Social Return on Investment Analysis

September 2004

DIAGEO

GREAT BRITAIN

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1. Executive summary

In 2003, Merseyside continued to suffer some of the highest deprivation and unemployment rates in the country. In April 2003, at the start of the Getting Out to Work (GOTW) initiative, unemployment across Merseyside was 7.7 per cent versus 5.2 per cent in Northwest England and 5.1 per cent nationally.¹ Among those facing the greatest barriers to sustainable employment were young offenders, for whom recidivism was a chronic problem.

Tomorrow's People's GOTW initiative in Merseyside aims to reduce re-offending rates and improve employment in the local area by helping young offenders gain long-term, sustainable employment. The programme takes a holistic approach to service delivery, and has established a network of multi-agency partnerships at the local, regional, and national levels, and throughout the private, public, and voluntary sectors.

GOTW targets ex-offenders 16–24 years of age who are unemployed and seeking employment, self-employment, or vocational training. Eligible participants must live in one of the boroughs of the Merseyside Objective One area (Knowsley, Liverpool, St Helens, Sefton, and Wirral). The programme provides intensive, one-to-one support over a prolonged period to help individuals find and sustain long-term employment.

GOTW outcomes evaluation

Tomorrow's People commissioned **nef** to conduct an independent evaluation of GOTW that assesses the initiative's impact in terms of its effectiveness and its social and economic return to the wider community. GOTW tracks clients for 12 months after employment, which is longer than we have found of similar studies in the literature review (Appendix B).

As of 30 June 2004, 39 ex-offenders who registered with GOTW during its first year were still registered with GOTW (i.e., some participants who joined GOTW later in the year did not yet have an outcome), and our evaluation is limited by assumptions made for these participants. We recommend that the analysis is repeated once outcomes have been established for all individuals.

Based on currently available results, **nef**'s evaluation reveals some positive outcomes. Importantly, in its first 12 months, the GOTW programme placed 17 per cent of its clients into jobs, exceeding funder objectives and regional averages. Further, re-offending rates for GOTW clients were 15–20 per cent lower than national averages.

As part of our evaluation, we estimated the social and economic returns generated by GOTW, using **nef**'s approach to social return on investment (SROI) analysis. SROI analysis is the process of understanding, measuring and reporting on the social, environmental and economic value that is created by an organisation.

nef's analysis projects that the incremental social value created by the GOTW programme is £492,000, or £4,470 per client. The projected SROI ratio is 10.5:1, and the payback period is 9 months, based on the 17 clients in sustained employment as of 30 June 2004. The required number of clients GOTW would need to assist into sustainable employment each year to break-even on the programme investment is 13 clients.

In addition, there are many, less tangible benefits that have not been incorporated into the model, and thus the social return calculations likely underestimate the true social value created by the GOTW programme. However, as stated above, outcomes are still unknown for 39 clients, which could have a significant impact on the social return calculations.

In conclusion, GOTW has shown that personalised, intensive support for ex-offenders can significantly improve their chances of finding long-term, sustainable employment. Moreover, sustainability of employment is arguably a key differentiating factor in the initiative's success.

Based on our evaluation, **nef** makes the following recommendations to improve the effectiveness of the GOTW programme:

- Consider increasing the number of staff, given the current strain on existing resources.
- Reconsider resource allocation for younger clients, who generally have lower outcomes.
- Re-assess relationships with partner organisations to better understand how they can work together more effectively.
- Generate more detailed reports from the client database, similar to those used in this evaluation, and consider using them nationally for comparative purposes.
- Collect data on starting wages and welfare benefits for each client, and advocate for compiling of sector benchmark data.
- Repeat analysis when outcomes data is available for all 110 clients.

2. GOTW programme background

Tomorrow's People's Getting Out to Work initiative provides intensive support and advocacy to ex-offenders on a one-to-one basis to ensure they gain long-term, sustainable employment.

In 2003, Merseyside continued to suffer some of the highest deprivation and unemployment rates in the country. In April 2003, at the start of the GOTW programme, unemployment across Merseyside was 7.7 per cent versus 5.2 per cent in Northwest England and 5.1 per cent nationally. Out of a total 118 wards across Merseyside, 23 (19 per cent) were in the top 1 per cent of the most deprived in England, while 51 (43 per cent) were in the top 5 per cent.²

Among those facing the greatest barriers to sustainable employment were young offenders, for whom recidivism is a chronic problem. According to the Home Office, more than half of all ex-offenders, and almost 75 per cent of those with 11 or more convictions, will be charged with further offences.³

The Social Exclusion Unit has identified nine key factors contributing to recidivism rates: education, employment, drug and alcohol misuse, mental and physical health, attitudes and self-control, institutionalisation and life-skills, housing, financial support and debt, and family networks.⁴ While employment is often the single most important factor in reducing re-offending rates, all causes can play a significant role. To mitigate all these potentially detrimental factors, initiatives targeting ex-offenders must work in concert with each other.

GOTW Merseyside initiative

GOTW aims to reduce re-offending rates and improve employment in the local area by helping young offenders gain long-term, sustainable employment. The programme takes a holistic approach to service delivery, and has established a network of multi-agency partnerships at the local, regional, and national levels, and throughout the private, public, and voluntary sectors. GOTW also aspires to build good practices locally that can be replicated to other regions in need of local employment projects.

Programme description

GOTW targets ex-offenders 16–24 years of age who are unemployed and seeking employment, self-employment, or vocational training. Eligible participants must live in one of the boroughs of the Merseyside Objective One area (Knowsley, Liverpool, St Helens, Sefton, and Wirral).

The programme provides intensive, one-to-one support over a prolonged period to help individuals find and sustain long-term employment. Working with a network of multi-agency partnerships, the initiative assists ex-offenders through six primary stages, described in Table 1.

Table 1: Key stages of GOTW Merseyside programme

| | |
|---------------------------------|---|
| 1. Offender assessment | Programme candidates are identified through a network of partners, including Probation Service, prisons pre-release programmes, Nacro, New Deal initiatives, and self-referral. |
| 2. Issues identification | A GOTW advisor meets with each candidate to assess the individual's personal barriers to employment. The advisor seeks to identify all related factors, such as drug and alcohol misuse, poor communication skills, low self-esteem, and financial problems. |
| 3. Action planning and advocacy | Based on the individual's issues assessment, the GOTW advisor develops a personal action plan that identifies what support programmes are needed to make practical changes. The advisor then works one-to-one with the individual to ensure the action plan is followed, and to advocate on behalf of the individual, organising his/her job search, training, or any specialist support. |
| 4. Job placement | The GOTW advisor identifies potential employers, contacts them on behalf of the individual, and 'sells' the individual to the employer. The advisor explains the individual's circumstances and ensures ongoing contact and support from GOTW Merseyside for the first 12 months of employment. Aftercare will also continue beyond the initial 12 months should the client feel in need of support. The advisor also works closely with the individual, doing whatever is necessary, to get and keep the job. This could include helping with mode of dress for interviews, accompanying the individual to interviews, and accompanying the individual to the door on his/her first day of work. |
| 5. After care (post employment) | During the first week of employment, the GOTW advisor makes separate contact with the employer and employee, daily if necessary, to ensure any initial problems are addressed quickly. In weeks two through four, the advisor makes contact twice weekly; in months two and three, once weekly; and in months three through six, as frequently as required. |
| 6. Monitoring and tracking | The advisor continues to track and monitor the individual in sustained employment up to one year after leaving the programme. |

Partner organisations

Tomorrow's People receives client referrals from a variety of organisations, including four local prisons, five local probation offices and the ISSP-Youth Offending Team, which referred virtually all of the 16–17-year-old clients. In addition, Tomorrow's People received referrals from 12 non-statutory organisations, including NSC Training, CREATE and Prince's Trust, as well as three self-referrals. Furthermore, based on the individual's issues assessment, Tomorrow's People will also refer clients to other organisations where appropriate, most commonly to work-related training programmes. By the time a client obtains a sustainable job, s/he likely would have received support from one-to-four other organisations. Importantly, each of these partner organisations have advanced clients toward the desired outcomes of sustainable employment and reduced re-offending.

Funder targets

The two funders of GOTW are Diageo Great Britain and the European Social Fund (ESF). Diageo is providing £25,000 per year for three years, beginning in March 2003. ESF is matching this funding for two years at an intervention rate of 45 per cent. Each funder has different outcomes targets for their funding, as described below.

Diageo Great Britain

As part of its commitment to Tomorrow's People, Diageo Great Britain set out four key targets for the first year of the GOTW Merseyside programme:

- Eight to twelve programme participants moving into sustained jobs.
- Four programme participants moving into self-employment.
- Four programme participants moving into voluntary work placements.
- Significant reduction of re-offending rates for participant group.

