



**WHITELION**  
courage to grow

supporting youth at risk

# **NSW Employment Program: Evaluation and Social Return on Investment**

26 October 2012

---

# Executive summary

## Context

- Bain & Company has supported Whitelion for approximately 12 months through workplace giving and pro bono consulting. Whitelion approached Bain to evaluate its Employment Program and estimate the social return on investment

Youth crime is a **costly social problem** and Whitelion is differentiated in its approach

- Youth crime is a **major issue: 0.5-1% of youth commit crimes each year. High recidivism rates** (40 to 62%) drive cost of **~\$20k per year** per offender
- There are **multiple drivers of youth crime**. Economic factors are particularly addressable, and employment is a critical part of any economic intervention
- Whitelion provides a unique solution that is tailored to individual outcomes:
  - **Job readiness training** gives young people skills to seek employment
  - Network of **corporate partners** provide employment opportunities
  - **Low ratio** of case workers to young people provides support in critical first months
- This multi-faceted approach increases the likelihood of long-term success

Based on agreed measures of success, Whitelion has **executed effectively on its goals**

- Evaluated against the **implicit and explicit targets** set by stakeholders, Whitelion has **more than met expectations**:
  - **Trained 90 young people** for work, of which **44 were placed in employment** over 18 months, **exceeding Government targets**;
  - **Contributed** to 20% reduction in 12 month reoffending rate amongst participants
  - Experience **strong support** from participating employers, with a positive NPS of 22%

Whilst calculating social return on investment is **somewhat subjective**, using reasonable assumptions this **SROI appears positive**

- A key challenge in assessing social return on investment lies in determining Whitelion's contribution towards delivering benefits in isolation from other factors
- The benefits of this program are numerous: decreased reliance on welfare / social services, contribution of income tax, improved health and social engagement
- Using conservative assumptions (incl. limiting benefits to job placements), benefits exceed investment **from yr 2; SROI over 5 yrs is ~\$1.97 per dollar invested**

# Executive summary



<p>Context</p>	<ul style="list-style-type: none"> <li>• Bain &amp; Company has supported Whitelion for approximately 12 months through workplace giving and pro bono consulting. Whitelion approached Bain to evaluate its Employment Program and estimate the social return on investment</li> </ul>
<p>Youth crime is a <b>costly social problem</b> and Whitelion is differentiated in its approach</p>	<ul style="list-style-type: none"> <li>• Youth crime is a <b>major issue: 0.5-1% of youth commit crimes each year. High recidivism rates</b> (40 to 62%) drive cost of <b>~\$20k per year</b> per offender</li> <li>• There are <b>multiple drivers of youth crime</b>. Economic factors are particularly addressable, and employment is a critical part of any economic intervention</li> <li>• Whitelion provides a unique solution that is tailored to individual outcomes:             <ul style="list-style-type: none"> <li>- <b>Job readiness training</b> gives young people skills to seek employment</li> <li>- Network of <b>corporate partners</b> provide employment opportunities</li> <li>- <b>Low ratio</b> of case workers to young people provides support in critical first months</li> </ul> </li> <li>• This multi-faceted approach increases the likelihood of long-term success</li> </ul>
<p>Based on agreed measures of success, Whitelion has <b>executed effectively on its goals</b></p>	<ul style="list-style-type: none"> <li>• Evaluated against the <b>implicit and explicit targets</b> set by stakeholders, Whitelion has <b>more than met expectations</b>:             <ul style="list-style-type: none"> <li>- <b>Trained 90 young people</b> for work, of which <b>44 were placed in employment</b> over 18 months, <b>exceeding Government targets</b>;</li> <li>- <b>Contributed</b> to 20% reduction in 12 month reoffending rate amongst participants</li> <li>- Experience <b>strong support</b> from participating employers, with a positive NPS of 22%</li> </ul> </li> </ul>
<p>Whilst calculating social return on investment is <b>somewhat subjective</b>, using reasonable assumptions this <b>SROI appears positive</b></p>	<ul style="list-style-type: none"> <li>• A key challenge in assessing social return on investment lies in determining Whitelion's contribution towards delivering benefits in isolation from other factors</li> <li>• The benefits of this program are numerous: decreased reliance on welfare / social services, contribution of income tax, improved health and social engagement</li> <li>• Using conservative assumptions (incl. limiting benefits to job placements), benefits exceed investment <b>from yr 2; SROI over 5 yrs is ~\$1.97 per dollar invested</b></li> </ul>

# NSW Juvenile Justice oversees the administration of justice for youth offenders in NSW



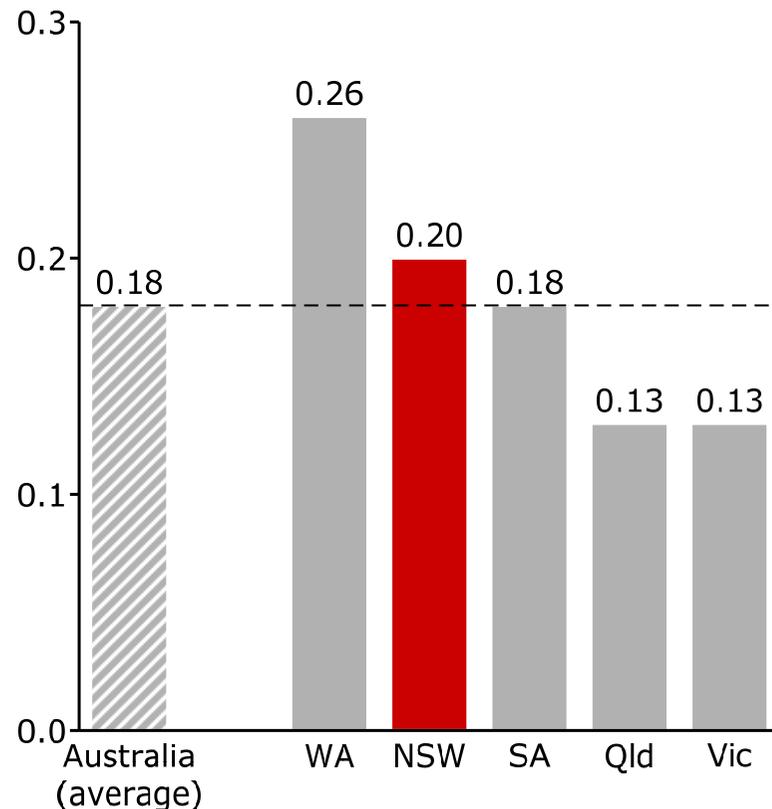
- NSW Juvenile Justice operates within the Department of Attorney General to **administer justice and rehabilitate** young people convicted of an offence in NSW
  - A 'young person' is defined as someone **between 10 and 17 years** of age at the time of conviction
- NSW JJ administers **3 sentence types**, in order of increasing severity:
  - Youth Justice Conferencing (1637 conferences in 2011)
  - Supervised order (4500 orders commenced in 2011)
  - Custodial sentencing and remand (5,343 admissions in 2010-11, ~400 young people in custody each night)
- The operation of these programs and associated services imposes a cost of **~\$200M per annum in direct costs** to the NSW taxpayer

# NSW has high rates of youth imprisonment: rates are above national average regardless of cultural background



## NON-INDIGENOUS YOUNG PEOPLE

Rate of imprisonment of non-Indigenous juveniles (per 1000 population)

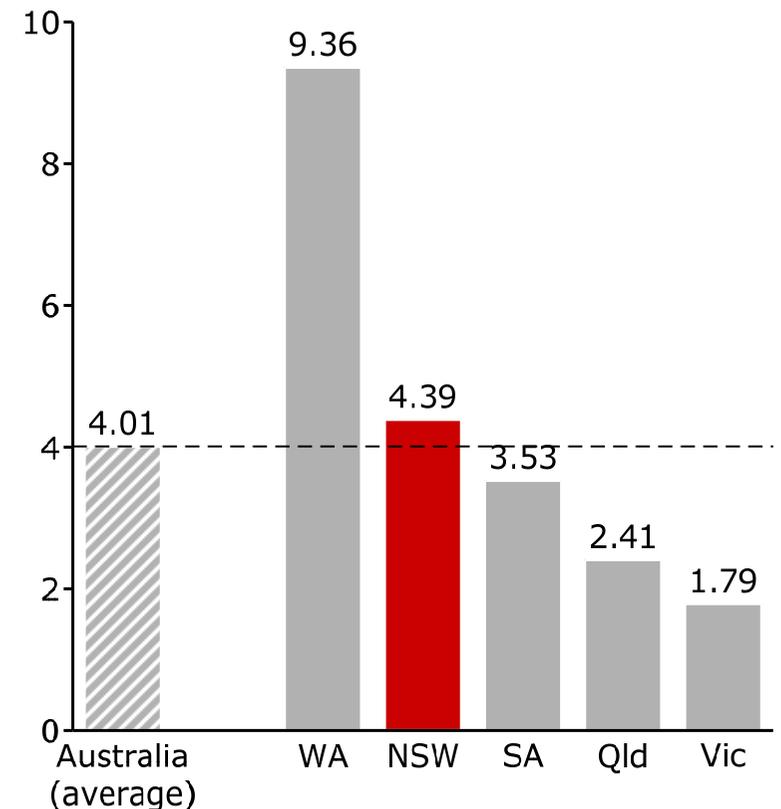


Average number of young people in custody on a given day:

175    391    70    130    167

## INDIGENOUS YOUNG PEOPLE

Rate of imprisonment of Indigenous juveniles (per 1000 population)

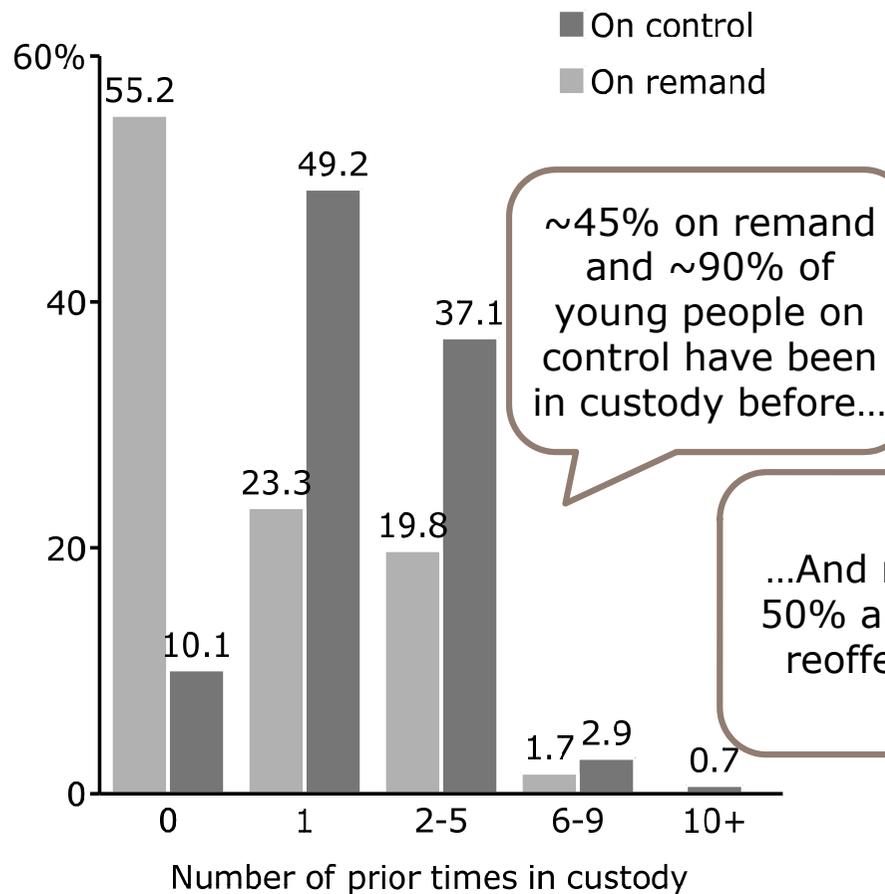


Source: Australian Institute of Health and Welfare; NSW Department of Attorney General and Justice Annual Report (2011); Australian Institute of Health and Welfare (2010); Government of Western Australia Department of Corrective Services (2010)

# Most young people in custody have prior offences, and >50% are likely to commit multiple future offences

## MOST JUVENILES IN CUSTODY HAVE COMMITTED PRIOR OFFENCES...

Percent of young people on remand and control with prior times in custody



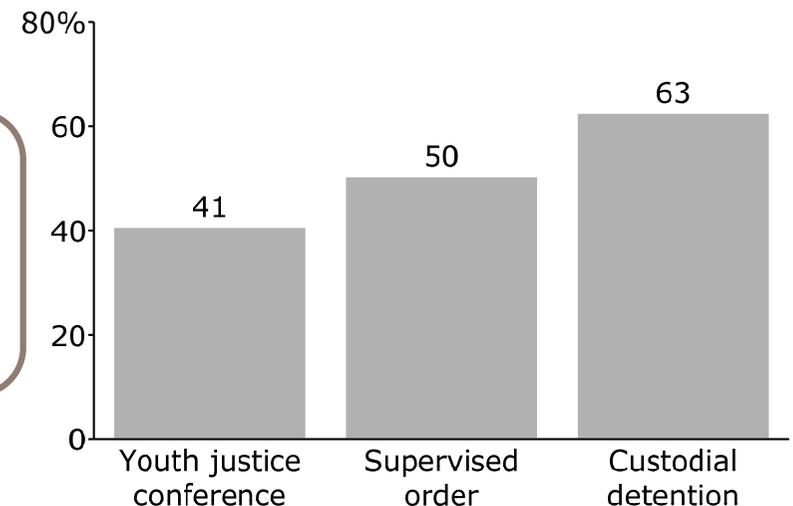
## ...WITH HIGH PROBABILITY OF FUTURE CRIMES ACROSS ALL SENTENCE TYPES

Each year, **about 5000 young people** have their first contact with the criminal justice system. For most, it will not be the last.

New long-term data shows that **54 per cent** of juveniles will be **reconvicted within 10 years** and, **on average, four times** in that period.

Sydney Morning Herald, April 2012

Reoffending rate by sentence type (within 12 months of index sentence)



Source: Department of Juvenile Justice Information and Evaluation Series (1995); NSW Bureau of Crime Statistics and Research (2005); NSW Department of Juvenile Justice Statistics (2008-09); 'Young Lives Trapped Inside the System', Sydney Morning Herald (28 April 2012)

# Assuming no intervention, the ongoing cost of youth crime averages ~\$20k per offender each year after first offense



**Legend:**

Annual cost	×	Affected population	=	Average cost
-------------	---	---------------------	---	--------------

● High confidence  
○ Low confidence

**Total annual cost per young person**  
\$18,800

**Direct cost of crime**  
\$1,800

**Unemployment**  
\$12,400

**Poor health**  
\$3,900

**Dependence on public housing**  
\$700

**Imprisonment**  
\$652 × 54% = \$353

**Police call-out**  
\$240 × 54% = \$130

**Legal Aid**  
\$2.3k × 54% = \$1.3k

**Welfare paid**  
\$16k × 67% = \$11k

**Tax foregone**  
\$2.3k × 67% = \$1.5k

**Addiction t'ment**  
\$15k × 26% = \$4k

**Medical visit**  
\$63 × 78% = \$50

**Rental support**  
\$4.2k × 17% = \$700

**ASSUMPTIONS**

**CONFIDENCE**

**SOURCE**

<ul style="list-style-type: none"> <li>Average likelihood to reoffend 54%</li> <li>Median length of stay is 1 night for remand, 9.5 days for control; More than 90% young people in custody on remand</li> </ul>	●	<ul style="list-style-type: none"> <li>NSW Auditor General's Report (2011); NSW Attorney General and Justice Full Report (2011); SMH (2012)</li> </ul>
<ul style="list-style-type: none"> <li>Average cost of police call-out \$120; assumes 2 call-outs necessary per offence</li> <li>Average likelihood of reoffending 54%; assumes one offence per reoffender in first year</li> </ul>	◐	<ul style="list-style-type: none"> <li>NSW Health (2008); SMH (2012)</li> </ul>
<ul style="list-style-type: none"> <li>Average likelihood of reoffending 54%; assumes one court attendance per reoffender in first year</li> <li>Legal aid per court appearance \$2,370</li> </ul>	◐	<ul style="list-style-type: none"> <li>Community Law Australia Report (2012); SMH (2012)</li> </ul>
<ul style="list-style-type: none"> <li>Welfare payments \$220-402/week (midpoint \$311); \$16,200 annual cost</li> <li>67% young people unemployed prior to custody</li> </ul>	●	<ul style="list-style-type: none"> <li>Centrelink (2012); Cunneen &amp; White (2007)</li> </ul>
<ul style="list-style-type: none"> <li>Tax paid on minimum wage \$2,343 p.a.</li> <li>67% young people unemployed prior to custody</li> </ul>	●	<ul style="list-style-type: none"> <li>Australian taxation office; Cunneen &amp; White (2007)</li> </ul>
<ul style="list-style-type: none"> <li>Cost of treating drug/alcohol addiction \$15k p.a.</li> <li>~26% of young people in custody have substance abuse disorders</li> </ul>	◐	<ul style="list-style-type: none"> <li>The Gats Program Addiction Intervention Services Australia (2010); Justice Health (2008)</li> </ul>
<ul style="list-style-type: none"> <li>Average cost of GP visit \$31.50; assumes 2 visits caused by alcohol induced activities</li> <li>78% of young people in custody classified as risky drinkers</li> </ul>	◐	<ul style="list-style-type: none"> <li>Medicare (2012); Department of Juvenile Justice (2009)</li> </ul>
<ul style="list-style-type: none"> <li>Rent paid for a room in Parramatta area \$70-90 per week, \$4,160 per year</li> <li>18% boys and 4% girls in custody have unstable housing, weighted average 17%</li> </ul>	◐	<ul style="list-style-type: none"> <li>www.gumtree.com; Department of Juvenile Justice (2009)</li> </ul>

