



**Fifteen London:**  
A Social Return on Investment (SROI) Analysis  
2009/10

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## Executive summary

Fifteen London is a social enterprise restaurant based in East London, which runs an apprentice programme for young people in need of a second chance in life. It was founded by Jamie Oliver in 2002. Since that time 95 young people have graduated from the programme, and gone on to take up jobs predominantly in the catering industry. The vast majority are still in employment.

The Jamie Oliver Foundation, which still manages the programme, commissioned Just Economics LLP to conduct an evaluative Social Return on Investment (SROI) analysis in order to quantify the social value created by Fifteen, London in an average financial year.

Fifteen, London has been gathering data on the progression of graduates since it first opened, and these were used as evidence to support the analysis. Part of the project also involved identifying ways in which Fifteen could improve its data management systems to enable staff to carry out future SROI updates in house.

The Fifteen model works by training 18 young people intensively for 12 months. During this time they receive on and off site training – studying at college and working alongside the professional chefs in the kitchen and visiting producers to learn about the whole food cycle. Prior to graduation they run the Fifteen kitchen for a week and go on a three-week work experience in high-end restaurants in and around London. Throughout the year they receive ongoing emotional and practical support from staff.

Once they graduate, they start their career in top restaurants. Representatives from the hospitality industry attested to the quality of the chefs produced by the programme.

The SROI analysis estimates the total value of benefits to key stakeholders – apprentices, their families and children and the State – to have a net present value of over £5 million. Given annual input costs of £540,000, this translates into an overall social return on investment of 1:9.5. This means that for every pound invested in Fifteen £9.50 of social value is generated. If we remove all other stakeholders except the State the return is still 1:3.50. In other words, we estimate that for every pound spent on the programme £3.50 of savings to the State is generated. When we look more widely at the total social benefit to society the 'return' increases to £9.50.

The programme is mostly funded by profits from the restaurant, although these are not sufficient to cover all of the input costs. The shortfall is funded through charitable sources.

The majority of the benefit comes from getting young people into work. Other key outcomes include:

- Improved social and financial skills
- Reduced risk of homelessness and offending

- Reduced intergenerational poverty and improved social mobility
- Improved diet and long-term health

The majority of the outcomes last for ten years, the main exception being the long-term intergenerational benefits. Although people may benefit from the intervention for the rest of their lives, we recognise that over time the attribution to other factors will increase. We have identified ten years as being the optimum length of time to track people.

The ratio is based on a 70 per cent graduation rate, which Fifteen has exceeded for the past three years. It continues to be a target in the coming years, and achieving the returns described in this report relies on it.

This research is part of Fifteen's wider work on outcomes measurement. The data available was sufficient to carry out this analysis but needs to be improved upon. In order to be in a position to strengthen the evidence-base in the future a more systematic approach is required. We recommend that Fifteen introduce baseline data collection systems, along the lines of the outcomes star and revisit these on a six-monthly basis over two years where possible. There are ways that this could be done that would ensure a high response rate and keep costs to a minimum.

Fifteen sets out to do something that is extremely difficult to do well – to turn around the lives of young people with few career prospects who have fallen out of mainstream education. The UK has one of the highest proportions of young people not in education and training at 16 in Europe. Research tells us that outcomes for this group in terms of health, income, employment and well-being will be worse than average right into old age. We also know that the older people become the more 'path dependent' those outcomes become and the more difficult it is to shift them; hence the 'returns' from social programmes decrease.

Even for those who become employed, mainstream training provision has struggled to narrow the wage gap between those who take vocational and academic routes. The UK also has one of the lowest rates of social mobility in Europe. This means that the income (and profession) of your parents will largely determine yours and that opportunity eludes those who start out with little. Although a small initiative, Fifteen aims to buck this trend. As well as providing significant value for those it directly affects, it also provides a model for alternatives to mainstream education that is interesting and responsive to needs and most importantly laced with ambition.

## 1.0 Introduction

Fifteen London is a social enterprise restaurant based in Old Street, East London. It runs an apprentice programme for young people from disadvantaged backgrounds with the aim of supporting them into employment in the restaurant industry. It was founded in 2002 by Jamie Oliver and is owned by the Jamie Oliver Foundation.

The Jamie Oliver Foundation is a registered charity whose mission is to empower, educate and engage as many people as possible to love and enjoy good food. This means learning how to cook, understanding where food comes from, and recognizing the power it can have on our health, happiness, and even finances. They do this through teaching, training and employment, and also by making good clear information available to as many people as possible.

The apprentice programme operates alongside a commercially successful restaurant, Fifteen London, and operates outside of the National Apprenticeship programme framework. The proceeds of the restaurant mostly fund the apprentice programme. However, like any non-profit organisation, Fifteen has to raise money from charitable sources to fund the shortfall. The model has been successfully replicated in Amsterdam and Cornwall. Whilst these programmes follow a similar model, this evaluation was based on Fifteen London alone (See Box 2.2 on Fifteen Cornwall)

The present study uses the existing research base to forecast the social value created by Fifteen London for the 2009/10 financial year. This is used to calculate a social return on investment (SROI) ratio for the scheme.

As well as calculating the overall social return, the study estimates the total value of benefits created to the state from reduced unemployment and related social problems and increased social mobility.

The report is structured as follows:

*Section 2* provides an overview of the Fifteen programme

*Section 3* sets out the methodology for the SROI analysis, including all assumptions, and details the theory of change underpinning the scheme

*Section 4* presents the findings of the SROI study

*Section 5* concludes the report

## 2.0 The Fifteen programme

Fifteen London is a restaurant based near Old Street in East London. It recruits and trains 18 disadvantaged young people as chefs, preparing them for work in the hospitality industry.

Aged between 18 and 24, participants are unemployed, have no or few qualifications and typically have difficult personal circumstances to deal with. Fifteen offers them high quality skills training as well as intensive personal support.

As well as part-funding the apprenticeship programme, the restaurant plays an intrinsic part in the overall programme; providing an operating restaurant for training purposes.

### 2.1 History

Fifteen is named after the first cohort of 15 young people who joined the London programme in 2002. It has always had a dual purpose: to give young people who needed it an opportunity to work in the restaurant business, and to establish a high quality restaurant.

Launched to significant media attention, the organisation in subsequent years had to bed down to the everyday activity of running a challenging organisation, with ambitions for excellence.

Since then, the organisation has seen changes to its business model. It has experimented with the number of apprentices, having up to 25 at one time.

The restaurant built its brand around rustic Italian food and sources its ingredients seasonally and where possible within the UK.

In 2004 the Fifteen franchise got underway with the launch of Fifteen Amsterdam, this was followed by Fifteen Melbourne in 2006. That same year saw the opening of the second UK branch in Cornwall (see Box 2.1).

In 2010, the Fifteen Foundation was renamed the Jamie Oliver Foundation and became part of the wider platform of Jamie Oliver's other socially-oriented food initiatives such as the 'Feed Me Better' campaign and Ministry of Food.

#### **Box 2.1 Fifteen Cornwall**

In 2006 the first UK franchise of Fifteen was launched in Cornwall. It is now in its fifth year. In that time 93 young people have passed through (including the current cohort of 22). During this time 70 have graduated, although they are expecting all of the current cohort to graduate, which would bring their graduation rate in line with London (70 per cent approximately).

Fifteen Cornwall is run in a very similar way. It is located on a two-mile stretch of beach, so the atmosphere is more coastal and aimed at holiday-makers. The main difference with London is that it has had quite stable EU funding. This has given it a

stability that has enabled it to plan ahead. Apart from this, the restaurant is its only other source of revenue.

The young people that it recruits are very similar in terms of profile and backgrounds. They are all unemployed and are usually dealing with some external problem such as drug use. They also source all of their food in the Cornwall area.

Although they have been fortunate with EU funding, they do not have access to the fundraising opportunities that London has. The CEO interviewed for this research was very positive about their prospects however, as business has been very good recently. Although they have not yet measured outcomes in a systematic way, they know that 80 per cent of their graduates are still in work five years on.

Like London, they struggle to provide the kind of ongoing support to graduates that they would like. In time, if there were enough franchisees, he thinks that there may be an argument for having a dedicated job support body that provides outreach. In the meantime, they provide this function on an ad hoc basis but recognise that it will be increasingly difficult as they grow.

## 2.2 Fifteen London today

Fifteen remains committed to its core mission of improving the lives of disadvantaged young people, helping them overcome their barriers to work and creating for themselves great careers in the restaurant industry.

It recruits 18 young people each year, and currently has target graduation rate of 70 per cent. Apprentices must be unemployed and will usually have left school early with few qualifications. Many will be dealing with considerable issues in their personal life: problems with their housing, their relationships, with drugs, or alcohol. Some of them will either be at risk of offending, or already be in contact with the criminal justice system. Typically, they will have had many experiences of training, or employment but been unable to stick with anything for very long. A requirement of the programme is that they have an interest in food, though they will usually have no formal training, or restaurant experience.

Receiving on average 200+ applications a year, Fifteen selects its participants carefully. This means that it can identify those for whom the programme is a good fit and who are likely to make the most of the opportunity. This is a finely balanced with Fifteen's social mission, and so staff also need to be satisfied that no apprentice could achieve their ambition by some other means. In the recruitment process therefore, they are looking for applicants grouped in the intersection between greatest need and potential to graduate.