European Social Fund (ESF)

ESF's main target is beneficiary hours working with the client group of 16–24-year-old ex-offenders. Specifically, ESF's key target is 163 clients helped by the programme over two years.

3. GOTW programme outcomes

In its first 12 months, the GOTW programme placed 17 per cent of its clients into jobs, exceeding funder objectives and regional averages. Re-offending rates for GOTW clients were 15–20 per cent lower than national averages.

nef's outcomes and SROI analysis comprises those 110 clients who registered with the GOTW programme from 1 April 2003 until 31 March 2004, and represents all outcomes that occurred for those individuals through 30 June 2004. Three of the clients who obtained jobs subsequently moved away and are no longer tracked by the programme, though the analysis gives GOTW credit for a sustainable job outcome for each of these individuals.

Based on funder objectives, 'sustained' employment is defined as a job held for a minimum period of one year. However, given that this analysis was conducted only a few months after the initial period ended on 31 March, only five met this criterion as of 30 June (six as of mid-July). In fact, most clients started their jobs less than one year ago, and so cannot be properly assessed for at least another 12 months. In our analysis, we treat all job outcomes maintained as of 30 June as sustained employment.

'Suspended' clients are those with whom Tomorrow's People has lost contact, and thus are no longer monitored by the programme. Based on Tomorrow's People's guidance, our analysis assumes, as a starting point, that all suspended clients have re-offended. A sensitivity analysis on this assumption is included in Appendix A.

As of 30 June 2004, 39 ex-offenders who registered with GOTW during its first year were still 'open' clients; that is, they had not yet had an outcome. Thus our evaluation is limited by assumptions made for this participant group, and we recommend that the analysis be repeated once outcomes have been established for all individuals; that is, when (1) there are no remaining 'open' clients in the cohort; and (2) all clients who obtained jobs have sustained those jobs for at least one year (or had a second outcome, such as further education or re-offending).

The data source for the analysis is management information maintained by Tomorrow's People Merseyside.

Outcomes analysis

Of the 110 new registrants, 19 successfully obtained jobs, 17 of whom remained employed as of 30 June 2004. Of the remaining two, one was suspended, and the other returned to GOTW as an 'open' client. Additionally, 19 clients commenced training, seven of whom eventually obtained jobs, eight of whom were suspended, and four of whom remained in training as of 30 June. No clients sought or received self-employment or voluntary employment.

As of 30 June, 14 of the 110 clients were in aftercare, 39 were open clients, 54 had been suspended, and 3 had moved out of the area and thus were no longer being monitored (though are treated as sustained job outcomes).

Clients gained work in a range of jobs, with the most common jobs found in heavy industry (5 of the 19 clients), retail (3), construction (2), and sports and leisure (2). All of the clients who obtained work were white, and one was female (out of seven total females).⁵

Outcomes varied substantially by referring organisation, age and qualifications held by the client. Notably, there were no meaningful variations of job outcome by time unemployed. These differences are detailed in Table 2 and discussed in turn below.

Case study: Client A

Client A grew up in Wirral and left school at an early age. He soon became involved in a life of crime, resulting in a series of prison sentences. At age 21, Client A had neither meaningful work experience nor qualifications, and spent his 21st birthday in HMP Altcourse in Liverpool.

Client A learned of GOTW at a Resettlement Fair held at HMP Altcourse, where he met Roger Thomas, a Tomorrow's People client advisor. Upon his release a few weeks later, Tomorrow's People re-engaged with Client A, commencing a series of one-on-one consultations. Through these discussions, Client A informed Roger that a family friend told him of a local job opening with a waste services company. Roger encouraged Client A to apply, and offered to support him in obtaining a SCAT (safety passport), which was required for the job.

Acting on his client's behalf, Roger contacted Client A's JobCentre Plus office and the Task Force at his borough council's Enterprise and Training Unit to arrange for Client A to register for the SCAT course on the following day. Roger also helped Client A claim the government funding available to him to pay for the course, as well as conducting a mock interview prior to Client A's job application.

Following his interview at the waste services company, Client A was offered a job as an Industrial Cleaner, with an hourly rate above the minimum wage, and commenced employment just four weeks after his release from prison. Tomorrow's People maintain contact with Client A and his employer, and, as of the date of this report, Client A is just a few weeks shy of his first anniversary as an employee.

Job outcomes by referring organisation

Overall, referrals from voluntary organisations had higher outcomes. The success of these organisations, relative to institutional referrals (i.e., HM Prisons, Probation Service, ISSP Unit), is due largely, we believe, to two factors.

First, voluntary organisations tend to refer older individuals, who in general have higher outcomes. Second, these clients, having come through another organisation after leaving prison or the Probation service, have received additional support (such as skills training), and thus have a greater *distance travelled*. That is, they have come 'further along the path' to finding a sustainable job by accessing such support.

Table 2: GOTW Merseyside outcomes summary

| GOTW Merseyside outcomes summary | | | | | | | |
|----------------------------------|------------|-----------|------------|-----------|------------|-----------|------------|
| | New reg. | Jobs | | Active | | Suspended | |
| | | Total | % of reg | Total | % of reg | Total | % of reg |
| Referring organisation | 110 | 19 | 17% | 56 | 51% | 54 | 49% |
| <u>Probation Service</u> | <u>36</u> | <u>4</u> | <u>11%</u> | <u>18</u> | <u>50%</u> | <u>18</u> | <u>50%</u> |
| Central Liverpool: Crown Street | 6 | 0 | 0% | 4 | 67% | 2 | 33% |
| East Liverpool: Old Swan | 3 | 0 | 0% | 3 | 100% | 0 | 0% |
| Knowsley: Kirby | 4 | 1 | 25% | 2 | 50% | 2 | 50% |
| South Liverpool: Speke | 3 | 1 | 33% | 3 | 100% | 0 | 0% |
| Wirral | 18 | 2 | 11% | 6 | 33% | 12 | 67% |
| Black Mentoring Project | 2 | 0 | 0% | 0 | 0% | 2 | 100% |
| <u>Prisons</u> | <u>15</u> | <u>2</u> | <u>13%</u> | <u>7</u> | <u>47%</u> | <u>8</u> | <u>53%</u> |
| HMP Altcourse | 5 | 1 | 20% | 1 | 20% | 4 | 80% |
| HMP Lancaster Farms | 1 | 0 | 0% | 1 | 100% | 0 | 0% |
| HMP Liverpool | 6 | 1 | 17% | 3 | 50% | 3 | 50% |
| HMP Thorncross | 3 | 0 | 0% | 2 | 67% | 1 | 33% |
| ISSP Unit, Youth Offending Team | 31 | 0 | 0% | 13 | 42% | 18 | 58% |
| <u>All others</u> | <u>28</u> | <u>13</u> | <u>46%</u> | <u>18</u> | <u>64%</u> | <u>10</u> | <u>36%</u> |
| NSC Training | 8 | 4 | 50% | 5 | 63% | 3 | 38% |
| CREATE | 4 | 2 | 50% | 2 | 50% | 2 | 50% |
| Progress2Work | 4 | 1 | 25% | 3 | 75% | 1 | 25% |
| Self referral | 3 | 1 | 33% | 2 | 67% | 1 | 33% |
| Other | 9 | 5 | 44% | 6 | 56% | 3 | 44% |
| Age | 110 | 19 | 17% | 56 | 51% | 54 | 49% |
| <u>21-24</u> | <u>50</u> | <u>14</u> | <u>28%</u> | <u>30</u> | <u>60%</u> | <u>20</u> | <u>40%</u> |
| 23-24 | 20 | 8 | 40% | 12 | 60% | 8 | 40% |
| 21-22 | 30 | 6 | 20% | 18 | 60% | 12 | 40% |
| <u>Under 21</u> | <u>60</u> | <u>5</u> | <u>8%</u> | <u>26</u> | <u>43%</u> | <u>34</u> | <u>57%</u> |
| 18-20 | 30 | 4 | 13% | 13 | 43% | 17 | 57% |
| 16-17 | 30 | 1 | 3% | 13 | 43% | 17 | 57% |
| Qualifications | 110 | 19 | 17% | 56 | 51% | 54 | 49% |
| <u>NVQ1 and above</u> | <u>39</u> | <u>11</u> | <u>28%</u> | <u>25</u> | <u>64%</u> | <u>14</u> | <u>36%</u> |
| NVQ3 or equivalent | 4 | 1 | 25% | 4 | 100% | 0 | 0% |
| NVQ2 or equivalent | 21 | 7 | 33% | 11 | 52% | 10 | 48% |
| NVQ1 or equivalent | 14 | 3 | 14% | 10 | 64% | 4 | 36% |
| <u>None to NVQ1</u> | <u>61</u> | <u>6</u> | <u>10%</u> | <u>26</u> | <u>43%</u> | <u>35</u> | <u>57%</u> |
| Below NVQ1 | 13 | 3 | 23% | 7 | 54% | 6 | 46% |
| None | 48 | 3 | 6% | 19 | 40% | 29 | 60% |
| Other | 10 | 2 | 20% | 5 | 50% | 5 | 50% |
| Time unemployed | 110 | 19 | 17% | 56 | 51% | 54 | 49% |
| 0-6 months | 17 | 3 | 12% | 10 | 53% | 7 | 47% |
| 6-11 months | 21 | 5 | 24% | 13 | 62% | 8 | 38% |
| 12-23 months | 33 | 5 | 15% | 12 | 36% | 21 | 64% |
| 24-35 months | 16 | 2 | 13% | 9 | 56% | 7 | 44% |
| 36+ months | 23 | 4 | 17% | 12 | 52% | 11 | 48% |

*Note: 'Active' refers to both open clients and those in aftercare. Active clients and suspended clients equal total new registrations.