**Note:** costs considered here are total and not necessarily incremental vs. non-offenders

# A broad range of risk factors are known to contribute to juveniles becoming offenders

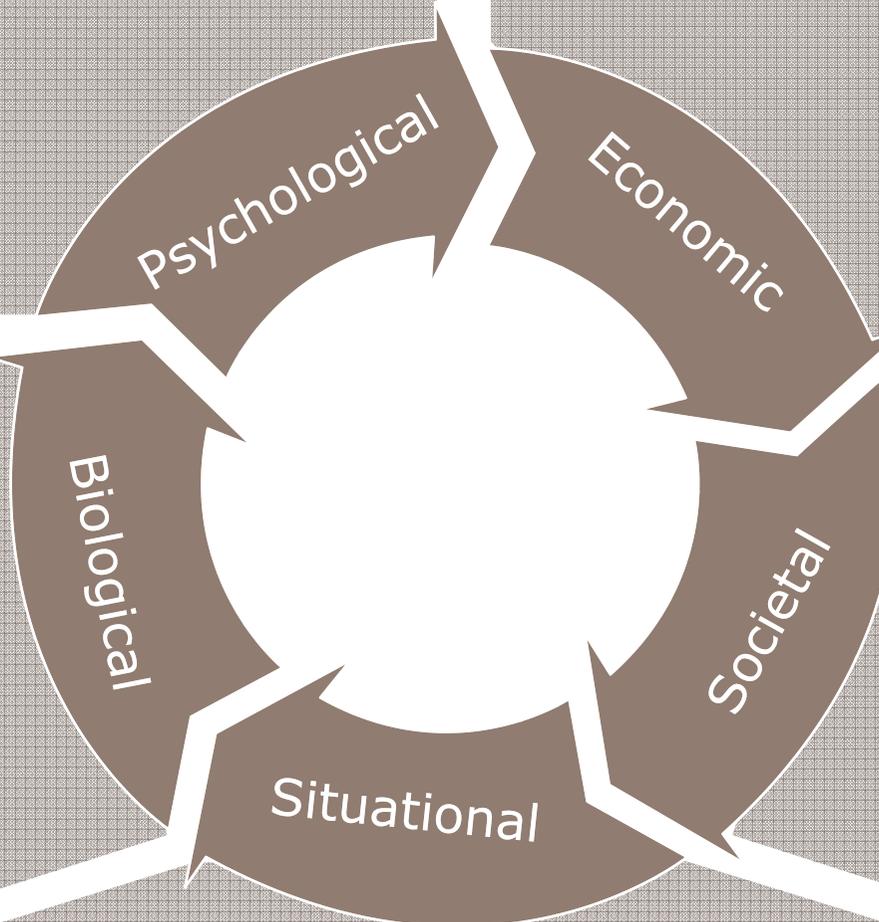
- Childhood history
- Neglect and abuse
- Education and cognition
- Parental behaviour
- Mental health

- Unemployment
- Low education levels
- Inter-generational unemployment
- Disparity in wealth
- Deprivation

- Genetics, hormones
- Malnutrition
- Brain chemistry
- Drug and alcohol abuse

- Peer influence
- Community breakdown
- Criminal subcultures
- Gangs

- Building design
- Public spaces
- Neighbourhood design



# Unemployment is a key driver of crime: up to 67% of young people appearing in court are unemployed



*"From the evidence before the Committee, **keeping young people at school or in training/work is a most important factor in keeping people out of the justice system.**"*

Chairman, Drugs and Crime Prevention Committee of the Parliament of Victoria (2009)

*"A determinant in relation to social class and the likelihood of contact with the juvenile justice system is unemployment... **One study [in the late 1980s] indicated that 67% of young people over the age of 15 years who appeared in the children's court were unemployed.**"*

Juvenile Justice, Youth and Crime in Australia, 3rd Edition 2007  
Chris Cunneen and Rob White

*"International research with adults has established **employment status as a moderately strong predictor of recidivism**... Obtaining and maintaining stable employment is known to be a **protective factor** reducing the risk of re-offending..."*

NSW Young People in Custody Health Survey: Full Report  
NSW Justice Health (2009)

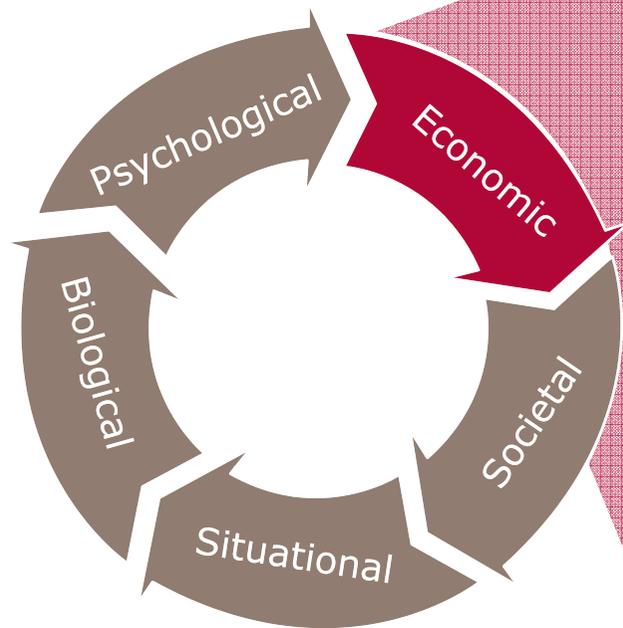
# Unemployment is relatively easy to address, and can have positive impacts on other risk factors as well



# Whitelion's Employment Program is assisting the NSW Government to reduce youth recidivism by 5%

The NSW Government's *2021 State Plan* is targeting a **5% reduction in the recidivism rate** amongst young offenders by 2016

Whitelion's Employment Program is one of several programs supported by the government to help it reach this aim



- The job placement program **addresses the critical economic driver of youth recidivism** by assisting young people in the juvenile justice system to find employment
- Whitelion plays a dual role to provide a unique connection between young people and corporate partners:
  - Provide **job readiness training and support** for young people leading up to applications
  - Liaise with corporate partners to **secure job opportunities** for young people
- Based on a successful model operating in VIC, SA and TAS, the Employment Program is **personal and intensive**, and **tailored to the needs** of the individual young person

# The Employment Program provides tailored support to maximise success of young people's transition to work



- Juvenile Justice Officers **refer young people** to Whitelion to determine their suitability for the Employment Program
- Young people are **assessed to determine their readiness to participate** in the program. Young people will be accepted if they are willing to commit to the program and want to work, and are free from serious mental health, accommodation issues, and / or alcohol or other drug addictions
- Young people **meet with caseworkers on a weekly basis** while Whitelion **liaises with its corporate partners** to secure a position. Immediately prior to placement commencing, the young person meets with their caseworker 2-3 times per week
- **Intense support is provided for the first 4-6 weeks**, with daily contact between the caseworker and the young person and their employer
- Whitelion caseworkers **continue to support the young people for up to 2 years** after they have been placed in work. Caseworkers continue to liaise with employer to identify any problems and meet with the young person **approximately once a month**

# Executive summary



## Context

- Bain & Company has supported Whitelion for approximately 12 months through workplace giving and pro bono consulting. Whitelion approached Bain to evaluate its Employment Program and estimate the social return on investment

Youth crime is a **costly social problem** and Whitelion is differentiated in its approach

- Youth crime is a **major issue: 0.5-1% of youth commit crimes each year. High recidivism rates** (40 to 62%) drive cost of **~\$20k per year** per offender
- There are **multiple drivers of youth crime**. Economic factors are particularly addressable, and employment is a critical part of any economic intervention
- Whitelion provides a unique solution that is tailored to individual outcomes:
  - **Job readiness training** gives young people skills to seek employment
  - Network of **corporate partners** provide employment opportunities
  - **Low ratio** of case workers to young people provides support in critical first months
- This multi-faceted approach increases the likelihood of long-term success

Based on agreed measures of success, Whitelion has **executed effectively on its goals**