Once they have selected their team, every effort is made to ensure that everyone graduates without compromising standards i.e. they must complete all aspects of the programme and have a minimum 85% attendance rate. Apprentices are provided with a stipend on £100 per week and staff provide 'problem solving' support, which vary with apprentices. For example, staff may act as advocates with housing providers, make representations to magistrates, or refer apprentices to relevant services such as counselling, or debt advice.

Fifteen's philosophy is to learn within the actual work environment. This means

learning from experts in the field and being surrounded by the produce, equipment and dishes that they will work with and be inspired by. Gradually, their levels of responsibility increase with the skill that they acquire through this direct participation in a fully operative business. This culminates in 'chef's week' where apprentices, for one whole week, run the Fifteen Dining Room restaurant. Apprentices are then sent on work placements in renowned restaurants such as Odette's, The Vineyard at Stockcross, The Fat Duck and St. John's before they graduate. Fifteen is also very involved in helping them find stable employment, and staff provide ongoing support to graduates. Although almost all of the outcomes measured in relation to this report relate to young people who graduate, Fifteen also works with non-graduates to support them into meaningful progression routes, although the success of this will vary depending on the circumstances.

## 2.3 Fifteen and social reporting

Fifteen has always been aware of its need to demonstrate that it is creating positive change in the world. This has increased with the pressure to raise funding for the programme from external sources.

In 2007 it commissioned its first social report. This involved a comprehensive interview with a group of thirty-five graduates and non-graduates, which was externally audited. Fifteen staff retain a record of every graduate and attempt to contact them periodically. These data have enabled us to produce the calculations in this report.

Outside of employment status however, the data are patchier. For example, outcomes about impacts on family and children, and the health and well-being of the graduates themselves have not routinely been gathered. To compensate for this the report makes use of the social report data and other evaluations that have been done over the years. Where possible, other assumptions are supported by academic data.

As part of the 2010 evaluation project, Fifteen aim to embed the SROI process in their organisation. Just Economics will work with Fifteen to train staff in the basics of evaluation and advise them on appropriate data collection methods for the future.

Finally, little is known about non-graduates. This report has made few assumptions about those that start the programme but do not complete. This would be useful, not just to understand what impacts the programme has on non-graduates but also as a benchmark for the outcomes for graduates.

## 2.4 Fifteen and wider training policy

An increased focus on skills and training is regularly proposed as a way to increase low incomes. However, apart from in a handful of countries where vocational qualifications are given equal parity (see Box 2.1), it is often seen as a low status learning route specifically for entrance into low level occupations (de Waal, 2008).

Whilst the nature of vocational programmes vary widely between developed countries (see Bosch and Charest, 2010), there is a general agreement that vocational training constitutes an alternative route into work to academic qualifications – a 'second-chance' for adults with no or low formal qualifications who are looking for a new career, or as a bridge back into work for the unemployed.

Training has been presented as one method by which the wage gap between the skilled and unskilled can be narrowed (Brauer and Hickok 1994, Lynch 1994, Freeman 1994). The presumption is that because training increases productivity and individual human capital, it should also increase a worker's wages, and hence help bolster the bottom end of the income spectrum. However, whilst there is evidence to suggest that wages do rise as an outcome of vocational training, in most countries there is still a gulf between the returns on vocational and higher level academic qualifications (see Dearden et al., 2000; McIntosh, 2004).

Changing this situation has proved difficult. Academics and practitioners looking for ways to improve their skills system often look to the German or Swedish training models (see Bosch and Charest, 2010). However, the large investment in these schemes, the role of unions in negotiating fair wages and protection for those involved, and the strong business training cultures in these countries make it difficult for others to adopt the same model (see Harhoff and Kane, 1996).

What is unusual about Fifteen in that regard is that people enter into employment, usually at a salary well above the minimum wage, and some will go on to reach average incomes relatively quickly. Whilst aspects of this would be difficult to replicate (in particular the celebrity connections and media access) there are other aspects of the Fifteen model that may well be replicable.

### **Box 2.2 Apprenticeships in Germany**

The German apprenticeship system is commonly referred to as "the dual system of education" as it combines on-the-job training with theory taught in state schools one or two days per week.

Nearly two thirds of young people enter apprenticeship training and the supply of places typically exceeds demand from young people. There is scope within the apprenticeship framework for young people of all different abilities, including academic high-fliers. This means that the programme does not brand those entering it as academic 'failures'.

The costs of the dual educational system are shared by regional governments, private companies, and the apprentices themselves. The government pays for the costs of the public education side of training, while the companies pay for all of the costs associated with the on-the-job training. The system is highly diversified and decentralised, such that they are run by the employers, by companies' works councils and by the local Chambers of Commerce with very little Federal interference.

## 3.0 Methodology and theory of change

Social Return on Investment (SROI) is an adjusted cost-benefit analysis that quantifies the value of social, environmental and economic outcomes that result from an intervention.

An SROI analysis proceeds via five key steps:

- 1) Boundary setting to establish scope
- 2) Engagement of stakeholders to understand the interventions' theory of change
- 3) Data collection to evidence outcomes and impact
- 4) Model development
- 5) Reporting

This section provides an audit trail of the SROI analysis for Fifteen.

### 3.1 Scope

The scope of this report is restricted to the activities of Fifteen London in an average, rather than a specific financial year. In the eight years that Fifteen has been operating, there have been fluctuations in key statistics such as the numbers recruited and the numbers graduating. As good quality data exists on this, it is possible to use this to average out the outcomes over the years. This report will act as a baseline for future SROI reports, and the annual return represents, all things being equal, what we would expect to see in future years.

The SROI is broadly evaluative: in most instances we can evidence the outcomes that we are valuing. However, in some instances where we have encountered data gaps, or outcomes will occur in the future we have used academic literature, or other existing data to support the forecasts that we have made.

### 3.2 Stakeholder engagement

Stakeholder engagement is conducted to establish the theory of change, or logical framework, for the intervention. This is a description of how inputs are used to deliver activities that, in turn, result in changes (outcomes) for stakeholders. The involvement of stakeholders at this stage ensures that the SROI measures and values the outcomes that are most important to those directly experiencing the change. Crucially, this should not be confused with data collection to evidence outcomes, which happens at a later stage.

Although imperfect, Fifteen does have an existing research base. For its annual report, and for previous evaluations, extensive qualitative research with apprentices has taken place.<sup>1</sup> Whilst this was carried out for a different purpose, it provided a starting point for the stakeholder engagement phase of this project. This was

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<sup>1</sup> See Fifteen: Life in the present tense, Social Report 2007, Fifteen Foundation 2009 Graduation Programme; Fifteen Young People's Fund Report.

accompanied by two workshops - one with staff and one with a project steering group - to identify stakeholders and begin to develop a theory of change.

The output from this was a long list of stakeholders, which were then prioritised according to how material they were to the overall analysis. Table 3.1 sets out all of the stakeholders, how they were engaged and whether it was decided to take them forward to the next phase and the rationale for this.

The reason why a stakeholder is deemed 'material' has a particular meaning in SROI. Essentially it asks whether significant social value has been created for that stakeholder to merit their inclusion in the analysis. This will sometimes be obvious e.g. apprentices, and sometimes be less clear e.g. referral agencies. The aim is to focus the theory of change on those changes, which are most significant and merit being included the lengthy data collection and modelling process. This does not mean they are unimportant; some of the most important stakeholders (e.g. staff, funders) are often not included in an SROI analysis.

**Table 3.1 Stakeholder engagement audit trail**

<b>Stakeholder</b>	<b>Method of engagement</b>	<b>Number engaged</b>	<b>Taken forward to SROI analysis?</b>	<b>Reason for materiality decision</b>
Apprentices	Interviews	9	Yes	Primary stakeholder
State	Policy analysis	N/A	Yes	Provider of benefits and services to primary stakeholder
Family members	Interviews	1	Yes	Directly affected by changes in the lives of primary stakeholder
Children	Desk research	N/A	Yes	Directly affected by changes in the lives of primary stakeholder
College	Interviews	1	No	Would only be marginally affected if Fifteen did not exist
Suppliers	Interviews	1	No	May be material economic benefits, however deadweight likely to be very high and no data exists to evidence this
Referral agencies	Interviews	3	No	May be material benefits to other young people who are inspired by positive stories but considered to be too tangential
Hospitality industry	Interviews	1	No	May be material benefits in terms of reputation and quality but considered to be too tangential and data are poor.
Staff	Workshop	4	No	Fifteen has high staff retention and staff satisfaction, however, staff could work in other satisfying jobs, so deadweight likely to be high
Funders	Workshop	2	No	As with staff
<b>Total</b>		<b>20</b>		

The following stakeholders were taken forward to the next stage

- Apprentices
- Families
- State
- Children

The results of the stakeholder engagement strongly concurred with the narrative in the existing research, suggesting that further stakeholder engagement would be unnecessary duplication.

The findings of the stakeholder engagement and the theory of change for the Fifteen programme are presented in Box 3.1

### **Box 3.1 Stakeholder engagement findings and the Fifteen theory of change**

Stories from the young people engaged corresponded with findings from previous evaluations, that Fifteen has a significant and even transformative impact on their lives.