Case study: Client B

Client B grew up in Liverpool and left school at the age of 15. Unfortunately, Client B soon became involved in crime, which led to a period of imprisonment. However, before being released at the age of 21, Client B achieved a number of qualifications during his time in prison, including GCSE passes in Mathematics and French; several First Aid qualifications; OCR Stage 1 Computers; Key Skills Stages 1 and 2 Adult Literacy; Food Hygiene Certificate; BOWLA Leaders Award (weight-training); and City & Guilds in Wall and Floor Tiling; as well as various Sports Certificates.

Following his release from prison in 2002, Client B was referred to GOTW by his JET Job Guidance officer in 2003, and soon began working with Steve Gavin, a Tomorrow's People client advisor. In supporting Client B's job search, Steve helped Client B with his career evaluation, CV writing and mock interviews, in addition to accompanying him to meetings to assist with job application forms.

The hard work paid off: four weeks after Client B's first meeting with Tomorrow's People, he was offered a job as Commis chef at a local bar in Liverpool. Following Client B's acceptance of the offer, Steve helped Client B open his first-ever bank account and arranged for him to obtain a free bus pass from Reed in Partnership so he could travel to work.

Tomorrow's People continued to maintain contact with both Client B and his new employer. Unfortunately, despite a promising start, three months later Steve received a call from Client B's line manager informing him that Client B did not show up for work that morning and could not be contacted. Tomorrow's People quickly responded by arranging to meet with Client B near his home, where Steve learned that, for short-term personal reasons, Client B could not go to work that week.

Tomorrow's People counselled and advised Client B against taking time off work without his employer's prior permission, and arranged for him to contact his line manager from their office. Facilitated by Tomorrow's People, Client B and his line manager had a one-on-one discussion, during which Client B was given additional time off to sort out his personal issues. Client B returned to work one week later, and, on 14 July 2004, celebrated his one-year anniversary as an employee.

Job outcomes by age

GOTW were more likely to be successful with older than younger clients. In particular, the 16–17-year-old group proved especially difficult, with only one youth, referred by Apex Trust, obtaining a sustainable job. As reported above, none of the referrals from the ISSP Unit had obtained a sustainable job as of 30 June.

Success rates improved with age. Of the 30 clients aged 18–20, 4 (13 per cent) obtained a job. For clients aged 21–22, the results were six out of 30 (20 per cent); and for those aged 23–24, 8 out of 20 (40 per cent). Moreover, the drop-out rate was much lower for clients aged 21–24 (40 per cent) than those under 21 (57 per cent).

The relative success of older clients is likely to be due to personal maturity and wider personal networks, which may be more likely to encompass individuals outside the clients' traditional criminal networks, and to self-selection bias. Notably, non-institutional referring organisations – which had higher success rates – tended to refer older individuals.

Job outcomes by qualifications

Clients with higher qualifications were more likely to obtain sustainable jobs than those with lesser or no qualifications. For example, 11 out of 39 clients (28 per cent) with NVQ1 or higher qualifications obtained a job, and only 36 per cent had dropped out of the programme. In contrast, 6 out of 61 clients (10 per cent) with no or minimal qualifications obtained a job, and almost 60 per cent had subsequently dropped out of the programme.

Considering GOTW outcomes in a wider context

In this section we place GOTW outcomes in the context of funder objectives and make an assessment of what would have happened to the participants if GOTW did not exist. The literature review in Appendix B, which sets out information about studies of similar initiatives, was used to support this assessment.

Funder objectives

Diageo Great Britain had several participant-related outcome targets. With 19 job outcomes in its first year, GOTW comfortably exceeded Diageo's target of 8–12 sustainable jobs. However, none of the participants moved into either self-employment or voluntary work placements, despite the target of four participants in each category. Tomorrow's People Merseyside attributes these results to the nature of its participant population, and in retrospect, believes that they may have been unrealistic targets.

Secondly, Diageo sought to reduce re-offending rates for the participant group. Impressively, the reconviction rate for GOTW clients was substantially below national averages. Re-offending rates were 40 per cent for clients aged 21–24, and 57 per cent for those under 21, compared to national averages of 62 per cent and 71 per cent, respectively, for those offenders reconvicted within two years of discharge from prison or commencement of probation order.⁶

Finally, Diageo aimed to establish a network of multi-agency partnerships and to develop replicable best practices. GOTW is clearly part of a broad, synergistic regional network of state institutions and independent organisations. Indeed, we believe that this network contributed to the programme's success.

Whether or not GOTW best practices are replicable has not been tested. Moreover, based on anecdotal evidence, personal relationships within the partner network, which inherently are not replicable, may also contribute significantly to the programme's success, albeit not quantifiably. For instance, according to Mhairi Doyle at JobCentre Plus, much of the work shared between Progress2Work (a JobCentre Plus initiative) and GOTW originated from a pre-existing relationship Mhairi had with Steve Gavin, a GOTW employee. Furthermore, GOTW guidance suggests that the attitude and motivation of each individual client are perhaps the greatest determinants of success.

ESF's primary target for the programme was 163 new registrations over two years. In its first year, GOTW registered 110 new clients (135 through 18 June), and so is on track to achieve this objective.

What would have happened anyway (deadweight)

Robust data on offenders moving into sustained employment unfortunately does not exist, due in part to ex-offenders being such a difficult population to monitor over a sustained period. Many ex-offenders do not apply for job-seekers allowance (JSA) at JobCentre Plus—and many of those who do do not reveal that they are an ex-offender—and so are excluded from claimant counts. Thus we can only make assumptions about the difficulty of finding employment for ex-offenders relative to other unemployed job seekers, and consequently, deadweight.

Based on NOMIS data, roughly 12 per cent of JSA claimants in Merseyside find a job each month. Using this as our starting assumption, the GOTW programme had a 5 per cent *incremental* impact (i.e., 17 per cent minus 12 per cent = 5 per cent) on moving ex-offenders into employment. However, we expect that ex-offenders may face greater difficulty in obtaining sustainable employment, and so we also test the sensitivity of this assumption.

The GOTW programme's impact on re-offending rates was discussed under funder objectives. To summarise, based on national averages, we would assume that, without the intervention, re-offending rates would have been 62 per cent for GOTW clients aged 21–24 and 71 per cent for those under 21.

This translates into an average of roughly 66 per cent for the overall client group, implying that one-third of clients would *not* have re-offended anyway.

Thus, while 56 clients had not re-offended as of 30 June, we assume that 37 (33 per cent of 110) of them would not have re-offended anyway, which is the deadweight.

Actual re-offending rates were much lower than national averages, as illustrated in Table 3. Overall re-offending rates of GOTW clients were 17 per cent lower than the national average.

Table 3: GOTW and national average re-offending rates

| | Overall | 21–24 | Under 21 |
|------------------|---------|-------|----------|
| GOTW rate | 49% | 40% | 57% |
| National average | 66% | 62% | 71% |
| Difference | 17% | 22% | 14% |

4. Social return on investment

SROI analysis captures the social value created by charities by translating social objectives into financial measures.

The **nef** SROI framework helps organisations understand and quantify the social value that they are creating. It is a measurement approach, developed from traditional cost-benefit analysis that captures the economic value of social benefits by translating social objectives into financial measures.

What is SROI?

SROI analysis is the process of understanding, measuring and reporting on the social, environmental, and economic value that is created by an organisation. For example, when a previously unemployed person completes a training programme and starts a new job, not only does s/he increase his/her personal income, but also s/he creates value for the government by paying taxes and no longer claiming welfare benefits. Thus, the impacts of the training programme are both social and economic, the value of which SROI was designed to measure.