- Evaluated against the **implicit and explicit targets** set by stakeholders, Whitelion has **more than met expectations**:
  - **Trained 90 young people** for work, of which **44 were placed in employment** over 18 months, **exceeding Government targets**;
  - **Contributed** to 20% reduction in 12 month reoffending rate amongst participants
  - Experience **strong support** from participating employers, with a positive NPS of 22%

Whilst calculating social return on investment is **somewhat subjective**, using reasonable assumptions this **SROI appears positive**

- A key challenge in assessing social return on investment lies in determining Whitelion's contribution towards delivering benefits in isolation from other factors
- The benefits of this program are numerous: decreased reliance on welfare / social services, contribution of income tax, improved health and social engagement
- Using conservative assumptions (incl. limiting benefits to job placements), benefits exceed investment **from yr 2; SROI over 5 yrs is ~\$1.97 per dollar invested**

# The Employment Program has several stakeholders with different interests and desired outcomes

STAKEHOLDER	ROLE	NATURE OF INTEREST
<p><b>Federal &amp; State governments</b></p>	<ul style="list-style-type: none"> <li>• <b>Principle funders</b> of the Employment Program</li> </ul>	<ul style="list-style-type: none"> <li>• Support a suite of programs to <b>reduce recidivism</b> amongst youth offenders</li> <li>• Goal to <b>protect society</b> from impact of crime and <b>reduce the cost</b> of crime</li> </ul>
<p><b>Employers</b></p>	<ul style="list-style-type: none"> <li>• <b>Offer employment</b> to young people coming through the Employment Program</li> </ul>	<ul style="list-style-type: none"> <li>• Acquire <b>good employees</b></li> <li>• Meet internal <b>corporate social responsibility</b> targets</li> </ul>
<p><b>Young people</b></p>	<ul style="list-style-type: none"> <li>• Young people <b>ready to commit and wanting to work</b> may be selected to participate</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Gain skills and employment</b> and build a <b>fresh start</b> for themselves after their crimes</li> </ul>
<p><b>Community</b></p>	<ul style="list-style-type: none"> <li>• Community supports the program <b>indirectly through taxes</b></li> </ul>	<ul style="list-style-type: none"> <li>• Ensure that the benefits gained from <b>reducing the impact of crime</b> outweigh the cost of supporting programs to achieve this</li> </ul>

# Measures of success will differ according to stakeholder perspectives

Stakeholder	Measures of success	Results
Federal & State Governments	1 Number of young people of Aboriginal and Torres Strait Islander descent trained and successfully placed in employment (Upper limit of funding is for 30 trained and 12 placed in employment per 12 months)	✓
	2 Target 25 young people trained and 15 successfully placed in employment each 12 months	✓
	3 Reduction in recidivism amongst young people involved in the Employment Program relative to NSW Juvenile Justice average	✓
Employers	4 Satisfaction with the way that Whitelion coordinate placement of young people with corporate employer	✓
	5 Quality of employees gained through the Employment Program	✓
Young people	6 Improvement in social capacity of young people (e.g. improved communication skills, increased self confidence, better grooming or appearance)	✓
Community	Estimated in social return on investment; requires long-term study to accurately measure	See next section for SROI estimate

**Results achieved:** ✓ Target met    ⚡ Partially met or ongoing    ✗ Target not met

Note: Benefit to young people assessed through employer survey; Self-assessment of success by young people would require longer period of placement than possible to analyse following single year of operation of the Employment Program

# The Employment Program is supported by State and Federal Governments, each with different targets



## 1 2 Successful placements

### STATE GOVERNMENT

- Funding for Employment Program through NSW Department of Juvenile Justice
- Targeting placement of **young people of any background** in the Juvenile Justice system into employment
- Annual funding provided based on a **target of 25 young people trained** for work and **15 placed in employment** each year
- Must be placed for minimum of 13 weeks at 10 hours a week or more

### FEDERAL GOVERNMENT

- Funding through Department of Education, Employment and Workplace Relations
- Targeting outcomes for young people of **Aboriginal and Torres Strait Island** descent
- Funding based on the number of young people trained and placed in employment up to a **maximum of 30 young people trained** and **12 placed in employment** each year

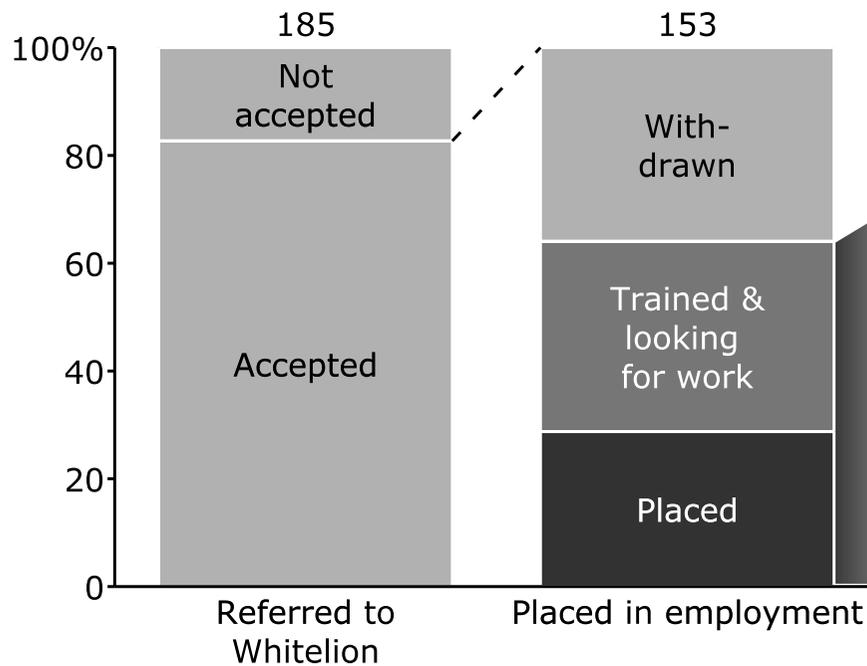
# The Employment Program has met all government targets for placement of young people since it began



## 1 2 Successful placements

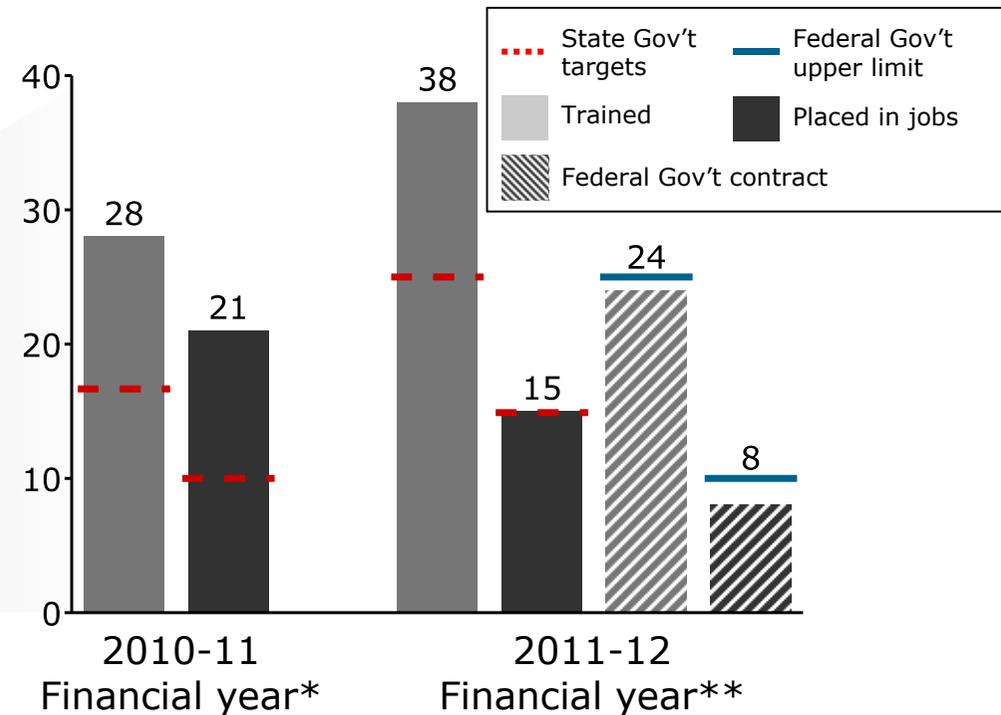
### THE PROGRAM HAS ASSISTED ~90 YOUNG PEOPLE SINCE NOV '10...