Typically, before coming to Fifteen a young person will have had negative experiences with formal education and left school with few, or no qualifications. This will have been compounded by external family circumstances, some will have grown up in poverty, been in the care system, had an unhappy early family life, or come from a household where nobody ever worked.

After leaving school many will have gone into jobs in trades, or services but not stuck at these. Few will have had anything resembling a stable career. Some will not have been in education, or training since they left school. This will often have been accompanied by the usual problems that young people who are NEET face: unstable housing, or homelessness, involvement with the criminal justice system, ongoing family problems, very low incomes, few opportunities for career advancement. Many will be using drugs, or alcohol but few will be using hard drugs. Some will have additional barriers to work such as learning disabilities, or mental health problems. Young people described coming to Fifteen as unlike anything they had experienced before. Even those who had experienced training in the past said that Fifteen was different. Firstly, getting through the application stage gives people a massive boost. They may have experienced rejection many times and this is a short-term vote of confidence. However, the routine and schedule at Fifteen were universally considered challenging. For some this is the first time that they have had a structured routine in years and this comes as a shock. However, it also takes their mind off other things that they have going on in their lives and it is simultaneously exciting.

As the weeks pass the initial euphoria and glamour of being associated with the Fifteen/Jamie Oliver brand dissipates, and the reality of the hard work of a chef's life and the pressure of the kitchen sink in. Tensions typically emerge within the team, and sometimes, external pressures overwhelm the apprentices. Fifteen staff try to support the young people during these periods as much as possible. Sometimes this will involve helping them with their housing, or debt problems, mediating in a disagreement, or providing moral support. As everyone's situation is different they have to be prepared for a wide variety of issues to arise.

Training includes in-house training at Fifteen and external courses at Lewisham College. Trainees also go on sourcing trips, which include visits to fish markets at 5 a.m. and longer trips to farms in England and Wales. They are taught about the importance of sourcing fresh seasonal ingredients and making the most of the food available. By graduation apprentices are expected to have all of the skills necessary to work in a top end kitchen. Placements are then made in some of London's best-known restaurants.

External organisations that we spoke to were also enthusiastic about the project. Referral agencies in particular believed that it stood out amongst the vocational options for young people, and was inspirational even for those that were not accepted onto it.

Many apprentices were encouraged to apply to Fifteen by their families. For families was generally described as a relief to have the young person accepted onto Fifteen. It may have meant that they were no longer getting into trouble and that they didn't have to worry about them any longer. It was also inspirational for other family members.

**Table 3.2 Fifteen impact map**

<b>Stakeholder</b>	<b>Activity</b>	<b>Outputs</b>	<b>Medium-term changes</b>	<b>Long-term changes</b>	<b>In their own words</b>	
Apprentices	<ul style="list-style-type: none"> <li>▪ Training</li> <li>▪ Sourcing trips/activities</li> <li>▪ General support</li> <li>▪ Work experience</li> </ul>	<ul style="list-style-type: none"> <li>▪ Numbers trained</li> <li>▪ Number of qualifications</li> <li>▪ Numbers of work placements</li> </ul>	<ul style="list-style-type: none"> <li>▪ High quality cooking skills</li> </ul>	<ul style="list-style-type: none"> <li>▪ Employment/ meaningful career</li> </ul>	<p>My life has changed completely. I am happy; I have a job, a career.</p> <p>‘I went to work in lots of different jobs. I was sitting around a lot. I never stuck at anything’</p> <p>‘It’s not a cookery course, it’s a life course’</p>	
			<ul style="list-style-type: none"> <li>▪ Increased aspirations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improved social skills</li> </ul>		<ul style="list-style-type: none"> <li>▪ Improved social skills</li> </ul>
			<ul style="list-style-type: none"> <li>▪ Improved budgeting skills/financial literacy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improved budgeting skills/financial literacy</li> </ul>		<ul style="list-style-type: none"> <li>▪ Improved family life</li> </ul>
			<ul style="list-style-type: none"> <li>▪ Better relationships</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reduced risk of illnesses related to poor diet</li> </ul>		<ul style="list-style-type: none"> <li>▪ Financially better off</li> </ul>
				<ul style="list-style-type: none"> <li>▪ Awareness of health impacts of diet</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reduced risk of homelessness</li> </ul>	<p>‘I am no longer the black sheep in the family. I found out that people I thought were my friends weren’t really my friends’</p>
				<ul style="list-style-type: none"> <li>▪ Increase in incomes</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reduced drug/alcohol dependence</li> </ul>	<p>‘I know if anything goes wrong in life Fifteen will always be there’</p>
				<ul style="list-style-type: none"> <li>▪ More housing stability</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reduced offending</li> </ul>	<p>‘Before I used to sleep all day and go out drinking a lot’</p>
				<ul style="list-style-type: none"> <li>▪ Less chaotic lifestyle</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improved long-term well-being</li> </ul>	<p>‘Without it I would have been in prison, or dead.’</p>
				<ul style="list-style-type: none"> <li>▪ Less risky lifestyles</li> </ul>		<p>‘It feels great not to be</p>
				<ul style="list-style-type: none"> <li>▪ Increase in confidence and self-esteem</li> </ul>		

						bumming it. I feel great about myself
						'I came out of my shell – my attitude and confidence changed'
Families	N/A	<ul style="list-style-type: none"> <li>▪ Numbers of families</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improved relationships</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improved family life</li> </ul>		'All my family are proud of me'
Intergenerational benefits	<ul style="list-style-type: none"> <li>▪ Children have positive role models and higher income</li> </ul>	<ul style="list-style-type: none"> <li>▪ Numbers of children affected</li> </ul>	<ul style="list-style-type: none"> <li>▪ Children have increased opportunities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improved career choice and life chances</li> </ul>		'I can now be a role model for my daughter. I had nobody to look up to when I was young. She will grow up seeing me work.'
State/wider society	<ul style="list-style-type: none"> <li>▪ Fifteen's Apprentice programme</li> </ul>	<ul style="list-style-type: none"> <li>▪ Numbers of graduates whose lives have been changed</li> </ul>	<ul style="list-style-type: none"> <li>▪ Fewer people 'NEET'</li> <li>▪ More opportunities for young people</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increased social mobility</li> <li>▪ Reduced drug use</li> <li>▪ Reduced risk of homelessness</li> <li>▪ Reduced offending</li> <li>▪ More sustainable consumption in the food industry (e.g. sourcing food etc)</li> </ul>		<p>'I am more grown up and confident, I know about budgeting and all the things I didn't know before'.</p> <p>Since I was 11 I have been involved in crime but now I see a future and a career'</p>

### 3.3 Outcome indicators and data

The SROI was carried out as an evaluative SROI using existing data. For some outcomes that that will occur in the future, this was projected based on existing research into Fifteen and triangulated with the results of the stakeholder engagement and secondary literature, where applicable.

It is standard practice in SROI analysis to use more than one indicator, as this minimises the likelihood that unintended consequences will arise. However, in many instances one indicator will be sufficient. Table 3.3 sets out the indicators that would apply to each outcome and source for each indicator. As mentioned earlier, at this point we encountered data gaps, and were not able to measure every indicator that has been identified.

Indicators for which we did not have data are highlighted in italics. For each of these, we either relied on a single indicator or used a proxy based on another data source. This is not best practice but was unavoidable under the circumstances. It should also be mentioned that for Fifteen many of the benefits flow from getting people into work, for which we had robust data. This gives weight to the rigour of the overall findings and in the author's opinion qualifies it as an evaluative, rather than a forecasted SROI.

Here we explain in greater detail how we treated each outcome in the analysis.

- **Employment** Fifteen have been tracking what happens to all graduates since 2002. Recently staff collated and audited all of these to ensure that their statistics were reliable. The target graduation rate is 70 per cent (since 2007 this has been exceeded). From a typical intake of eighteen, thirteen would eventually graduate, and it is on this figure that we have based the majority of the outcomes. However, some years prior to 2007 did not achieve this. Over the entire period since 2002 an average of 58 per cent has been achieved. We have also modelled outcomes based on this lower graduation rate (see sensitivity analysis below). Although no data is available on job satisfaction, it is expected based on anecdotal evidence and discussions with stakeholders that this is likely to be high. Despite the long hours and low wages of the hospitality industry, by the time people leave Fifteen they will often have a passion for food and the skills to deal with a demanding kitchen environment. In the absence of a measure of this, we have excluded in this instance. Although 'unemployed' may have not been their official title before starting Fifteen, it is a requirement of the programme that all apprentices are out of work before they begin.
- **Improved social skills** – Many stakeholders mentioned the importance of peer groups and external influences on apprentices as a key factor in determining whether or not they made a success of things. Data on this was not available. Instead, for this outcome, we have data from the Fifteen Social Report on the number of people that report an improvement in their social life and have used this to model this outcome.
- **Improved financial literacy/budgeting skills** – Often young people are already in debt by the time they come to Fifteen, or they run by debts while there (the financial problems of apprentices will be dealt with in the recommendations). In addition to the course, apprentices will often work with other groups as part of the Fifteen 'Outreach Activity'. This could include

sessions on designing meals for people on low budgets and to make the most of their ingredients. These are important skills that they will need in the kitchen but also later in life. We did not have a measure of this. However, we assumed that all of those on benefits (i.e. low incomes) improved their financial skills as a result of the course.