SROI is the discounted, monetised value of the social value that has been created and which can be measured by an organisation. Comparing this value to the investment required to achieve that impact produces an SROI ratio. It takes standard financial measures of economic return a step further by capturing social as well as financial value.

nef's approach

SROI was pioneered by REDF, a San Francisco-based venture philanthropy fund. The concept has since been adopted by organisations in various fields, including social enterprise, socially responsible investing (SRI) and government, in an attempt to assess social aspects of their investments. However, there is no universally accepted method of assessing social returns.

In 2003, **nef** began exploring ways in which SROI could be tested and developed in a UK context. An important goal of the project was to advance an approach to SROI that is as widely applicable and usable as possible.

Three key features of **nef's** SROI framework are a stakeholder approach, an impact map and an estimation of the value that would have been created irrespective of the intervention (referred to by **nef** as 'deadweight').

First, as it is based on social and environmental accounting principles, **nef's** approach makes explicit a process for involving stakeholders, in which each stakeholder identifies his/her own social objectives for the programme.

Secondly, **nef**'s impact map provides a framework for organisations to better understand how their work creates impacts, and gives them a pathway to start impact measurement at a point appropriate to their own organisational capacity and priorities. By developing an understanding of the 'business' of the organisation, how it meets its objectives, and how it works with its stakeholders, an organisation can create its own impact map, linking inputs (resources) through to impacts through four distinct levels: inputs, outputs, outcomes, and impacts.

Third, **nef**'s SROI analysis provides a method for estimating how much of the benefit would have happened anyway (i.e., 'deadweight') by making use of available benchmark data.

Furthermore, the **nef** framework recognises that there will be some benefits that are important to stakeholders but which cannot be monetised. An SROI analysis should not be restricted to one number, but rather it presents a framework for exploring an organisation's social impact, in which monetisation plays an important but not exclusive role. The seven key stages to SROI analysis are outlined in Table 4 of Appendix A.

SROI analysis of the GOTW initiative

SROI analysis is particularly suitable to the GOTW programme, which generates monetisable social benefits such as increased employment and reduced crime. For example, we can measure and monetise the social value of increased employment to the client, through net increased income (i.e., wages less lost welfare benefits and increased taxes), and to the State, through reduced welfare payments paid and increased tax contribution gained. The social value created by GOTW is assessed against the programme's investment, measured by grant funding.

Our analysis does not attempt to measure less tangible benefits, such as increased life stability, which are potentially significant. Thus, the social returns calculated in this analysis will understate the true social value created by the GOTW programme.

In this section we present a summary of the social return calculations. We also consider the impact of *deadweight* (i.e., what would have happened anyway, without the help of GOTW) and *drop-off* (i.e., the assumption that created social value will decrease over time as some clients will relapse to criminal behaviour). Please refer to Appendix A for more detail on **nef**'s SROI analysis of the programme.

Attribution

Given the complex needs of GOTW clients, they typically access a variety of support services, such as the GOTW programme, to help them achieve their goals of finding a job and 'going straight'. Therefore, the social value created by increased employment and reduced crime is shared by all organisations that have advanced the clients toward these outcomes.

To calculate social return, the total value created would ideally be assessed against total investment, that is, the grant funding (or other relevant financing) of all contributing organisations. As this information is not available, however, **nef** takes a top-down approach to estimate the share of the outcome attributable to the GOTW programme. *Given that GOTW clients on average receive support from two-to-four organisations, we attribute 33 per cent of the created social value to GOTW.*

Value added

Value added measures, in absolute terms, the value that an organisation has created through its activities. It is the difference between the net present value of benefits and the net present value of investment.

[Value Added] = [Net Present Value of Benefits] – [Net Present Value of Investment]

The social value created by the programme over a five-year period is projected to be £543,000. This translates into value added of £492,000, that is, the social value of the programme over and above the costs of the investment (£51,600 grant funding). Value added per client is £4,470.

GOTW valued added: £491,700 = £543,300 - £51,600

SROI

SROI measures the value of the benefits relative to the costs of achieving those benefits. It is the ratio between the net present value of the benefits to the net present value of the investment. For example, a ratio of 3:1 indicates that an investment of £1 delivers £3 in social value.

$$[\text{SROI}] = \frac{[\text{Net Present Value of Benefits}]}{[\text{Net Present Value of Investment}]}$$

The projected SROI ratio for the GOTW is 10.5:1. Thus, we can expect that, for every £1 invested in the programme, £10.50 of social value would be created for society in terms of reduced welfare costs, increased tax contribution, and reduced costs of crime. Although comparable data does not yet exist for similar programmes, any return greater than 1:1 is a good result, and argues for further investment.

$$\text{GOTW SROI: } \underline{10.5:1} = \text{£543,300} / \text{£51,600}$$

Payback period

Payback period is the period over which the value of the benefits equals the value of the investment. It is the minimum period over which the benefits should occur for the investment to be worthwhile; the longer the period required before positive returns are achieved, the riskier the return. A short payback period is generally desirable. However, a long payback period is a feature of activities that can generate significant, long-term change, thus requiring longer-term, core funding.

The projected payback period for the GOTW programme is **9 months**, based on the 17 clients still employed as of 30 June and assuming only employment-related benefits. If we also include cost benefits from reduced crime, then the payback period falls to six months. This indicates that clients must sustain employment for nine months for the employment-related benefits to cover the costs of the programme.

A 'break-even' number of clients can also be calculated. Based on current grant funding levels and estimated annual employment benefits, funders 'recover' their investment with only **13 clients** in sustainable employment each year.

Sensitivity analysis

Since our calculations depend largely on assumptions, it is prudent to test the sensitivity of those assumptions on the SROI. A table detailing sensitivities of all assumptions is included in Appendix A, Stage 6: Model and Calculate.

Changes in most baseline assumptions produce disproportionately smaller changes in the SROI ratio. That is, changing a given assumption by X per cent impacts the SROI ratio by less than X per cent. For example, increasing the investment by 45 per cent, to £75,000 from £51,600, lowers the SROI ratio only 31 per cent, to 7.2 from 10.5.

However, social returns are particularly sensitive to re-offending rates, due to the significant deadweight assumption that 33 per cent of clients would not have re-offended anyway. For example, a 30 per cent decrease in the number of clients not re-offending results in a 46 per cent decrease in the SROI ratio (see Table 14 in Appendix A).

Importantly, the SROI ratio remains well above 1:1 for all assumption adjustments.

Moreover, the greater impact is on the payback period, rather than on the SROI ratio. For example, if the total clients placed into sustainable jobs had been 10 (the mid-point of the Diageo Great Britain target), rather than 17, then the payback period would have increased from 9 months to 15 months.

Conclusions

Based on these results, we wish to underscore the following observations:

1. Clients who gain sustainable employment, on average, increase their net annual income by £3,700. However, this is very sensitive to the weekly wage assumption. For example, increasing the assumption to £250 per week results in incremental net annual income of £4,600. That is, a 10 per cent increase in weekly wage translates into a 24 per cent increase in incremental net annual income.
2. The State also benefits substantially. For each client in sustainable employment, the State gains, on average, an incremental £9,400 per year, through reduced welfare benefits paid and increased tax contribution.
3. Society also benefits through reduced costs of crime. **nef** estimates that GOTW saves society £12,400 per year in non-criminal justice costs (e.g., victims' medical costs and property damage) for each client who has not re-offended. This is based **nef**'s assumption of an average two offences per year for those offending. The Home Office estimates that non-criminal justice system costs are £31,000 per year for five offences ($£12,400 = £31,000 \times 2/5$).
4. The average combined annual net benefit is £25,500. This includes £13,100 (£3,700 + £9,400) for benefits from sustained employment and £12,400 for savings from reduced re-offending. **nef**'s estimate of the GOTW share of this outcome is £8,500 per client (i.e., one-third of £25,500).
5. The relatively low costs of the programme translate into relatively high social returns (i.e., value added and SROI) even after taking into account attribution.
6. Although social return calculations can vary widely by programme, value added per participant should be comparable among similar programmes. Notably, while the total value added and SROI ratio calculations for GOTW were significantly higher than those for another Tomorrow's People initiative, the value added per participant was comparable.
7. The nine-month payback period suggests that the current practice of monitoring clients in aftercare for one year is sufficient. However, this may prove inadequate should future outcomes of currently open clients change the baseline assumptions.
8. There are many, less tangible benefits that have not been incorporated into the model, such as improved life stability of GOTW clients, and thus the social return calculations likely underestimate the true social value created by the GOTW programme.
9. Outcomes are still unknown for 39 clients, which could have a significant impact on the social return calculations. Although the employment-related benefits were measured only for the 17 clients still in employment, the crime costs savings were calculated on all 56 clients who had not yet re-offended.

5. Conclusions

GOTW has shown that personalised, intensive support for ex-offenders can significantly improve their chances of finding long-term, sustainable employment.