Young people referred to the Employment Program November 2010 - February 2012



### ...WITH 44 PLACED IN EMPLOYMENT

Number of young people trained or placed in employment



Note: \*State Government contract commenced November 2010, FY11 targets pro-rated for 8 months' operation; \*\*Federal Government contract commenced September 2011, FY12 targets pro-rated for 10 months' operation  
 Source: Whitelion internal data; Whitelion End of Financial Year report to NSW Department of Juvenile Justice (June 2012)



**Employment program has exceeded targets**

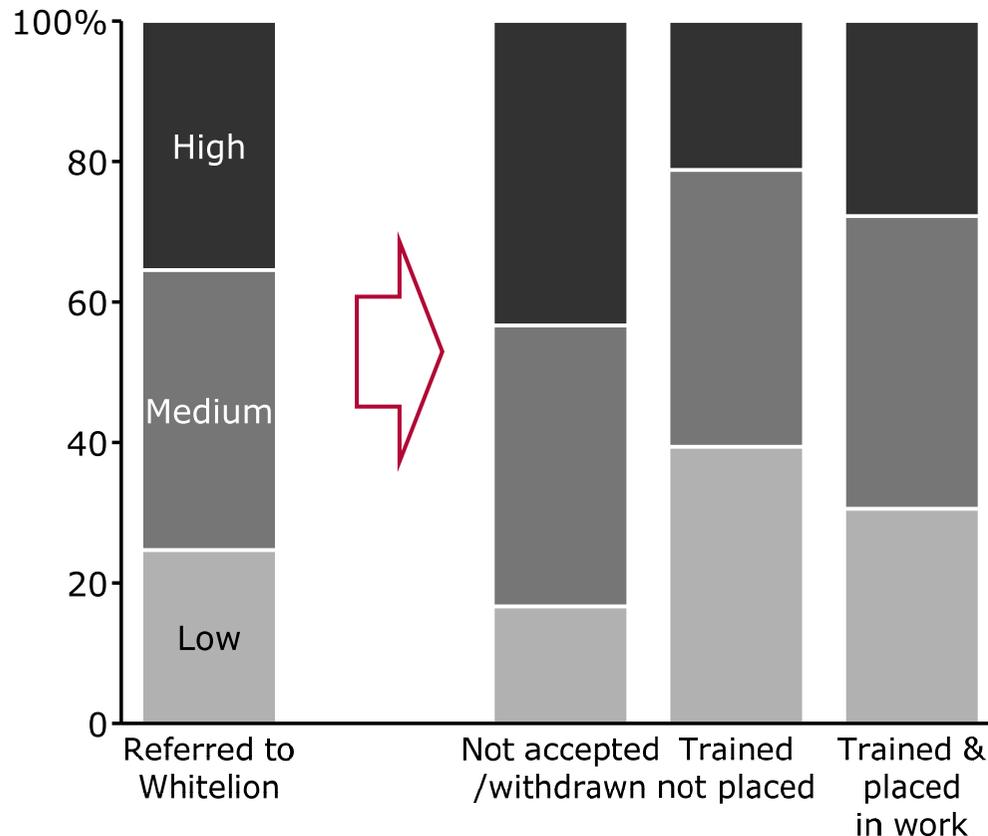
# Recidivism amongst participants is observed to be 20% lower than general custodial rate over first 12 months

3

Reduced recidivism

## PARTICIPANTS SELECTED ARE MOSTLY HIGH & MED RISK OF REOFFENDING...

Likelihood of reoffending amongst Employment Program participants



## ...& EARLY RESULTS SHOW REDUCED RECIDIVISM COMPARED TO CONTROL

- Approximately **60-65%** of young people accepted by Whitelion's Employment Program are **high or medium risk of reoffending** in first 12 months according to Juvenile Justice YLSI assessment
- Early evidence suggests that **actual reoffending in the Whitelion sample is lower than expected:**

*"Looking at the referral date as the index date and then looking for any subsequent offence, preliminary analysis indicates that the reoffending rate of these young people working or in training is lower by around 20%."*

Manager, Research & Information, Juvenile Justice, Dept of Attorney General and Justice

Note: Risk of reoffending based on Youth Level of Service Inventory (YLSI) score; Actual rate of participant recidivism not available due to confidentiality restrictions; Long term reduction in rate not possible to assess due to limited length of time the program has operated for in NSW  
Source: NSW Juvenile Justice (Department of Attorney General and Justice); July 2012

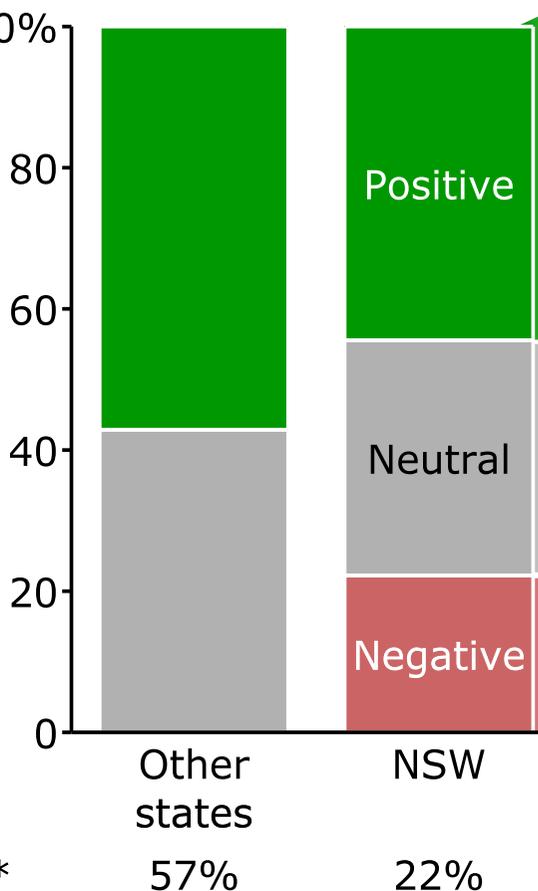
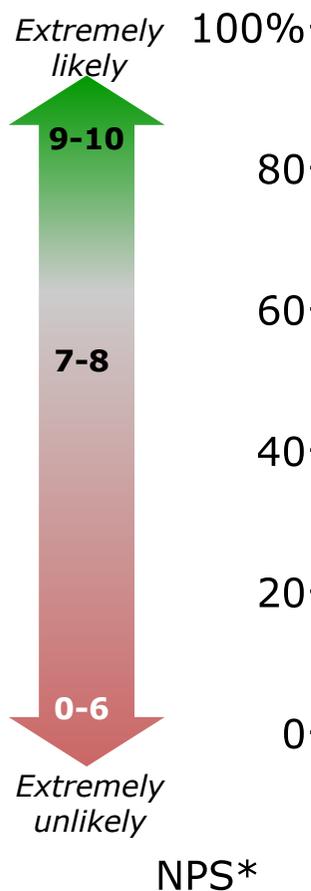
# While NSW lags other states, most employers would still recommend the program to other employers

4

## Satisfaction with Whitelion

### NET PROMOTER SCORE

Question: How likely are you to recommend Whitelion's job placement program to another company or to an employee of another company?



### COMMENTS

"First Young person has been a **huge success!** We look forward to engaging to more young people through the program."

"Initially my view was pretty biased and a bit suspicious as in: 'what's going to go wrong' but **everything has been great so far**"

"The **programme is great** but unfortunately we haven't had success long term as yet."

"I believe that the Whitelion potential candidate **screening process needs to be more strict.**"

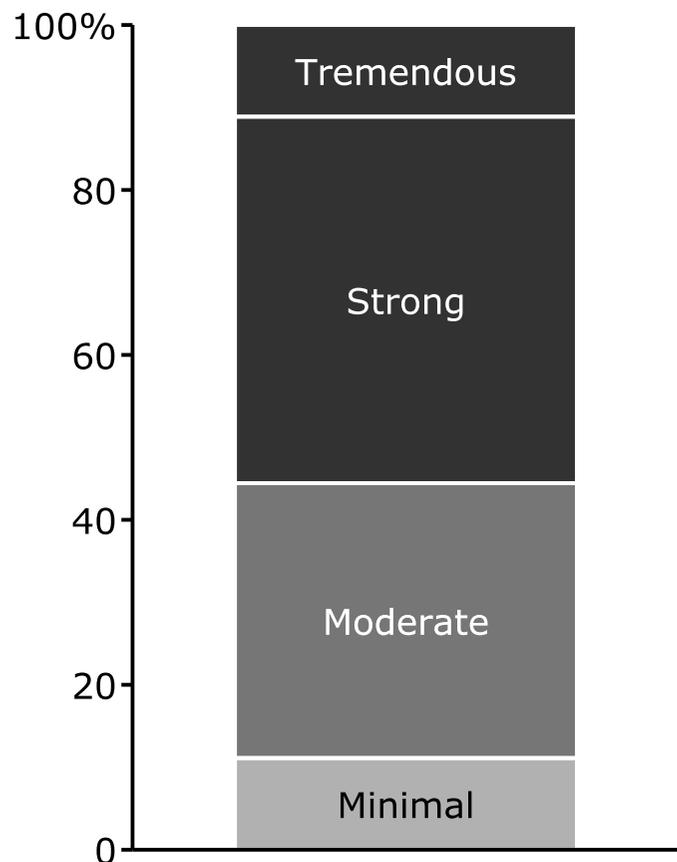
"Placement has been to benefit of trainee, **very little initial follow up** from Whitelion."