- **Improved family life** –Their workless status had often been causing difficulty for the family. Many will be estranged from their families, or former carers. For this outcome, we were able to use data from the Fifteen Social Report
- **Reduced risk of illnesses related to poor diet** Many of the young people mentioned that they ate differently. This does not mean that they never eat fast food, or unhealthy food. However, they had an awareness of food and an appreciation of it that was new. This is not an outcome that Fifteen have ever measured, and we had to make an assumption about the number of people it applied to. However, we do know from research that people who eat more healthily live longer. This is best reflected in the literature on class. There are numerous studies that show that people on low incomes will have shorter lives than average (Rogot, Sorlie, Johnson, and Schmitt 1992; Eames et al, 1993; Murray, 2006). Part of this at least is diet-related. The Low Income Diet and Nutrition Survey (2006) found that fruit and vegetable consumption among children in low income households was very low, with only 1% of boys and 4% of girls reporting consuming five or more portions a day. This compares with 30 per cent amongst the general population (NHS, 2009). In the UK people on low incomes are also likely to die younger. Even at a borough level in London, premature mortality rates (i.e. before age 65) in the most deprived boroughs are nearly double those in the least deprived. There is evidence that this gap in health between the most and least well-off areas is increasing (Bardsley & Morgan, 1996). In general the gap between those on low and high incomes varies from between five and 7.5 years (ONS, Social Inequalities, 1997-1999)<sup>2</sup>. We have taken an average of these of six years.
- **Financially better off** Before coming to Fifteen the majority of apprentices were on very low incomes, with 84 per cent on benefits (Social Report, 2007). Although it takes some time to reach salaries that they are happy with, most begin earning about £15,000 relatively quickly. We compare this with the loss earnings on benefits (including housing and passported benefits) to calculate the increase in earnings.
- **Reduced risk of homelessness** In the past Fifteen has worked with people who are homeless. However, they now require some stability in order to be accepted on the course, as being homeless was too much of a barrier to success. Nonetheless, many apprentices having housing problems and sometimes will be made homeless whilst on the programme. Fifteen will always try and help in such circumstances. Data on housing status was available from the Fifteen Social Report.
- **Reduced offending** Contact with the criminal justice system is commonplace amongst apprentices. Some will have criminal convictions, and a minority will have served a custodial sentence. Others will not yet be in the criminal justice system but will regularly break the law and be in danger of entering it. Given

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<sup>2</sup> <http://www.statistics.gov.uk/cci/nugget.asp?id=1007>

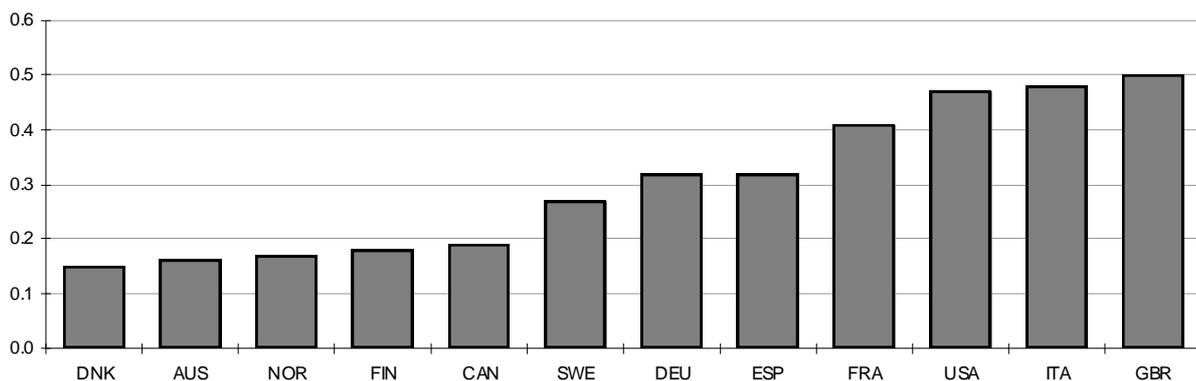
that we have data available on previous criminal activity it is possible to predict future outcomes based on Ministry of Justice data. For those that have not yet been in contact with the system we were unable to make any assumptions about future outcomes.

- **Improved long-term well-being** All of the apprentices talked about changes to how they felt about themselves, and about how their confidence improved. We do not have specific data on this. However, given that it is so closely associated with the getting a career and having employment, we have assumed that this outcome has taken place for all of those that are in employment. Well-being is a challenging outcome to value. One way of approaching it is to look at the impact that higher well-being has on people's lives. We know that happier people live on average 7-10 years longer than those that report lower levels of well-being. We assume therefore being happy is worth seven additional life years.
- **Reduced long-term wage scar** Young people who are not in education or training between the years of 16 and 24 will have poorer outcomes than their counterparts who are. Various studies have, in the past, estimated the aggregate costs of young people becoming NEET in the UK (see Prince's Trust (2007), Godfrey et. al. (2002)). Given that, in line with our evidence base, our outcomes are relatively short-term, we have projected one long-term benefit that is well documented in the literature. Young people who are NEET will typically move in and out of employment for the rest of their lives and will even be poorer in old age. To reflect this, we have included an outcome of a reduced long-term 'wage scar'. Estimates of this vary from 8 to 15 per cent (Blanden et. al., 2008, Prince's Trust, 2007). We have taken a mid-point of 12 per cent.
- **Improved family life (families)** We have already discussed the improved family life from the point of view of the apprentices. Obviously, the corollary of that is that it also improves the lives of family members. We have assumed one family member per apprentice, although it is likely to be higher. Although a range of outcomes were mentioned in relation to families we have chosen only to take one forward. We have not included an increase in income for the family, or increased aspirations for the family. For the former there is a danger of double counting, as we measure an increase in income, as well using income as a proxy for the value of employment. For the latter, there is a danger we had limited data and it was not considered to be material to the overall analysis. Improved family life was measured using questionnaire data from the Social Report.
- **Improved intergenerational outcomes** Many of the apprentices talked about the impacts on their children; how their children had positive working role models, and they had a higher income so that they could provide for them. We know that growing up in poverty impacts negatively on children's future prospects, and this is compounded by growing up in a workless household. Again these impacts could be transformative. Economists have found that 21% of children who are poor at birth go on to spend at least half of the years between 25 and 30 in poverty. Only 4% of children not born into poverty do that. (Ratcliffe and McKernan, 2010) As we have little data from Fifteen on the magnitude of these impacts, we have used some very conservative assumptions to represent this outcome in the model. Studies have shown that children who grow up in poverty have an 8 per cent

increased chance of being unemployed, depriving the economy of those earnings. (Blanden et. al. 2008) We have assumed that Fifteen graduates will have the average number of children (1.9 rounded to 2).<sup>3</sup> For each of these we have assumed a reduced chance of unemployment over and above what would have happened anyway.

- **Improved social mobility (State)** Social mobility has been high on government's agendas prompted by the fact that it is one of the lowest in the OECD (see Figure 1). For most of the outcomes of the state we include the resources freed up public services as a proxy for the value to society. For social mobility we use a slightly different approach. As a proxy we have used the loss of earnings to the State and the economy as a result of reduced earnings and employment of the apprentices and their children. This spans a thirty-year period. All of the data are based on actual employment records (first eight years), wage scar effects and intergenerational loss of earnings (Blanden et. al. 2008).

**Figure 1: Estimates of the intergenerational earnings elasticity for selected OECD countries**



Source: OECD (2008) Growing Unequal, using D'Addio (2007) based on Corak (2006) for all countries except Italy, Spain and Australia. For these latter countries, estimates are from Leigh (2006) for Australia; Hugalde Sánchez (2004) for Spain; and Piraino (2006) for Italy.

### **Box 3.2: Outcomes that were identified but have not been taken forward**

#### **Reduced drug use**

One outcome that was mentioned by stakeholders but has not been taken forward to the valuation stage was reduced drug use. Although we know the numbers of people that report having a drug problem when they come to Fifteen, we know little about the nature of the problem and the extent to which they have overcome it.

Getting accurate data on drug use is often difficult. Some people will exaggerate and others will under-estimate the extent to which they use drugs and alcohol. In addition, the classification of drugs is often unhelpful from a social value perspective. The

<sup>3</sup> Office of National Statistics

differences in terms of impact of using crack and ecstasy are incomparable, even though they both have the highest classifications. To measure the social harm from drugs it is important therefore to have information on the type and quantity of drug use.

This is echoed by Godfrey et. al. (2000) who have estimated the cost to the State of drug use. According to them, problem drug users account for 99% of economic and social costs of drug use, and drug-related crime accounts for 88 per cent of the costs. Problem drug users are defined as those who are in, or have been in treatment. It is only this type of drug use that is really socially damaging and for which actual costs can be identified.

However, that is not to say that some would not be at risk of becoming drug users in later life as a result of being in a high risk group (i.e. unemployed and low income). In addition, alcohol use needs to be treated separately and may be more of an issue for the apprentices. Alcohol-related costs pertain to the NHS, costs to the economy as well as to crime. Further research would be required to understand these impacts better and how they relate to the Fifteen theory of change.