Young ex-offenders face significant barriers to sustainable employment, including low basic skills, lack of real work experience, lack of a professional network, substance abuse issues, accommodation issues and employer bias. In fact, only 23 per cent of young offenders have a paid job arranged before release from prison.⁷

GOTW has shown that personalised, intensive support for ex-offenders can significantly improve their chances of finding long-term, sustainable employment. Moreover, sustainability of employment is arguably a key differentiating factor in the initiative's success. Moreover, studies of similar programmes often report high rates of job starts for ex-offenders, but data on job sustainability is typically unavailable or unimpressive (please refer to the literature review in Appendix B).

Over a five-year period, GOTW clients benefit, on average, by an incremental £3,700 per year. This does not include less tangible benefits, such as improved life stability, which over the long term can generate significant social impact for the client.

In its first 12 months, GOTW placed 17 per cent of its clients into sustainable jobs, exceeding funder objectives and regional averages. Further, re-offending rates for GOTW clients were 15–20 per cent lower than national averages, and were virtually nil for employed clients.

nef projects that, through these achievements, GOTW has created an incremental £492,000 in social value, and has achieved a social return 10.5 times the level of grant funding. Moreover, the 17 clients in employment as of 30 June need only remain employed for 9 months for the grant funding to be 'recovered'.

However, as noted previously, outcomes are still unknown for 39 clients, which could have a significant impact on the social return calculations.

Furthermore, while employment has a proven significant impact on re-offending rates, it is unlikely to be sustained unless other personal issues are also addressed. For example, an ex-offender is unlikely to keep a job if he does not have reliable accommodation and transportation. Therefore the success of GOTW is attributable in part of the myriad of other organisations, both statutory and voluntary, that support its clients in their efforts to find a sustainable job and to finally 'go straight'.

6. Recommendations

nef makes six recommendations to improve the effectiveness of the GOTW programme.

Based on our evaluation, **nef** makes the following recommendations:

1. Consider increasing the number of staff

Although the programme was able to meet funder objectives last year, staff resources are clearly stretched very thin on existing funding. Given the intensive, one-on-one support provided by client advisors, these results may not be sustainable.

Furthermore, the programme may be more effective with additional resources. For example, if an additional employee was funded at £25,000, then the programme would need to find sustainable employment for an additional seven clients per year to maintain the same payback period of nine months. Given the programme's current track record, GOTW seems likely to meet, if not exceed, this target.

2. Reconsider resource allocation for younger clients

Outcomes for 16- and 17-year-old clients were markedly worse than those for older clients. Of this cohort, only one obtained sustainable employment, while the group had among the highest re-offending rates. Further, this age group has different issues than older clients, and may be less likely to seek and obtain long-term employment.

Given the differentiating issues of the 16- to 17-year-old cohort, **nef** recommends that GOTW utilises expert staff to focus solely on this age group (ideally through additional grant funding or secondment), while working more closely with other organisations that also support this age group. Alternatively, GOTW should consider the extent to which it can invest in this age group given existing capacity constraints.

3. Re-assess relationships with partner organisations

Client outcomes vary widely by referring organisation. Specifically, referrals from government institutions—the Prison Service; the Probation Service and the ISSP Unit-Youth Offending Team—had lower outcomes than did those from all other sources.

Given overlapping objectives and shared outcomes, **nef** recommends that GOTW re-assess its relationship with each referring organisation to better understand the contribution that each makes to supporting ex-offenders and how they can work together more effectively (e.g., are referring organisations screening candidates appropriately?)

Working together more closely can help all organisations be more effective, and, importantly, help each to better understand its own contribution to supporting ex-offenders. Moreover, whilst we have made assumptions on the attribution of benefits between organisations, a more accurate analysis would have incorporated data on the level and cost of support provided by each organisation to each participant.

A one-off, in-depth evaluation followed by periodic meetings (perhaps quarterly) would likely help management better direct its limited resources.

4. Generate more detailed outcomes reports

In general, GOTW staff maintain relatively detailed and complete records of its clients and outcomes. Notably, the data was much more detailed than reports of studies **nef** found in our literature review. However, management would benefit from more detailed reports from its client database, similar to those used in this evaluation. For example, Table 2 of this report provides a snapshot of client outcomes, broken out by various categories, and can be helpful to management in determining key success factors as well as where they may need to better focus resources. Tomorrow's People also should consider using such reports nationally for comparative purposes.

5. Collect additional client and benchmark data

For a more accurate SROI analysis, GOTW should collect data on each client's starting wages and welfare benefits. Additionally, **nef** recommends that Tomorrow's People advocate for compiling benchmark data for the sector, perhaps through the Home Office, JobCentre Plus or the Probation Service.

6. Repeat analysis with outcomes data for all 110 clients

As stated previously, an accurate analysis can only be completed once all outcomes have been established. However, given that the framework and model have already been developed, an update should be relatively simple and quick to produce.

7. Appendix A

SROI framework and analysis

This appendix sets out the framework for **nef**'s approach to SROI analysis and our estimation of the social returns achieved by the GOTW programme. **nef** derived the programme's SROI through a seven-stage process,⁸ defined in Table 4.

Table 4: Key stages to preparing an SROI analysis

| | |
|-------------------------|--|
| 1. Boundaries | Define the organisation or programme, geographies covered, and a time period. Explain how, if at all, income and expenditure are broken out into social and economic elements. |
| 2. Stakeholders | Identify stakeholders, their overarching goals, and their specific objectives for the programme. Prioritise key stakeholders and objectives. Identify common or overriding objectives. |
| 3. Impacts | Identify how the programme works and how the programme affects key stakeholders (linking this to stakeholders' objectives). Capture this through an analysis of Input, Output, Outcome, and Impacts. |
| 4. Indicators | Identify appropriate indicators for capturing Inputs, Outputs, Outcomes, and Impacts. Identify monetised equivalent values for the indicators, using averages and estimates where information is not available. Use deadweight to take account of the extent to which outcomes would have happened without the intervention. |
| 5. Data collection | Collect data relating to indicators. |
| 6. Model and calculate | Create a discounted cash flow model using gathered data and projections. Calculate the net present value of benefits and investment, total value added, SROI and payback period. Use sensitivity analysis to identify the relative significance of data. |
| 7. Consider and present | Consider and present the results in a way that brings out the subtleties and underlying limitations and assumptions. |

Stage 1: Boundaries

Our SROI analysis specifically concerns the GOTW programme run by Tomorrow's People Merseyside in the first (pilot) year of funding by Diageo Great Britain and ESF. The analysis comprises all 110 individuals who registered with the programme during the first 12 months. Programme participants were 16–24-year-old ex-offenders seeking work and residing in one of the Merseyside Objective One boroughs of Liverpool, Knowsley, Sefton, St. Helens, or Wirral.

For those individuals who successfully moved onto jobs after completing the programme, we forecasted returns over a five-year period. We used a five-year time period as we believe that five years is long enough to capture most of the benefits generated by GOTW, while not so long as to grossly overestimate the programme's impacts.

Finally, as GOTW does not generate a financial profit, the projected returns are purely socio-economic, and no financial aspect was considered.

Stage 2: Stakeholders

Key GOTW stakeholders and their objectives are listed in Table 5. We differentiate between overarching goals and objectives specific to the GOTW programme. Many stakeholders have broad and far-reaching objectives, such as to reduce unemployment or to improve the local economy. However, small and focused local programmes are unlikely to make a meaningful impact on overall regional unemployment levels. Moreover, significant impacts on regional unemployment levels are most likely to be effected by a variety of organisations and initiatives working in concert, and over an extended period of time, making it difficult to isolate the impact any one organisation.

Yet within their overarching goals, stakeholders will have objectives specific to a given programme, and it is these objectives that are relevant to a programme-specific SROI analysis. Moreover, a programme-specific objective is often a means to achieving an overarching goal, in addition to being an end in itself. For example, a client may achieve his/her specific objective of finding permanent employment at the end of an ILM programme, but in doing so, may also improve his/her overall life stability.

The stakeholder map for GOTW stakeholders is based on the following information.

- **Participants:** We chose not to conduct participant interviews due to confidentiality concerns as well as a desire to not further disrupt their lives. However, we were able to glean each client's registration forms (which were anonymous to us) for indication of objectives.
- **Funders:** Information was gathered from Tomorrow's People's bid proposals.
- **Employees:** Information was based on ongoing discussions with Tomorrow's People employees throughout the evaluation process.
- **Institutional referral sources:** We interviewed one representative each from the Probation Service, HMPS and the ISSP Unit, Youth Offending Team.
- **Partners:** We interviewed seven partner organisations. Some had a broad remit, such as advancing clients' personal development, while others' work was more focused, such as helping clients find suitable accommodation. However, in all instances of working with the GOTW programme, the purpose was to help the mutual client gain sustainable employment.
- **Local community:** The objectives were based largely on the report *Neighbourhood images in Liverpool*.⁹
- **The state:** The objectives were inferred from various government reports in addition to past and current regeneration initiatives.
- **Local employers:** The objectives are based on Tomorrow's People views as well as one interview with an employer of a GOTW client.