Note: Net Promoter Score (NPS) calculated by subtracting the percent of detractors (rating 0-6) from the percent of promoters (rating 9 -10)  
 Source: Survey of Whitelion employer contacts (n=17, 9 from NSW), July 2012

# Employers report high levels of satisfaction with the young people placed in their companies

## 5 Quality employees ~60% EMPLOYERS RATE YOUNG PERSON EFFORT AS 'STRONG' OR 'TREMENDOUS'

Question: How do you rate the effort put in by the Young Person?



## COMMENTS

"Our White Lion guy **has been awesome so far**; better than we had hoped for actually. He has been a real addition to the workforce."

"The Whitelion Candidates who have been screened properly by Whitelion case workers and **deemed to be truly work ready and are found to be committed to making a positive difference** in their lives are **the ones that always succeed and are still working at our company.**"

"We have employed several young people and **almost all of them have stayed on.**"

"It is amazing to see **how quickly a young person's attitude to life can be turned around** by an employer believing in them and being willing to extend an opportunity to them."

"These young people deserve the opportunity although **disappointed in participants contribution at times.**"

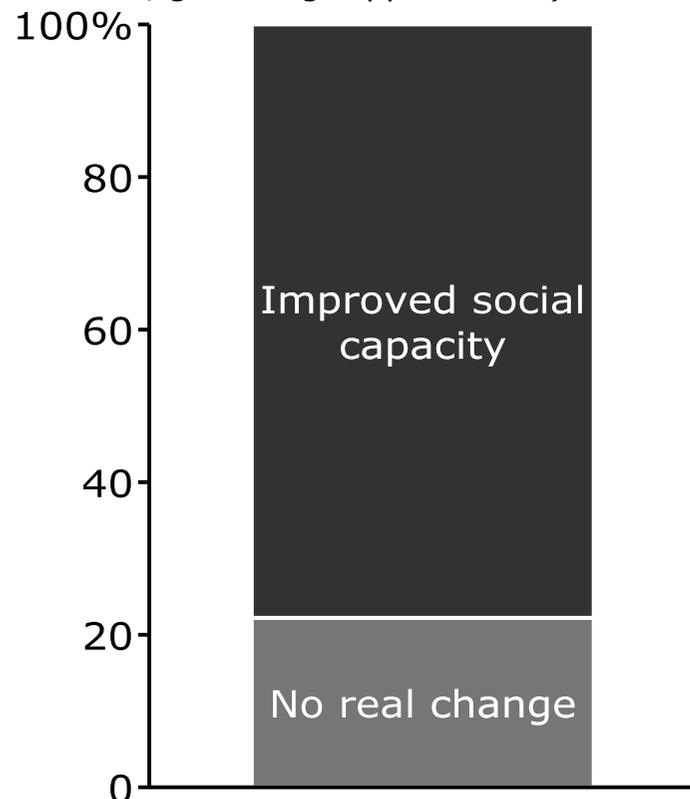
# Most employers have seen an improvement in the social capacity of the young person they work with

6

## Social capacity

### ~80% OF EMPLOYERS HAVE NOTICED AN IMPROVEMENT IN THE SOCIAL CAPACITY

Question: Have you noticed any change in the social capacity of the Young Person? (e.g. communication, confidence, grooming/ appearance?)



Note: Social capacity includes communication skills, self confidence and presentation skills, care in appearance, grooming and personal hygiene; No respondents selected 'decline in social capacity'

Source: Survey of employer representatives, July 2012

## COMMENTS

"The changes I have noticed is **how he has come out of his shell** a bit. His **communication with the rest of the team has improved** from being a quiet person to one that has open conversations with his fellow work friends."

"It is **wonderful to see how they have turned their lives around and have so much more confidence** from having a positive role to play in the community."

"I have definitely seen **increased confidence when dealing with clients and visitors** who are effectively strangers. She has built some strong relationships with other staff. I have been **impressed with the way she has gained the confidence** to now ask staff to follow instructions and comply with policy."

"She has blossomed into being **socially interactive** and a very capable and efficient worker."

# Executive summary

## Context

- Bain & Company has supported Whitelion for approximately 12 months through workplace giving and pro bono consulting. Whitelion approached Bain to evaluate its Employment Program and estimate the social return on investment

Youth crime is a **costly social problem** and Whitelion is differentiated in its approach

- Youth crime is a **major issue: 0.5-1% of youth commit crimes each year. High recidivism rates** (40 to 62%) drive cost of **~\$20k per year** per offender
- There are **multiple drivers of youth crime**. Economic factors are particularly addressable, and employment is a critical part of any economic intervention
- Whitelion provides a unique solution that is tailored to individual outcomes:
  - **Job readiness training** gives young people skills to seek employment
  - Network of **corporate partners** provide employment opportunities
  - **Low ratio** of case workers to young people provides support in critical first months
- This multi-faceted approach increases the likelihood of long-term success

Based on agreed measures of success, Whitelion has **executed effectively on its goals**

- Evaluated against the **implicit and explicit targets** set by stakeholders, Whitelion has **more than met expectations**:
  - **Trained 90 young people** for work, of which **44 were placed in employment** over 18 months, **exceeding Government targets**;
  - **Contributed** to 20% reduction in 12 month reoffending rate amongst participants
  - Experience **strong support** from participating employers, with a positive NPS of 22%

Whilst calculating social return on investment is **somewhat subjective**, using reasonable assumptions this **SROI appears positive**

- A key challenge in assessing social return on investment lies in determining Whitelion's contribution towards delivering benefits in isolation from other factors
- The benefits of this program are numerous: decreased reliance on welfare / social services, contribution of income tax, improved health and social engagement
- Using conservative assumptions (incl. limiting benefits to job placements), benefits exceed investment **from yr 2; SROI over 5 yrs is ~\$1.97 per dollar invested**

# Assessing social return on investment is challenging, but can be done by applying key assumptions



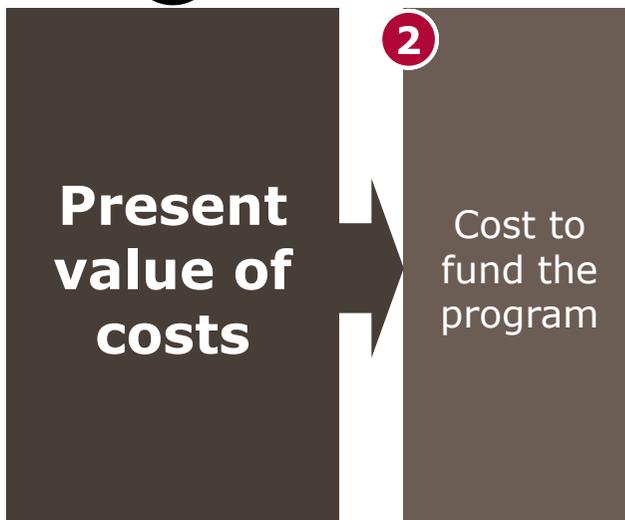
## SROI Framework

**SROI Index**

=  $\div$



- Value of cost of crime saved in the year after placement calculated for young people placed in jobs (based on 2012 placement numbers)
- Discounts applied to some costs where link to Employment Program less strong (e.g. Health)
- Future benefits discounted in year 2-5 and capped after 5 years
- Benefits discounted to present value
- Benefits arising from young people trained but not yet placed in work excluded due to difficulty quantifying benefits



- Cost of program based on amount of Government funding received in 2012
- Cost based on government funding received in the year placed in employment
- Proportion of funding dedicated to placing young people in jobs (as distinct from providing training) separated from overall program cost

## APPROACH

## CHALLENGES

- Proxies used to calculate cost of crime
- Cost calculated according to prevalence of factors in general population of youth offenders, without reference to specific population
- Benefits arising from intervention reduce over time due to intervention of other factors, relapse or job loss
- Difficult to isolate Whitelion contribution from other programs that the participating young people may have been involved in

- Difficult to extract actual cost to provide the service (e.g. placing one young person) from the overall program cost
- Estimate of proportion of funding dedicated to those young people placed in jobs versus those trained estimated based on intensity of contact with caseworker at different points in the program

# The benefits from Whitelion's intervention will begin to accrue in the year following successful job placement



1

## Reduced cost of crime

**Note:** Benefits calculation does not include benefits arising from those young people trained but not yet placed in jobs due to difficulty quantifying these benefits. Therefore actual benefit likely to be higher