### **Improved life skills**

'Life skills' refers to people's ability to get by in life and deal with the daily hassles that are thrown their way. This isn't always easy to measure. In the case of the apprentices, this was most evident in their ability to hold down a job. Prior to coming to Fifteen they moved from job to job and 'never stuck at anything'. This was often because they would get angry easily and not have the skills to be able to deal with the situation in hand. The training helped them cope better in these situations. A good measure therefore of improved life skills is the ability to hold down a job, however there is a danger of double counting i.e. that the benefit is captured in the sustainability of the job. Although we know anecdotally that there is an increase in life skills once people graduate no data was available. As a result of the lack of data and the danger of double counting, we decided not to include life skills as a separate outcome in our model.

### **Increase in sustainable consumption**

An important aspect of the way in which the Fifteen programme operates is its focus on fresh seasonal ingredients, reducing waste and increasing knowledge of the value of healthy eating. Each year, Fifteen sends our thirteen chefs to restaurants who bring this knowledge with them. Although this is unlikely to have an impact on national eating habits, it does make a contribution towards promoting more sustainable consumption. Food that is grown locally and eaten seasonally has a lower carbon footprint and is often better for us. We have not included this as a societal outcome in this analysis due to a lack of data about the counterfactual – what is the standard practice and would chefs trained at Fifteen be improving it. However, this is something that with further research could be included in future SROI models.

**Table 3.3 Outcome indicators**

<b>Stakeholder</b>	<b>Outcome</b>	<b>Outcome indicators</b>	<b>Source</b>
Apprentices	<ul style="list-style-type: none"> <li>▪ Employment/ meaningful career</li> </ul>	<ul style="list-style-type: none"> <li>▪ Numbers of young people in employment</li> <li>▪ <i>Number of young people that report being happy with their career</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ Fifteen data collection</li> <li>▪ Not available</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Improved social skills</li> </ul>	<ul style="list-style-type: none"> <li>▪ Numbers of that report change to more positive peer group</li> <li>▪ <i>Numbers that report more positive social skills</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ Not available</li> <li>▪ Fifteen social report</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Improved budgeting skills/financial literacy</li> </ul>	<ul style="list-style-type: none"> <li>▪ <i>Number of young people with debt problems that feel like they can now manage them</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ Not available, used those on benefits as proxy</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Improved family life</li> </ul>	<ul style="list-style-type: none"> <li>▪ Number of formally contentious family relationships that have now improved</li> </ul>	<ul style="list-style-type: none"> <li>▪ Fifteen social report</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Reduced risk of illnesses related to poor diet</li> </ul>	<ul style="list-style-type: none"> <li>▪ <i>Numbers of young people that now eat recommended amounts of fruit, veg and fibre</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ Not available. Assumed that it applied to all who went on to work in cheffing. Based on long-term research into health benefits of better diet.</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Financially better off</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increase in income</li> </ul>	<ul style="list-style-type: none"> <li>▪ Fifteen Social Report</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Reduced risk of homelessness</li> </ul>	<ul style="list-style-type: none"> <li>▪ Number of young people whose housing situation has been resolved</li> </ul>	<ul style="list-style-type: none"> <li>▪ Fifteen Social Report</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Reduced offending</li> </ul>	<ul style="list-style-type: none"> <li>▪ Numbers with previous convictions that have not reoffended since</li> <li>▪ <i>Numbers of young people at risk of offending that have not gotten involved in crime</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ Fifteen Social Report and MOJ data</li> <li>▪ Not available</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Improved long-term well-being</li> </ul>	<ul style="list-style-type: none"> <li>▪ <i>Numbers that report that they are happier, more confident etc.</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ Not available, Just Economics assumption that it applied to all of those that got work after graduation</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Reduced long-term wage scar</li> </ul>	<ul style="list-style-type: none"> <li>▪ Numbers that break the NEET cycle</li> </ul>	<ul style="list-style-type: none"> <li>▪ Fifteen statistics and Blanden 2010.</li> </ul>
Families	<ul style="list-style-type: none"> <li>▪ Improved family life</li> </ul>	<ul style="list-style-type: none"> <li>▪ Numbers of families that experience improvement</li> </ul>	<ul style="list-style-type: none"> <li>▪ Data from apprentice survey</li> </ul>
Children	<ul style="list-style-type: none"> <li>▪ Improved career choice and life chances</li> </ul>	<ul style="list-style-type: none"> <li>▪ Number of children who will not be unemployed in later life</li> </ul>	<ul style="list-style-type: none"> <li>▪ Just Economics assumption and stakeholder interviews</li> </ul>
State	<ul style="list-style-type: none"> <li>▪ Increased social mobility</li> <li>▪ Reduced risk of homelessness</li> <li>▪ Reduced offending</li> </ul>	<ul style="list-style-type: none"> <li>▪ Numbers of apprentices and their children who will be in employment</li> <li>▪ Number of young people whose housing situation has been resolved</li> <li>▪ Numbers with previous convictions that have not reoffended since</li> </ul>	<ul style="list-style-type: none"> <li>▪ Fifteen statistics and Blanden et. al. (2008)</li> <li>▪ Fifteen Social Report</li> <li>▪ Fifteen Social Report</li> </ul>

## 3.4 Determining impact

SROI is concerned with the added value of an intervention, or impact. This requires three factors to be taken into consideration:

- **Deadweight** – the counterfactual, or what would have occurred in the absence of the intervention
- **Attribution**– the credit that the intervention can take for any outcomes that are observed if there are also other actors involved
- **Displacement** – whether benefits are truly additional or moved to/from elsewhere

Deadweight, attribution and displacement are subtracted from observed outcomes to arrive at the impact of the intervention.

### 3.4.1 Deadweight

Deadweight was applied principally at the level of the stakeholder and derived from existing data and stakeholder engagement as per Table 3.4.

### 3.4.2 Attribution

Deadweight was applied principally at the level of the stakeholder and derived from existing data and stakeholder engagement as per Table 3.5.

### 3.4.3 Displacement

Displacement is only relevant in relation to the outcomes is only relevant to the employment outcomes in relations to the state. Fifteen does not usually create new jobs, and therefore the taxes and reduced welfare payments are likely to be displaced from elsewhere. However, this may underestimate the social exclusion benefits that can be gained from programmes like Fifteen. Nonetheless, we have used the lowest end of the Treasury's recommended displacement rate of 85 per cent. We have also tested this in sensitivity analysis.

**Table 3.4 Deadweight**

<b>Stakeholder</b>	<b>Outcome</b>	<b>Deadweight</b>	<b>Rationale</b>	<b>Source</b>
Apprentices	<ul style="list-style-type: none"> <li>▪ Employment/ meaningful career</li> </ul>	25%	<ul style="list-style-type: none"> <li>▪ Off-flow from unemployment – i.e. rate at which people on benefits find work by themselves</li> </ul>	<ul style="list-style-type: none"> <li>▪ NOMIS</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Improved social skills</li> </ul>	0%	<ul style="list-style-type: none"> <li>▪ Accounted for in how question phrased – no impact and negative consequences were deducted</li> </ul>	<ul style="list-style-type: none"> <li>▪ Primary research-Social Report</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Improved budgeting skills/financial literacy</li> </ul>	25%	<ul style="list-style-type: none"> <li>▪ No data on this. Deadweight likely to be low. Have used employment as a proxy</li> </ul>	<ul style="list-style-type: none"> <li>▪ NOMIS</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Improved family life</li> </ul>	0%	<ul style="list-style-type: none"> <li>▪ Accounted for in how question phrased – no impact and negative consequences were deducted</li> </ul>	<ul style="list-style-type: none"> <li>▪ Primary research-Social Report</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Reduced risk of illnesses related to poor diet</li> </ul>	2.5%	<ul style="list-style-type: none"> <li>▪ Proportion of people on low incomes that eat five-a-day</li> </ul>	<ul style="list-style-type: none"> <li>▪ Low Income Diet and Nutrition Survey (2006)</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Financially better off</li> </ul>	25%	<ul style="list-style-type: none"> <li>▪ Intrinsically related to the employment outcome</li> </ul>	<ul style="list-style-type: none"> <li>▪ NOMIS</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Reduced risk of homelessness</li> </ul>	0%	<ul style="list-style-type: none"> <li>▪ Accounted for in how question phrased – no impact and negative consequences were deducted</li> </ul>	<ul style="list-style-type: none"> <li>▪ Primary research-Social Report</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Reduced offending</li> </ul>	0%	<ul style="list-style-type: none"> <li>▪ Accounted for in how question phrased – no impact and negative consequences were deducted</li> </ul>	<ul style="list-style-type: none"> <li>▪ Primary research-Social Report</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Improved long-term well-being</li> </ul>	25%	<ul style="list-style-type: none"> <li>▪ The relationship between employment/career and well-being is well established, therefore it is a plausible proxy</li> </ul>	<ul style="list-style-type: none"> <li>▪ NOMIS</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Reduced long-term wage scar</li> </ul>	25%	<ul style="list-style-type: none"> <li>▪ As for employment, as related</li> </ul>	<ul style="list-style-type: none"> <li>▪ NOMIS</li> </ul>
Families	<ul style="list-style-type: none"> <li>▪ Improved family life</li> </ul>	0%	<ul style="list-style-type: none"> <li>▪ Accounted for in how question phrased – no impact and negative consequences were deducted</li> </ul>	<ul style="list-style-type: none"> <li>▪ Primary research-Social Report</li> </ul>
Children	<ul style="list-style-type: none"> <li>▪ Improved career choice and life chances</li> </ul>	0%	<ul style="list-style-type: none"> <li>▪ Accounted for in research</li> </ul>	<ul style="list-style-type: none"> <li>▪ Bladen et. al.</li> </ul>
State	<ul style="list-style-type: none"> <li>▪ Increased social mobility</li> <li>▪ Reduced risk of homelessness</li> <li>▪ Reduced offending</li> </ul>	25%	<ul style="list-style-type: none"> <li>▪ As for employment, as related</li> </ul>	<ul style="list-style-type: none"> <li>▪ NOMIS</li> </ul>
		0%	<ul style="list-style-type: none"> <li>▪ Accounted for in how question phrased – no impact and negative consequences were deducted</li> </ul>	<ul style="list-style-type: none"> <li>▪ Primary research-Social Report</li> </ul>