Stage 3: Impact map

Inputs vary by stakeholder, but are largely the time and resources of the respective individual or organisation. The two funders, Diageo Great Britain and ESF, provide the entire programme funding (i.e., investment) against which the social returns are measured (see Table 6).

The target output of GOTW is a job interview for the participant. Although a job interview is not in the complete control of GOTW employees, it is the result that is most in their control. As the GOTW initiative is not a programme *per se* for participants to complete, there is no natural output. Moreover, while GOTW does impart transferable skills, such as CV preparation and interview techniques, much of the initiative's value is generated through the highly personalised coaching and networks that it provides.

Desired outcomes resulting from the successful output of a job interview include sustainable employment and reduced re-offending rates for the participant group, which benefit all stakeholders, and renewed funding for the programme. For participants, we include their overarching goals as outcomes because they are meaningful at the individual level.

Impacts are outcomes adjusted for deadweight and displacement.

Employment and reduced crime objectives

In Stage 2, we identify overriding stakeholder objectives as sustained employment and reduced re-offending rates for the participant group. Thus, we will focus the remainder of the analysis on the benefits to participants and the State, as those are the most readily monetisable.

Accordingly, due to lack of data and the difficulty of monetising certain outcomes, we are excluding potential participant outcomes of stable income and improved life stability; funder outcome objectives of developing a network of multi-agency partnerships and replicable best practices; employee objectives of renewed funding; and employer outcomes of fulfilled labour needs.

Furthermore, to avoid double-counting outcomes, we are excluding all stakeholders except participants and the State, as they all hold the same outcomes' objectives.

Stage 4: Indicators

Indicators follow from the revised impact map (excluding certain stakeholders' and outcomes' objectives), and thus focus only on participant and government stakeholders, and specifically on outcomes and impacts of sustainable jobs and reduced re-offending rates for the participant group (see Table 7).

We adjust outcomes for deadweight, the number of ex-offenders who would have obtained a job without the help of GOTW (i.e., what would have happened anyway). We assume displacement to be nil, given the inherent extreme difficulty of the participant population to obtain sustainable employment, and the relatively high likelihood that their employers will already be a part of Tomorrow's People's network.

Table 5: GOTW Merseyside stakeholder map

Key Stakeholders and Objectives

| Overriding objectives: Sustainable employment and reduced crime | | | |
|--|---|--|--|
| Stakeholder | Description | Overarching Goals | Objectives for GOTW |
| Participants (110) | <ul style="list-style-type: none"> • Unemployed ex-offenders | <ul style="list-style-type: none"> • Improve quality and stability of life • Get and sustain employment | <ul style="list-style-type: none"> • Get a sustainable job |
| Funders (2) | <ul style="list-style-type: none"> • Diageo Great Britain • ESF | <ul style="list-style-type: none"> • Reduce local deprivation • Reduce crime • Reduce local unemployment rates • Improve local economy • Reduce costs of crime | <ul style="list-style-type: none"> • Get ex-offenders into sustainable jobs • Reduce re-offending rates for participant group • Establish network of multi-agency partnerships • Develop replicable best practices |
| Employees (3) | <ul style="list-style-type: none"> • Employees of TP Merseyside | <ul style="list-style-type: none"> • Help disadvantaged individuals improve their lives • Earn income from employment | <ul style="list-style-type: none"> • Get ex-offenders into sustainable jobs • Achieve suitable success so as to continue funding |
| Institutional referral sources (9) | <ul style="list-style-type: none"> • Probation service (6) • Prisons (2) • ISSP Unit – Youth Offending Team | <ul style="list-style-type: none"> • Reduce burden on criminal justice system • Facilitate resettlement of ex-offenders | <ul style="list-style-type: none"> • Get ex-offenders into sustainable jobs • Reduce re-offending rates |
| Partners in initiative (~40) | <ul style="list-style-type: none"> • Other organisations seeking to help ex-offenders. Includes training, drug rehab, housing assistance • May be source or recipient of referrals to/from GOTW | <ul style="list-style-type: none"> • Help disadvantaged individuals improve their lives • Facilitate resettlement of ex-offenders | <ul style="list-style-type: none"> • Get ex-offenders into sustainable jobs • Reduce re-offending rates |
| Local community | <ul style="list-style-type: none"> • Families of ex-offenders • Residents • Community organisations | <ul style="list-style-type: none"> • Improve quality and stability of lives • Reduce crime • Reduce local deprivation • Improve local economy | <ul style="list-style-type: none"> • Reduce crime • Improve local economy |
| The state | <ul style="list-style-type: none"> • Local government agencies • Courts • Local police • Local health authority • National government | <ul style="list-style-type: none"> • Reduce local deprivation • Reduce crime • Reduce local unemployment rates • Improve local economy • Reduce burden on criminal justice system • Reduce welfare benefits • Increase tax contribution | <ul style="list-style-type: none"> • Get people into sustainable jobs • Reduce crime • Reduce welfare benefits • Increase tax contribution |
| Local employers | <ul style="list-style-type: none"> • Potential employers of GOTW clients | <ul style="list-style-type: none"> • Fulfil labour needs • Remain in business • Improve local deprivation • Improve local economy | <ul style="list-style-type: none"> • Fulfil labour needs |

Table 6: GOTW Merseyside impact map

| Impact Map | | | |
|---|--|--|--|
| Stakeholder | Inputs | Outputs | Outcomes |
| Participants (110) | <ul style="list-style-type: none"> Participant time and skills | <ul style="list-style-type: none"> Job interview | <ul style="list-style-type: none"> Sustainable job Reduced re-offending rates for participant group Stable income Improved life stability |
| Funders (2) | <ul style="list-style-type: none"> Funding | <ul style="list-style-type: none"> Clients helped by programme Job interview for participant | <ul style="list-style-type: none"> Sustainable job Reduced re-offending rates for participant group Established network of multi-agency partnerships Developed replicable best practices |
| Employees (3) | <ul style="list-style-type: none"> Organisation skills and resources | <ul style="list-style-type: none"> Continued employment for self Job interview for participant | <ul style="list-style-type: none"> Sustainable job for self Renewed funding Reduced re-offending rates for participant group |
| Institutional referral sources (9) | <ul style="list-style-type: none"> Organisation skills and resources Referred participants | <ul style="list-style-type: none"> Referred client in GOTW programme Job interview for participant | <ul style="list-style-type: none"> Sustainable job Reduced re-offending rates for participant group |
| Partners in initiative (~40) | <ul style="list-style-type: none"> Organisation skills and resources Referred participants | <ul style="list-style-type: none"> Referred client in GOTW programme Job interview for participant | <ul style="list-style-type: none"> Sustainable job Reduced re-offending rates for participant group |
| Local community | <ul style="list-style-type: none"> Not applicable | <ul style="list-style-type: none"> Not applicable | <ul style="list-style-type: none"> Sustainable job Reduced re-offending rates for participant group |
| The state | <ul style="list-style-type: none"> Not applicable | <ul style="list-style-type: none"> Not applicable | <ul style="list-style-type: none"> Sustainable job Reduced re-offending rates for participant group Reduced welfare benefits Increased tax contribution |
| Local employers | <ul style="list-style-type: none"> Organisation time (job interviews) | <ul style="list-style-type: none"> Job interview for participant | <ul style="list-style-type: none"> Labour needs fulfilled |

Table 7: GOTW Merseyside indicators

| Impact Map: Indicators | | | | |
|-------------------------------|---|--|--|---|
| Stakeholder | Input Indicators | Output Indicators | Outcome Indicators | Impact Indicators |
| Participants | <ul style="list-style-type: none"> • Number of participants | <ul style="list-style-type: none"> • Number of job interviews | <ul style="list-style-type: none"> • Number of jobs • Increased income • Reduced welfare benefits | <p><i>Deadweight:</i></p> <ul style="list-style-type: none"> • Number who would have obtained jobs without GOTW • % of clients who would not have re-offended anyway <p><i>Displacement</i></p> <ul style="list-style-type: none"> • Assume nil given nature of participant population |
| The State | <ul style="list-style-type: none"> • Diageo Great Britain funding • ESF funding | <ul style="list-style-type: none"> • Number of job interviews | <ul style="list-style-type: none"> • Number obtaining jobs • Net reduction in welfare payments • Net increase in tax contribution • Net reduction in re-offending rates • Net reduction in costs of crime | <p><i>Deadweight:</i></p> <ul style="list-style-type: none"> • Number who would have obtained jobs without GOTW • % of clients who would not have re-offended anyway <p><i>Displacement</i></p> <ul style="list-style-type: none"> • Assume nil given nature of participant population |

Stage 5: Data collection

The data and assumptions used in the model are discussed in Table 8.