Category of cost	Average cost per young offender (see slide #7 for reference)	Number of participants addressed	Rationale	Estimated cost avoided by intervention (year 1)
Direct cost of crime avoided	\$1.8k	5	<ul style="list-style-type: none"> <li>20% reduction in 12 month recidivism rate observed amongst participants placed in jobs</li> </ul>	\$9k
Benefits from employment gained	\$12.4k	23	<ul style="list-style-type: none"> <li>Participants placed in jobs will be less welfare dependant and contribute taxes</li> </ul>	\$286k
Improvements in health	\$3.9k	11.5	<ul style="list-style-type: none"> <li>Some participants placed in jobs (50% of total used for calculus) will improve health through social stability and removal from negative influences</li> </ul>	\$45k
Reduced dependence on public housing	\$0.7k	23	<ul style="list-style-type: none"> <li>Income allows participants placed in jobs to pay their own rent, reducing dependence on public housing</li> </ul>	\$16k

**TOTAL:  
(year 1)**      **\$356k**

Note: Calculations based on 23 young people successfully placed in jobs in FY12; Assumes benefits do not begin to accrue until one year after job placement

# Benefits will continue to accrue over time; future benefits conservatively estimated using several key assumptions

1

Reduced cost of crime

**Note:** Benefits calculation does not include benefits arising from those young people trained but not yet placed in jobs due to difficulty quantifying these benefits. Therefore actual benefit likely to be higher

Category of cost	Year 0 benefit	Year 1 benefit	Year 2 benefit	Year 3 benefit	Year 4 benefit	Year 5 benefit
Annual value of benefit from intervention	\$0	\$356k	-	-	-	-
Rate of decay of benefit <sup>1</sup>	-	0%	20%	40%	60%	80%
Predicted future benefit (Value of benefit in year 1 x rate of decay of benefit)	-	\$356k	\$284k	\$213k	\$142k	\$71k
Net present value of benefit (as at year 0) <sup>2</sup>	\$0	\$350k	\$276k	\$204k	\$134k	\$66k
<b>Cumulative benefit</b>	<b>\$0</b>	<b>\$350k</b>	<b>\$627k</b>	<b>\$831k</b>	<b>\$965k</b>	<b>\$1,031k</b>

Note: (1) Rate of decay of benefit estimates the reduction in benefit accruing over time as link to intervention weakens. Reduction could be caused by intervention of other factors, relapse, return to unemployment; (2) Net present value calculated by applying growth rate to value of benefit of Sydney CPI (currently 2.5%) and discount of 4% per annum (recommended rate by RAND); Calculations based on 23 young people successfully placed in jobs in FY12; Assumes benefits do not begin to accrue until one year after young person placed in job

Source: Australian Bureau of Statistics; M Tuan "Measuring and/or estimating social value creation: Insights Into Eight Integrated Cost Approaches" for the Bill and Melinda Gates Foundation (2008)

# The cost to fund the Employment Program in FY12 totalled ~\$524k across both Government contracts



2

## Cost to fund the program

The cost of the Employment Program is met from funds provided by the **Federal and State** Governments.

In **2012 this amounted to:**

Contract	Amount
Federal	\$324k
State	\$200k
<b>Total:</b>	<b>\$524k</b>

Funding is based on the number of young people **trained and placed** in employment. However, it is **not possible to extract** the costs attributable to **only those young people placed** in employment

Given this, the **conservative approach** is to measure the **full cost of the program** against the estimate of value arising from job placements

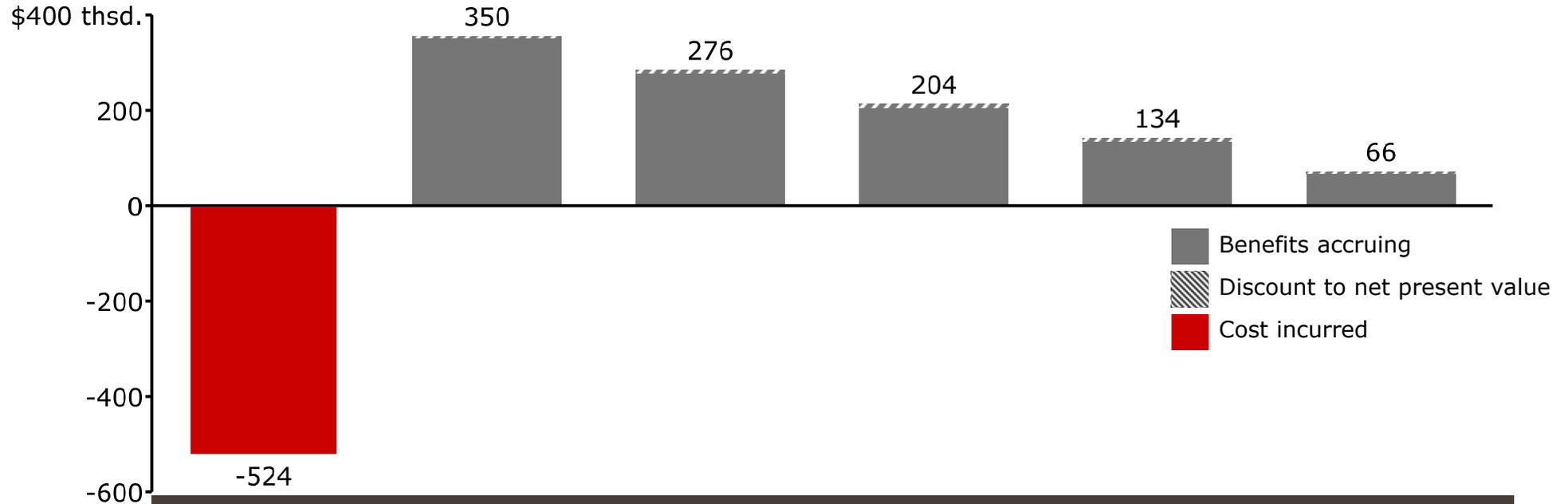
Note: Cost to fund job placement extracted from overall cost to enable SROI calculation; Cost of young people trained by the program excluded as benefits of this part of the program difficult to quantify; Costs include front-end (case work) as well as back-end (administrative) costs  
Source: Whitelion internal data; Interviews with Whitelion staff

# The program's benefits outweigh its cost: positive return after 2yrs increasing to \$1.97 per \$1 invested after 5yrs



## SROI calculation

Costs and benefits arising from Whitelion Employment Program



	Year placed in employment	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Cost of funding program (job placements)</b>	-\$524k	-	-	-	-	-
<b>Net present value of benefit</b>		\$350k	\$276k	\$204k	\$134k	\$66k
<b>Cumulative SROI index<sup>1</sup></b>	N/A	<b>0.67</b>	<b>1.20</b>	<b>1.59</b>	<b>1.84</b>	<b>1.97</b>

Note: (1) SROI index calculated by dividing the cumulative value by the program costs, equates to the amount returned per dollar invested