**Table 3.5 Attribution**

<b>Stakeholder</b>	<b>Outcome</b>	<b>Attribution</b>	<b>Rationale</b>	<b>Source</b>
Apprentices	<ul style="list-style-type: none"> <li>▪ Employment/ meaningful career</li> </ul>	25%	<ul style="list-style-type: none"> <li>▪ Given the nature of the jobs that the apprentices get, it would be highly unlikely that this would happen without Fifteen.</li> </ul>	<ul style="list-style-type: none"> <li>▪ NOMIS</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Improved social skills</li> </ul>	100%	<ul style="list-style-type: none"> <li>▪ No data assumed same as employment as these skills taught on course</li> </ul>	<ul style="list-style-type: none"> <li>▪ Just Economics assumption/stakeholder interviews</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Improved budgeting skills/financial literacy</li> </ul>	61%	<ul style="list-style-type: none"> <li>▪ Generated from attribution question in the Social Report</li> </ul>	<ul style="list-style-type: none"> <li>▪ Social report and Just economics</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Improved family life</li> </ul>	61%	<ul style="list-style-type: none"> <li>▪ Generated from attribution question in the Social Report</li> </ul>	<ul style="list-style-type: none"> <li>▪ Social report and Just economics</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Reduced risk of illnesses related to poor diet</li> </ul>	100%	<ul style="list-style-type: none"> <li>▪ No data assumed same as employment as integral part of course</li> </ul>	<ul style="list-style-type: none"> <li>▪ Just Economics assumption/stakeholder interviews</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Financially better off</li> </ul>	100%	<ul style="list-style-type: none"> <li>▪ No data assumed same as employment, as intrinsically related</li> </ul>	<ul style="list-style-type: none"> <li>▪ Just Economics assumption/stakeholder interviews</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Reduced risk of homelessness</li> </ul>	61%	<ul style="list-style-type: none"> <li>▪ Generated from attribution question in the Social Report</li> </ul>	<ul style="list-style-type: none"> <li>▪ Social report and Just economics</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Reduced offending</li> </ul>	61%	<ul style="list-style-type: none"> <li>▪ Based on attribution of offending outcome from questionnaire with apprentices</li> </ul>	<ul style="list-style-type: none"> <li>▪ Social report and Just economics</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Improved long-term well-being</li> </ul>	100%	<ul style="list-style-type: none"> <li>▪ No data assumed same as employment, as intrinsically related</li> </ul>	<ul style="list-style-type: none"> <li>▪ Just Economics assumption/stakeholder interviews</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Reduced long-term wage scar</li> </ul>	100%	<ul style="list-style-type: none"> <li>▪ No data assumed same as employment, as intrinsically related</li> </ul>	<ul style="list-style-type: none"> <li>▪ Just Economics assumption/stakeholder interviews</li> </ul>
Families	<ul style="list-style-type: none"> <li>▪ Improved family life</li> </ul>	61%	<ul style="list-style-type: none"> <li>▪ Generated from attribution question in the Social Report</li> </ul>	<ul style="list-style-type: none"> <li>▪ Social report and Just economics</li> </ul>
Children	<ul style="list-style-type: none"> <li>▪ Improved career choice and life chances</li> </ul>	100%	<ul style="list-style-type: none"> <li>▪ No data assumed same as employment, as intrinsically related</li> </ul>	<ul style="list-style-type: none"> <li>▪ Just Economics assumption/stakeholder interviews</li> </ul>
State	<ul style="list-style-type: none"> <li>▪ Increased social mobility</li> <li>▪ Reduced risk of homelessness</li> <li>▪ Reduced offending</li> </ul>	100% 61% 61%	<ul style="list-style-type: none"> <li>▪ No data assumed same as employment, as intrinsically related</li> <li>▪ Generated from attribution question in the Social Report</li> <li>▪ Generated from attribution question in the Social Report</li> </ul>	<ul style="list-style-type: none"> <li>▪ Just Economics assumption/stakeholder interviews</li> <li>▪ Social report and Just economics</li> <li>▪ Social report and Just economics</li> </ul>

### 3.5 Benefit period and drop off

Outcomes often last beyond the initial intervention. Where this is the case, SROI projects value into the future. A drop off rate is applied to acknowledge that outcomes are not maintained at the same level over time.

Table 3.6 sets out the benefit periods and drop off rates for the Fifteen SROI model. All future value is discounted by 3.5% to arrive at its present value.

The benefit period for most of the outcomes has been set at ten years, which is in line with SROI guidance. Fifteen has already been in existence for eight and we have good information on what has happened to all graduates in that time. We have extended this by two years, as a conservative assessment of how much longer the benefits are likely to last.

We recommend this as the optimum time period over which to measure the employment and associated short-term outcomes. Beyond that, the drop off is likely to increase because of attribution to other factors. This has been confirmed by our modelling in sensitivity analysis. The exceptions are the forecasted intergenerational and social mobility benefits which are based on findings from academic research. For some of the 'non-core' outcomes such as offending and homelessness, the attribution to other factors is likely to increase fairly rapidly as ex-apprentices move on with their lives, therefore we have also shortened the benefit period in sensitivity analysis to understand this better.

The drop off rate is based on Fifteen's own statistics of recidivism over that period. This has been calculated for every apprentice and is therefore accurate. We have assumed the same drop off rate will apply to the other outcomes, as falling out of employment is so central to success in other areas.

**Table 3.6 Benefit period and drop off**

<b>Stakeholder</b>	<b>Outcome</b>	<b>Benefit period</b>	<b>Drop off</b>	<b>Rationale</b>	<b>Source</b>
Apprentices	▪ Employment/ meaningful career	10 years	11%	▪ Empirical	▪ Fifteen data
	▪ Improved social skills	5 years	11%	▪ Shortened to account for attribution over time	▪ Fifteen and Just Economics
	▪ Improved budgeting skills/financial literacy	10 years	11%	▪ Based on employment outcome	▪ Fifteen and Just Economics
	▪ Improved family life	10 years	11%	▪ Based on employment outcome	▪ Fifteen and Just Economics
	▪ Reduced risk of illnesses related to poor diet	10 years	N/A	▪ Based on national statistics	▪ ONS
	▪ Financially better off	10 years	11%	▪ Based on employment outcome	▪ Fifteen and Just Economics
	▪ Reduced risk of homelessness	10 years	11%	▪ Shortened to account for attribution over time	▪ Fifteen and Just Economics
	▪ Reduced offending	10 years	11%	▪ Shortened to account for attribution	▪ Fifteen and

				over time	Just Economics
	<ul style="list-style-type: none"> <li>Improved long-term well-being</li> </ul>	7.5 years	0%	<ul style="list-style-type: none"> <li>Based on academic studies</li> </ul>	<ul style="list-style-type: none"> <li>Veenhoven (2007)</li> </ul>
	<ul style="list-style-type: none"> <li>Reduced long-term wage scar</li> </ul>	9 years	0%	<ul style="list-style-type: none"> <li>Based on academic study</li> </ul>	<ul style="list-style-type: none"> <li>Just Economics and Machin (2000)</li> </ul>
Families	<ul style="list-style-type: none"> <li>Improved family life</li> </ul>	10 years	11%	<ul style="list-style-type: none"> <li>Based on employment outcome</li> </ul>	<ul style="list-style-type: none"> <li>Fifteen and Just Economics</li> </ul>
Children	<ul style="list-style-type: none"> <li>Improved career choice and life chances</li> </ul>	16 years	0%	<ul style="list-style-type: none"> <li>Based on academic study</li> </ul>	<ul style="list-style-type: none"> <li>Blandon et. al.</li> </ul>
State	<ul style="list-style-type: none"> <li>Increased social mobility</li> </ul>	16 years	0%	<ul style="list-style-type: none"> <li>Based on academic study</li> </ul>	<ul style="list-style-type: none"> <li>Blandon et. al.</li> </ul>
	<ul style="list-style-type: none"> <li>Reduced risk of homelessness</li> </ul>	5 years	11%	<ul style="list-style-type: none"> <li>Shortened to account for attribution over time</li> </ul>	<ul style="list-style-type: none"> <li>Fifteen and Just Economics</li> </ul>
	<ul style="list-style-type: none"> <li>Reduced offending</li> </ul>	5 years	11%	<ul style="list-style-type: none"> <li>Shortened to account for attribution over time</li> </ul>	<ul style="list-style-type: none"> <li>Fifteen and Just Economics</li> </ul>

### 3.6 Financial proxies

Non-traded outcomes were valued using standard techniques of economic valuation and triangulated with the descriptions of outcomes derived from existing research and stakeholder engagement.