Table 8: Summary of SROI model data and assumptions

| Indicator | Value | Source |
|------------------------------------|----------------------------------|---|
| Employment assumptions | | |
| Wages, average across participants | £225/wk | Tomorrow's People estimates average starting wage is £200-to-250 per week |
| Wages, annual growth | 2% | Growth equal to inflation rate (CPI) target |
| Welfare benefits | £70/wk | nef estimate of housing and council tax assistance |
| JSA benefits | £44/wk | Tomorrow's People estimate |
| | 0% < £4,615 | |
| Income tax | 10% £4,615-6,575 22% > £6,575 | Statutory rates |
| National insurance-client | 11% > £89/wk | Statutory rates |
| National insurance-State | 23.8% > £89/wk | Statutory rates (11% from employee and 12.8% from employer) |
| Deadweight: employment | 12% | NOMIS data for 18–24-year-old unemployed males show that roughly 12% leave the claimant count each month for employment |
| Drop-off: employment | 10% | nef assumption based on GOTW historical experience |
| Displacement: employment | Nil | Based on nature of client population |
| Re-offending assumptions | | |
| Costs of re-offending | £12,400 | Home Office estimates: non-criminal justice system costs (e.g., victims' medical costs and property damage) of £31,000/yr for five offences. nef assumes an average two offences per year for those offending. |
| Deadweight: re-offending | 66% | Home Office research: % of ex-offenders reconvicted within two years of discharge from prison or commencement of probation order |
| Drop-off: re-offending | 10% | Equals assumption for employment drop-off, as nef assumes that all suspended clients return to crime |
| Displacement: re-offending | -- | Not applicable |
| Other assumptions | | |
| Investment | £51,600 | Grant funding of GOTW programme (Diageo Great Britain and ESF), based on actual programme spending |
| Discount rate | 3.5% | HM Treasury recommended rate for project proposal, as set out in the Green Book |
| Time period | 5 years | nef assumption based on balance between desire to capture most of benefits generated but to also not overestimate impact |
| GOTW share of outcome | 33% | nef assumption based on extent of benefit contributed by partner organisations. GOTW clients typically receive assistance from two-to-four organisations. |

Stage 6: Model and calculate

The SROI model is detailed in Table 10. The return calculations are shown below. The GOTW share figures refer to our assumption that the GOTW programme contributes, on average, 33 per cent of the social value created through the employment and reduced crime of the participant group.

Value added

The value added calculations are presented in Table 9 and discussed further in Section 4.

Table 9: Value added of GOTW programme

| | NPV of benefits | GOTW share | NPV of costs | Value added | GOTW share | VA per client | GOTW share |
|------------------------------|-----------------|------------|--------------|-------------|------------------|---------------|---------------|
| Total benefits | 4,142,808 | 1,367,127 | 51,600 | 4,091,208 | 1,315,527 | 37,193 | 11,959 |
| less deadweight | 1,930,371 | 637,022 | 51,600 | 1,878,771 | 585,422 | 17,080 | 5,322 |
| less drop-off | 3,425,874 | 1,130,538 | 51,600 | 3,374,274 | 1,078,938 | 30,675 | 9,809 |
| less deadweight and drop-off | 1,646,503 | 543,346 | 51,600 | 1,594,903 | 491,746 | 14,499 | 4,470 |

Table 10: SROI model for GOTW programme

| EMPLOYMENT | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|----------------|----------------|----------------|----------------|----------------|
| Benefits to each client | | | | | |
| Client wages | 11,700 | 11,934 | 12,173 | 12,416 | 12,664 |
| Less welfare lost | (3,640) | (3,640) | (3,640) | (3,640) | (3,640) |
| Less JSA lost | (2,288) | (2,288) | (2,288) | (2,288) | (2,288) |
| Less increase in tax contribution | (1,324) | (1,375) | (1,427) | (1,481) | (1,536) |
| Less national insurance | (779) | (805) | (831) | (858) | (885) |
| Net benefit per client | £3,669 | £3,826 | £3,986 | £4,149 | £4,315 |
| Benefits to the State (per client) | | | | | |
| Welfare saved | 3,640 | 3,640 | 3,640 | 3,640 | 3,640 |
| JSA saved | 2,288 | 2,288 | 2,288 | 2,288 | 2,288 |
| Increase in tax contribution | 1,324 | 1,375 | 1,427 | 1,481 | 1,536 |
| Increase in national insurance | 1,686 | 1,742 | 1,799 | 1,857 | 1,916 |
| Net benefit to the State | £8,938 | £9,045 | £9,154 | £9,266 | £9,379 |
| Combined net benefit | £12,607 | £12,871 | £13,140 | £13,415 | £13,695 |
| Total participants in job | | | | | |
| less deadweight | 17 | 17 | 17 | 17 | 17 |
| less drop-off | 15 | 15 | 15 | 15 | 15 |
| less deadweight and drop-off | 17 | 15 | 14 | 13 | 12 |
| less deadweight and drop-off | 15 | 14 | 13 | 12 | 11 |
| Total annual benefits | 214,317 | 218,804 | 223,381 | 228,050 | 232,811 |
| less deadweight | 189,103 | 193,062 | 197,101 | 201,220 | 205,422 |
| less drop-off | 214,317 | 193,062 | 183,961 | 174,391 | 164,337 |
| less deadweight and drop-off | 189,103 | 180,192 | 170,821 | 160,976 | 150,643 |
| RE-OFFENDING | | | | | |
| Annual costs of re-offending | 12,400 | 12,400 | 12,400 | 12,400 | 12,400 |
| Total not re-offending | 56 | 56 | 56 | 56 | 56 |
| less deadweight | 19 | 19 | 19 | 19 | 19 |
| less drop-off | 56 | 50 | 45 | 41 | 37 |
| less deadweight and drop-off | 19 | 17 | 15 | 14 | 13 |
| Total benefits | 694,400 | 694,400 | 694,400 | 694,400 | 694,400 |
| less deadweight | 230,640 | 230,640 | 230,640 | 230,640 | 230,640 |
| less drop-off | 694,400 | 620,000 | 558,000 | 508,400 | 458,800 |
| less deadweight and drop-off | 230,640 | 210,800 | 186,000 | 173,600 | 161,200 |

SROI

The SROI calculations are presented in Table 11 and discussed further in Section 4.

Table 11: SROI of GOTW programme

| | NPV of benefits | GOTW share | NPV of costs | SROI | GOTW share |
|------------------------------|------------------------|-------------------|---------------------|-------------|-------------------|
| Total benefits | 4,142,808 | 1,367,127 | 51,600 | 80.3 | 26.5 |
| less deadweight | 1,930,371 | 637,022 | 51,600 | 37.4 | 12.3 |
| less drop-off | 3,425,874 | 1,130,538 | 51,600 | 66.4 | 21.9 |
| less deadweight and drop-off | 1,646,503 | 543,346 | 51,600 | 31.9 | 10.5 |

Payback period

The payback period calculations are presented in Table 12 and discussed further in Section 4. To be conservative, we consider only employment-related benefits.

Table 12: Payback period of GOTW programme

| Indicator | Description | Value |
|--|---|----------|
| Number of clients in sustainable jobs | Clients still employed at 30 th June | 17 |
| Net combined benefit per client in year 1 | For client and the State | £12,600 |
| GOTW share of benefit per client | 33% of £12,600 | £4,200 |
| Aggregate GOTW share of benefit | 17 * £4,200 | £71,400 |
| Investment | Grant funding | £51,600 |
| Months those 17 clients must remain employed to break-even on investment | $(£51,600/£71,400) * 12$ | 9 months |

We also calculate, in Table 13, the number of clients GOTW would need to assist into sustainable employment each year to break-even on investment.

Table 13: Payback of GOTW programme in terms of clients employed

| Indicator | Description | Value |
|--|--------------------------|------------|
| Net combined benefit per client in year 1 | For client and the State | £12,600 |
| GOTW share of benefit per client | 33% of £12,600 | £4,200 |
| Investment | Grant funding | £51,600 |
| Required number of clients into sustainable employment each year to break-even on investment | $£51,600 / £4,200$ | 13 clients |

Sensitivity analysis

A sensitivity analysis is presented in Table 14 and discussed further in Section 4.