# Appendix: Additional results from employer survey

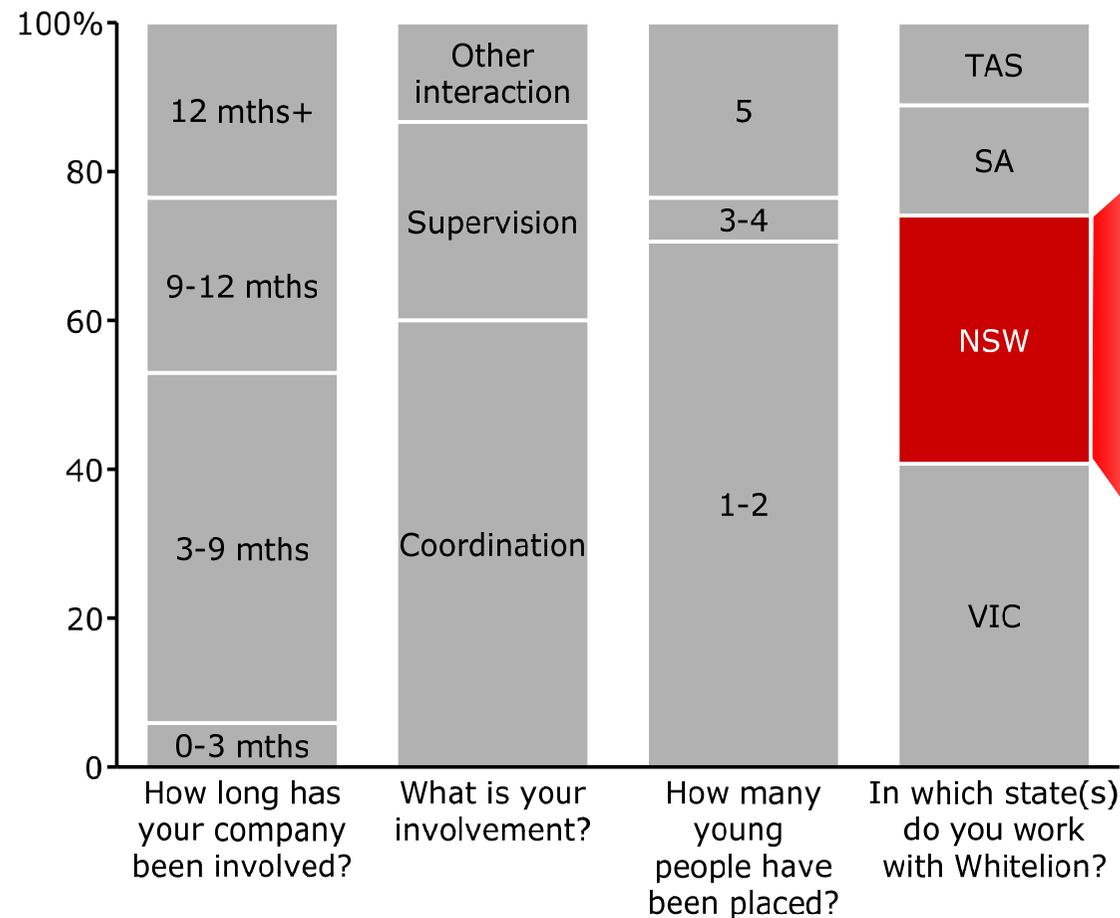
---

- Employer survey results

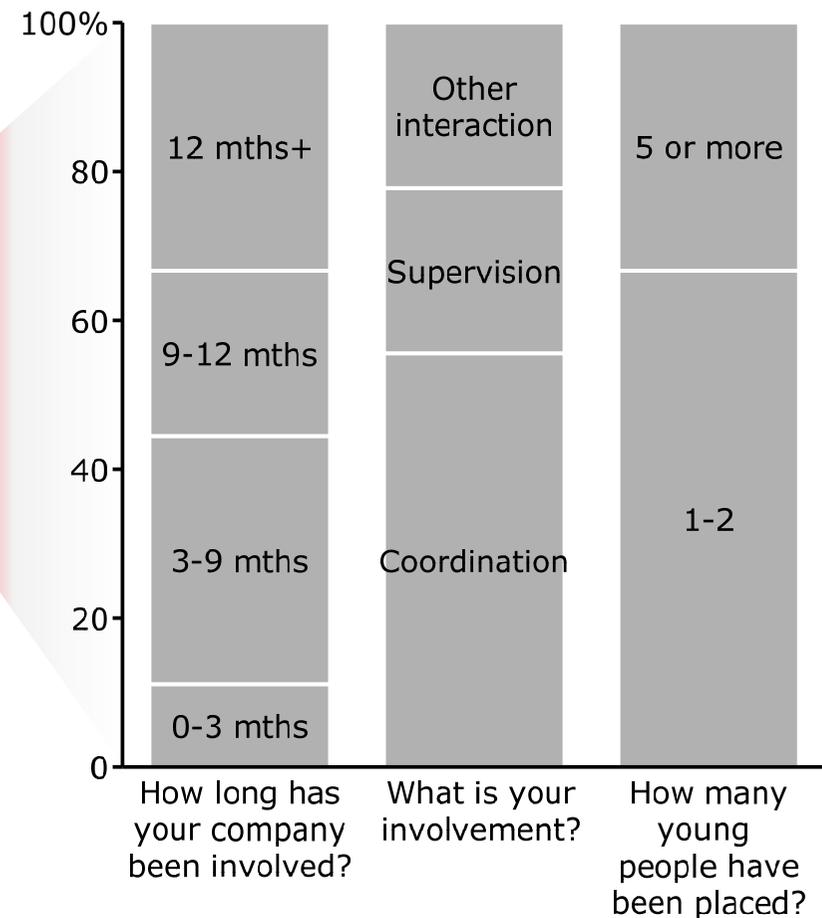
# Employer survey: Data gathered from participants in different states in direct contact with young person



## OVERALL SURVEY PARTICIPANTS



## NSW RESPONDENTS (N=9)

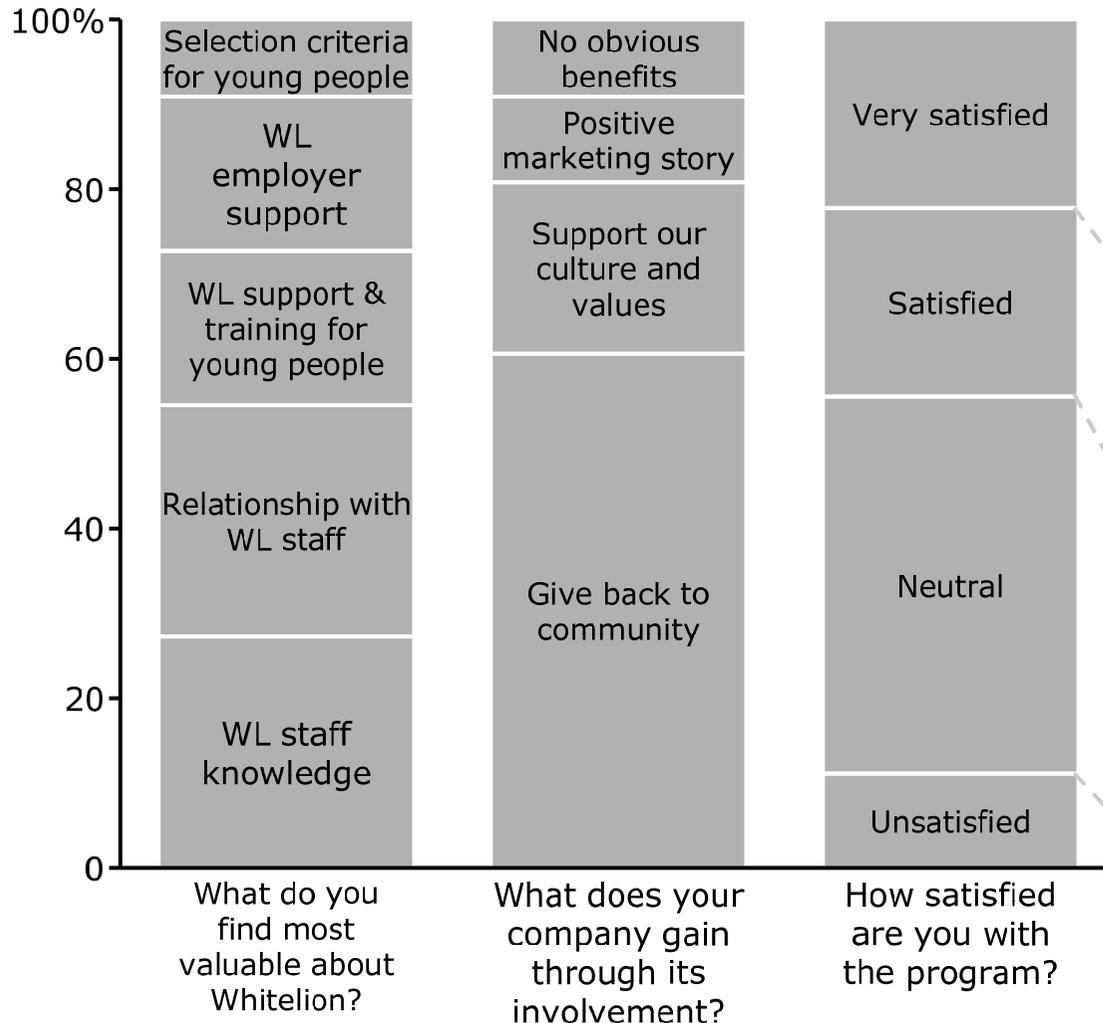


Note: Survey allowed multiple responses for the question "In which state(s) do you work with Whitelion?"  
 Source: Survey of Whitelion employer contacts (n=17), July 2012

# Employer survey: views on working with Whitelion



## PERFORMANCE OF WHITELION



## COMMENTS

"Whitelion staff are **well informed, very professional and always willing to collaborate on solutions** to any potential difficulties the young person may experience. **We could not be happier with the service they provide and the program in general.**"

"There has been **good follow up** by the participant case manager."

"The **programme is great** but unfortunately we haven't had success long term as yet."

"We have had a **mixture of successes and disappointments.**"

"Have **not had any real communication** with Whitelion staff regarding the placement of the candidate."

"Very **little initial follow up** from Whitelion"

Source: Survey of Whitelion employer contacts (n=17, 9 from NSW), July 2012