Table 3.7 provides a full list of the financial proxies used in the Fifteen SROI.

#### **Box 3.3: The discount rate**

A discount rate of 3.5 per cent was applied to all outcomes. This is in line with the recommended Treasury rate. However, the application of this rate across the board was not without problems. For outcomes that were occurring far into the future e.g. increased social mobility, improved health and well-being, the use of a discount rate greatly diminished their net present value. The implication of this is that important long-term outcomes such as outcomes for the next generation are discounted. This is not consistent with what stakeholders told us: for some, the benefit to their children was the most important part of the theory of change.

However, there is no alternative rate that could be used in place of the Treasury rate. The Treasury revised its guidance on discounting of environmental outcomes in the wake of the Stern report on climate change but no similar review of discounting in relation to social outcomes has taken place. This is something that future guidance on SROI would hope to deal with. In the interim, we have followed official guidance.

**Table 3.7 Financial proxies**

Stakeholder	Outcome	Financial proxy description	Value	Source
Apprentices	<ul style="list-style-type: none"> <li>Employment/ meaningful career</li> </ul>	<ul style="list-style-type: none"> <li>Value of time: Amount earned in average wage</li> </ul>	£21,428	<ul style="list-style-type: none"> <li>ONS</li> </ul>
	<ul style="list-style-type: none"> <li>Improved social skills</li> </ul>	<ul style="list-style-type: none"> <li>Willingness to spend: Average amount spent on socialising - family spending survey</li> </ul>	£3120	<ul style="list-style-type: none"> <li>Family Spending Survey 2009 <a href="http://www.statistics.gov.uk/downloads/themes_social/Family-Spending-2008/FamilySpending2009.pdf">http://www.statistics.gov.uk/downloads/themes_social/Family-Spending-2008/FamilySpending2009.pdf</a></li> </ul>
	<ul style="list-style-type: none"> <li>Improved budgeting skills/financial literacy</li> </ul>	<ul style="list-style-type: none"> <li>Increase in income: additional interests rates and charges that people on low incomes pay</li> </ul>	£500	<ul style="list-style-type: none"> <li>Financial Inclusion Centre <a href="http://www.circleanglia.org/corporate/media/15-january-2010-the-real-cost-of-christmas.1277,LA.html">http://www.circleanglia.org/corporate/media/15-january-2010-the-real-cost-of-christmas.1277,LA.html</a></li> </ul>
	<ul style="list-style-type: none"> <li>Improved family life</li> </ul>	<ul style="list-style-type: none"> <li>Willingness to spend: Spending on family holidays</li> </ul>	£1,716	<ul style="list-style-type: none"> <li>Family Spending Survey 2009 <a href="http://www.statistics.gov.uk/downloads/themes_social/Family-Spending-2008/FamilySpending2009.pdf">http://www.statistics.gov.uk/downloads/themes_social/Family-Spending-2008/FamilySpending2009.pdf</a></li> </ul>
	<ul style="list-style-type: none"> <li>Reduced risk of illnesses related to poor diet</li> </ul>	<ul style="list-style-type: none"> <li>Willingness to spend: Value of average pension savings</li> </ul>	£12,251	<ul style="list-style-type: none"> <li>Prudential UK Retirement Index report 2007</li> </ul>
	<ul style="list-style-type: none"> <li>Financially better off</li> </ul>	<ul style="list-style-type: none"> <li>Increase in income: Difference between benefits and average</li> </ul>	£7,152	<ul style="list-style-type: none"> <li>Fifteen statistics and ONS</li> </ul>

		income		
	<ul style="list-style-type: none"> <li>Reduced risk of homelessness</li> </ul>	<ul style="list-style-type: none"> <li>Willingness to spend: Costs of private rented accommodation</li> </ul>	£4420	<ul style="list-style-type: none"> <li>Room Rental Index – spareroom.com <a href="http://www.spareroom.co.uk/rentalindex/?&amp;urlsession_id=17904975&amp;urlsession_key=12833438163398&amp;tid=1283343816282964674&amp;tle=">http://www.spareroom.co.uk/rentalindex/?&amp;urlsession_id=17904975&amp;urlsession_key=12833438163398&amp;tid=1283343816282964674&amp;tle=</a></li> </ul>
	<ul style="list-style-type: none"> <li>Reduced offending</li> </ul>	<ul style="list-style-type: none"> <li>Value of time: Value of time not spent in custodial sentences</li> </ul>	£14089	<ul style="list-style-type: none"> <li>Average sentence 6.6 years: Ministry of Justice (2009); Minimum wage: ONS; assumed 12 hour days.</li> </ul>
	<ul style="list-style-type: none"> <li>Improved long-term well-being</li> </ul>	<ul style="list-style-type: none"> <li>Willingness to spend: Value of average pension savings</li> </ul>	£12,251	<ul style="list-style-type: none"> <li>Prudential UK Retirement Index report 2007</li> </ul>
	<ul style="list-style-type: none"> <li>Reduced long-term wage scar</li> </ul>	<ul style="list-style-type: none"> <li>Value of annual wage scar</li> </ul>	£2571	<ul style="list-style-type: none"> <li>Machin (2000)</li> </ul>
Families	<ul style="list-style-type: none"> <li>Improved family life</li> </ul>	<ul style="list-style-type: none"> <li>Willingness to spend: Average amount that parents spend on their children annually</li> </ul>	£9610	<ul style="list-style-type: none"> <li>Family Spending Survey 2009 <a href="http://www.statistics.gov.uk/downloads/t_heme_social/Family-Spending-2008/FamilySpending2009.pdf">http://www.statistics.gov.uk/downloads/t_heme_social/Family-Spending-2008/FamilySpending2009.pdf</a></li> </ul>
Children	<ul style="list-style-type: none"> <li>Improved career choice and life chances</li> </ul>	<ul style="list-style-type: none"> <li>Increase in income: wage value split by age bracket</li> </ul>	£15,251>18 £23,015>18	<ul style="list-style-type: none"> <li>Blandon et. al. (2008)</li> </ul>
State	<ul style="list-style-type: none"> <li>Increased social mobility</li> </ul>	<ul style="list-style-type: none"> <li>Value of taxes and benefits associated with outcomes for apprentices and their children</li> </ul>	Tax and benefits apprentices (£7644) Productivity apprentices (£50,000) Tax and benefits children (£3767 +	<ul style="list-style-type: none"> <li>Blandon et. al. and DWP</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Reduced risk of homelessness</li> <li>▪ Reduced offending</li> </ul>	<ul style="list-style-type: none"> <li>▪ Value of costs of hostel accommodation for homeless people</li> <li>▪ Value of costs associated with offending</li> </ul>	<p>£7716)</p> <p>£12488</p> <p>£15,000</p>	<ul style="list-style-type: none"> <li>▪ nef 2009</li> <li>▪ nef (2010) based on MOJ data</li> </ul>
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### 3.7 Input costs

It costs Fifteen £30,000 a year to train each apprentice. This corresponds with an average turnover of £540,000.

Table 3.8 sets out the input costs of the scheme. All costs were supplied by Fifteen.

**Table 3.8 Input costs**

<b>Category</b>	<b>Total cost</b>
Staffing	310727
Recruitment, selection and induction	823
College	13664
Uniform and equipment	5681
Training allowance	82920
Travel	26507
Welfare and emergency	2502
Workshops and coaching	9092
Team challenges	1627
Sourcing Trips	4806
Team Challenges	1627
Sourcing Trips	4806
Work Placements	1993
Graduation	15811
Alumni and Outreach	25189
Premises	18642
Governance	20402
<b>Total</b>	<b>540386</b>

## 4.0 Findings

The SROI analysis shows that the Fifteen Apprenticeship programme creates significant value for the young people, their families and children and the State.

The scheme successfully creates routes into sustainable and fulfilling employment for young people who are experiencing significant barriers to work. Alongside this, apprentices learn skills that will help them for the rest of their lives: to improve their professional and personal relationships and to cope with challenges that they will encounter. The Fifteen approach aims to create a highly supportive, even familial environment for apprentices. The combination of high quality skills training, wrap-around support services and ambition for the young people make it stand out from other training services.

The total value generated in our central case in an average annual year is £5 million. This translates into an SROI of 1:9.5

The present analysis likely underestimates the social value created by Fifteen. This is due to the use of conservative assumptions throughout. This is particularly the case with the societal benefits. Where possible we have used marginal costs and we have used a high displacement rate for economic benefits. This is in recognition of the fact that, as one intervention, the contribution of Fifteen to the economy and society is small. On the other hand, were we to scale up these benefits to a wider population then the value would increase as economies of scale were reached in areas such as reduced prison places. We have also because of a lack of data been unable to put a value on outcomes such as an increase in sustainable consumption within the food industry as a result of more young people being trained in this way.