Table 14: Sensitivity analysis

| Indicator | Baseline assumption | New assumption | SROI |
|-----------------------------|---------------------|----------------|-------------|
| BASELINE | | | 10.5 |
| Share of outcome | 33% | 20% | 6.4 |
| | | 50% | 16.0 |
| Drop-off rate | 10% | 5% | 11.0 |
| | | 20% | 8.5 |
| Investment | £51,600 | £90,000 | 7.2 |
| Discount rate | 3.5% | 6% | 9.9 |
| Clients in sustainable jobs | 17 | 25 | 12.4 |
| Average weekly wage | £225 | £200 | 10.0 |
| | | £250 | 11.1 |
| Deadweight: employment | 12% | 6% | 10.6 |
| Clients not re-offending | 56 | 40 | 5.7 |
| Costs of re-offending | £12,400 / yr | £6,200 | 7.7 |
| | | £18,800 | 13.4 |
| Deadweight: re-offending | 66% | 75% | 13.4 |

Stage 7: Consider and present

The SROI analysis detailed in this appendix is summarised in Section 4 and discussed further in Section 5.

8. Appendix B

Literature review

There have been few studies of interventions aiming to help ex-offenders into employment. Furthermore, as noted by the Home Office in an extensive literature review,¹⁰ few studies control for selection effects, such as motivational differences, so that it is difficult, if not impossible, to account for what would have happened without the intervention.

Most studies are not age-restricted, and tend to have higher job outcome rates (30+ per cent). However, these outcomes are typically for job starts, and data regarding job sustainability is either unimpressive or unavailable. For example, a study of an American programme, *Corrections Clearinghouse* (prison-based employability assessment, job placement assistance, and ongoing support post employment) reported that almost 60 per cent of its clients obtained work. However, one-third of these clients stopped working within 45 days of gaining employment.¹¹

Freshstart

Freshstart is a Department of Work and Pensions (DWP) initiative targeting offenders in the UK. The programme provides guaranteed, pre-arranged new jobseeker interviews for all newly released prisoners. According to DWP figures,¹² a small sample of 2003 *Freshstart* participants showed 20 per cent obtaining jobs, although there was no information about sustainability.

Progress2Work

Progress2Work is a JobCentre Plus programme targeting individuals leaving drug treatment and the criminal justice system. According to DWP figures,¹³ the *Progress2Work* programme had 8,500 starts through December 2003, with 18 per cent job outcomes (25 per cent for those completing the programme), comparable to GOTW results. The percentage of clients still in employment beyond 13 weeks improved over time, and was 37 per cent in December 2003. In contrast, only one GOTW client has left employment.

Welfare to Work

The Prison Service's *Welfare to Work* programme (a DWP initiative) targets 18–24-year-old prisoners, providing them with training and guidance, with the objective of improving their employability. The programme is intended to be preparatory to the New Deal. Analysis of the pilot programme in 2000¹⁴ showed that, of the 931 prisoners who participated, 38 per cent (versus 23 per cent job starts for GOTW clients aged 18–24) were in employment three-to-four months after their release from prison. However, this data only shows the number of offenders who gained employment (and did not lose it) by four months following discharge, and there is no information regarding job sustainability. Additionally, the study found that, 18 months after discharge, reconviction rates were 66 per cent. Total re-offending rates for 18–24-year-old GOTW clients were 46 per cent.

Home Office research studies

In 2001, the Home Office commissioned a research study¹⁵ of two probation schemes in inner London and Surrey, which were three-year programmes designed to improve offenders' employability and employment. Both were New Deal Gateway providers, and both received their referrals from supervising probation officers, as well as offering onward referral.

The *ASSET project* worked with 16–25-year-olds in Lambeth and Southwark, helping them to achieve the necessary skills and experience to obtain and sustain employment. The programme included information, advice and guidance; part-time coursework and basic skills provision; as well as links to local training providers and the Prince's Trust business start-up programme.

Over the three-year period, ASSET helped 758 offenders, 102 (13 per cent) of whom secured employment during the lifetime of the programme. However, due to insufficient monitoring, there is no data on the timing of employment gained, or on the sustainability of that employment. There also was no information reported on re-offending rates for the participant group.

The primary objective of the Surrey Springboard project was to reduce crime in the community by providing employment, training and leisure opportunities for offenders under Probation Service supervision. The programme included job-seeking support, advice on self-employment, accommodation intervention and skills development. In addition, the project ran an intermediate labour market (ILM) recycling business, which provided both sheltered employment for offenders and incremental income to the Springboard Trust.

Of the 1,808 participants in the Surrey Springboard project, 452 (25 per cent) obtained employment during the duration of the programme. Of those obtaining employment, over half (228) did so in year three, suggesting that the programme's impact increased over time. Further, for the 188 offenders for whom sustainability information was available, 140 (75 per cent) were still in work three months later, but only 74 (39 per cent) were still in work after six months. Finally, there was no information reported on re-offending rates for the participant group.

Other studies

A study by Del Roy Fletcher of the Keyskills Project in Cumbria (basic skills provision for offenders and 16–25-year-olds at risk) found that, out of 60 job search packages delivered, five clients (8 per cent) obtained employment (exceeding their target).¹⁶ No information on employment sustainability was available.

Finally, the Prince's Trust boasts that 73 per cent of young offenders helped by the organisation obtain sustainable employment,¹⁷ although no other information is given for these individuals.

9. Notes

¹ Office of National Statistics (June 2003) *Labour market statistics*, (Office of National Statistics, London).

² Greater Merseyside Learning and Skills Council (February 2002) *Skills Assessment for Greater Merseyside* (Greater Merseyside Learning and Skills Council, Liverpool).

³ Home Office (October 1999) *Digest 4: Information on the Criminal Justice System* (Home Office, London).

⁴ Social Exclusion Unit (July 2002) *Reducing re-offending by ex-prisoners* (Social Exclusion Unit, London).

⁵ As there were only seven female clients in the sample, no meaningful conclusions can be drawn specific to them.

⁶ Kershaw C (19 April 1999) "Reconviction of offenders sentenced or discharged from prison in 1994, England and Wales" – *Home Office Statistical Bulletin 5/99* (Home Office Research, Development and Statistics Directorate, London).

⁷ Niven and Olagundoye (2002) "Jobs and Homes: a survey of prisoners near release" – *Research Findings No. 173* (Home Office Research, Development and Statistics Directorate, London).

⁸ Aeron-Thomas et al (2004) *Social Return on Investment: Valuing what matters* (nef, London).

⁹ Andersen et al (1999) *Neighbourhood images in Liverpool: 'It's all down to the people'* (YPS for the Joseph Rowntree Foundation, York).

¹⁰ Webster et al (September 2001) "Building bridges to employment for prisoners" – *Research Study No. 226* (Home Office Research, Development and Statistics Directorate, London).

¹¹ *Ibid.*

¹² Murphy S (February 2004) *Helping the hardest to help* – slide presentation to Breaking Down Barriers to Employment Conference hosted by Centre for Economic and Social Inclusion (Department of Work and Pensions, London).

¹³ *Ibid.*

¹⁴ National Audit Office (31 January 2002) *HM Prison Service: Reducing Prisoner Reoffending* (The Stationery Office, London).

¹⁵ Sarno et al (2001) "From Offending to Employment: A Study of Two Probation Schemes in Inner London and Surrey" – *Research Findings No. 135* (Home Office Research, Development and Statistics Directorate, London).

¹⁶ Fletcher et al (1998) *Building bridges into employment and training for ex-offenders* (YPS for the Joseph Rowntree Foundation, York).

¹⁷ The Prince's Trust (2004) *The Prince's Trust Factsheet 2003/04* (The Prince's Trust, London).

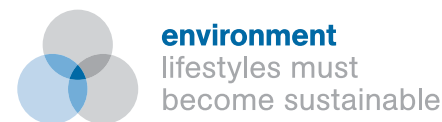


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nef's development of SROI is part of the Quality & Impact Project of the Social Enterprise Partnership, bringing social economy organisations the knowledge, tools, and resources to prove and improve their quality and impact. This work is funded in part by the European Social Fund's Equal Programme.

One of the other things we do



Current priorities are climate change, ecological debt and local sustainability



Local Works: Local people must be put back at heart of their local economies. Policies that favour the large and remote are threatening the vibrancy and diversity of our communities, bringing Ghost Town Britain. Giving real power to local people can reinvigorate our local rural and urban economies.

nef is leading this campaign characterised by a highly diverse membership that seeks to combat the spectre of 'Ghost Town Britain'. It promotes the importance of local sustainability and self-determination. For example, Local Works was a big part of the campaign to defend community pharmacies. Taking as a starting point the fact that local communities should be more in charge of their own economies, education, healthcare, consumer and leisure needs, local works is campaigning for a legal framework that can make this happen.

The needs of communities must be at the heart of environmental, social and political justice. At a time of growing disenchantment with political processes, individuals and communities can and should have a real impact on how money is spent in their communities and what they invest in. Having a tangible impact on the delivery of services is a vital tool for the political, social, environmental and economic reinvigoration in all of our communities.

Local works recognises that there is no single blueprint, but that communities should draw up and implement their own plans to achieve of these goals.

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