Finally, this report has not taken account of the value of the Fifteen restaurant. In and of itself it is likely that this also generates societal benefit. However, a separate study would be required to ascertain this.

### 4.1 Share of value

The total value of benefits is derived from outcomes across four stakeholder groups:

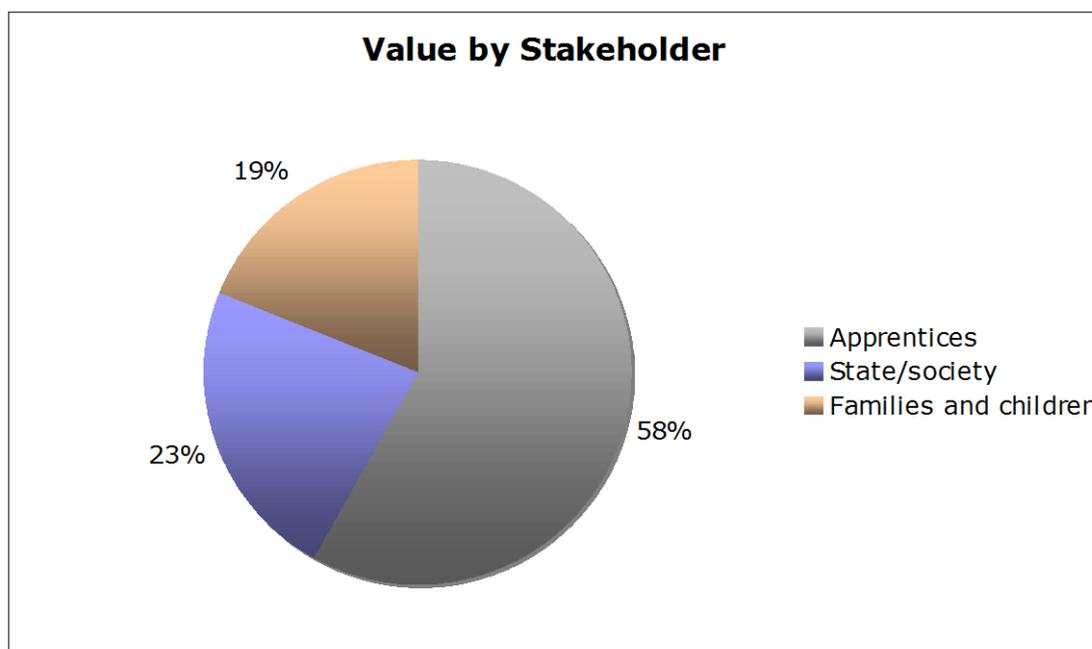
- Young people
- Families
- Children
- The State

The greatest beneficiaries are the apprentices to whom half the benefit accrues. One quarter accrues to the State and one quarter to families and children combined. This makes intuitive sense, as the programme can transform the lives of the young people that get involved. As mentioned above, the value to the State is likely to be underestimated compared with other SROIs, as every effort has been made not to over claim. Also, data and evidence about outcomes for children and families was

much less readily available. More research into outcomes for those groups may result in their share of benefit increasing, and an increase in the overall SROI.

Chart 4.1 shows the breakdown of social value across these stakeholders.

**Chart 4.1 Percentage of total value accruing to each stakeholder**



## 4.2 Sensitivity Analysis

This step in the SROI methodology systematically varies assumptions in order to test for areas of sensitivity in the model. These are assumptions that, when changed, significantly affect the ratio.

The model was largely resistant to change in any one assumption, with the exception of the assumptions pertaining to the number of apprentices/graduations. Obviously if Fifteen can reach more people it will increase its value significantly. However, given that graduation is a requirement for them to be even included in the SROI, these two issues need to be balanced (see Recommendation 1. Reducing the graduation to the eight-year average of 58 per cent decreased the ratio to 1:8.

The following findings are noteworthy:

- Most of the value to the apprentices comes from being in employment. Also, most of the calculations made in relation to employment are robust because they are based on empirical data. Where we have lacked data and made assumptions e.g. attribution, the overall impact when adjusted in sensitivity analysis is not significant. Reducing the attribution on all employment and related outcomes for every stakeholder only reduces the SROI by 1. However, even removing the employment (and related outcomes completely) still gives a ratio of 6. This suggests that Fifteen is creating value in lots of different ways and is not overly reliant on any one outcome being achieved.
- Varying any one proxy did not make much of a difference to the return ratio. For example, we replaced the pension proxy for value of a statistical life with

a figure for the value of life widely quoted figure (£32,000) but this did not make any material difference to the ratio.

- Including drug use as an outcome, based on the data that were available only increased the ratio by 1. This is in part because stringent assumptions were made about the numbers that were likely to be using hard drugs, although even these may overestimate.
- Although the apprentices are by far and away the most important stakeholder, as removing them from the analysis reduces it by more than half, it is still 1:4. Removing families and children as a group reduces the ratio to 1:8. If we remove all stakeholders except the State we are left with a ratio of 1:3. This shows that even in the narrowest cost/benefit sense the Fifteen programme is creating value.
- Increasing the benefit period to 15 years only increased the ratio by 2, whereas reducing the benefit period reduces the ratio by a greater magnitude. This combined with the fact that tracking participants after ten years could be time consuming and the fact that drop off would increase the further out it goes would suggest that ten years is the optimum benefit period for this project.

## 4.3 Recommendations

### 4.3.1 Fifteen recommendations

- The quality of data available for this study was sufficient to carry out an evaluative SROI. This is mainly because employment was such an important outcome and it was being tracked. It is also because of the short time Fifteen has been in existence there is still a lot of institutional memory about individuals and their stories. In order to be in a position to strengthen the evidence-base a more systematic approach is required. What exists has been sufficient until now but it is not fit for future purposes. We recommend that Fifteen introduce baseline data collection systems, along the lines of the outcomes star and revisit these on a six-monthly basis over two years where possible. There are ways that this could be done that would ensure a high response rate and keep costs to a minimum
- The size and make-up of the group was an issue that was raised a lot. Although the social value generated depends in part on the profile of the group – a more challenging and excluded group will mean that additionality will be higher – the success of the group does also. Some apprentices and staff told us that things worked better when the group was mixed, this may increase the likelihood that people will graduate. On the other hand, Fifteen needs to be reaching people who would not otherwise have an opportunity to access this kind of career. This would endorse the management view that recruitment needs to take account of the group and group dynamics as well as the individuals in question. The same applies to size of group. Increasing the number of apprentices increases the value generated significantly. However, this needs to be balanced with what is manageable. Staff believe that 18 is the optimum number and this is what we have modelled this analysis on. Fifteen should carry on expanding through franchise, or separate groups, rather than growing this number.

- Some apprentices thought that there was too much emphasis on cheffing as a career, and that they were concerned that they would upset people if they wanted to do something else. Whilst this is understandable, it makes no difference in terms of the social value generated. We have assumed that all jobs are equal and that the attribution is the same. This is reasonable based on what stakeholders told us.
- Many graduates spoke about Fifteen as if it were a family to them; a place that they could always return if anything went wrong and that would welcome them. Whilst this is a real endorsement of the hard work and effort by the staff, it is probably not sustainable long-term. There is an issue firstly about creating a dependency amongst the graduates but more importantly it would be difficult to finance long-term as the alumni grow. As Fifteen builds in more alumni support work into its programme, its benefit period should extend and drop off should fall, this should be taken into account in the measurement of outcomes. An option that could be explored might be to establish a peer mentor scheme where past graduates could be given a present graduate to mentor/guide. This would alleviate pressure on the staff and provide continuity for past graduates.
- A number of people we spoke to referred to the tension between the business and charitable side of the organisation. This is common to many social enterprises where there is pressure to generate income. This manifested itself in various ways, according to those interviewed. For some the profit motive crowded out the social objectives, others referred to the challenge of hiring chefs that were high quality enough for the restaurant but who were also interested in the social mission of Fifteen. Some people we spoke to also thought that Fifteen managed the tension well. Either way, it is an issue to be mindful of. It is important therefore that both sides of the business are talking to each other as much as possible and that the division between the two parts is as seamless as possible.

#### 4.3.2 Policy recommendations

- Apprentices all struggle to live on their training allowance. There are enormous calls on the funding available to the organisation and it is difficult presumably to justify an increase. However, it may be affecting the ability of apprentices to stay on the programme. An earnings disregard, where apprentices were allowed to keep their benefits while being involved in the programme would help support an important route into work and save money in the long run despite upfront costs.
- Fifteen provides an excellent apprenticeship model approach. Although it works with particularly disadvantaged groups, such opportunities are required. National skills policy should look to this model to see what can be learned about more general skills training the benefits of which have yet to be proven, particularly for this cohort of young people.

## 5.0 Conclusion

Every year thousands of young people fall out of mainstream education, and for many this will affect them for the rest of their lives.

Fifteen aims to provide a second chance for 18 young people every year to enter a meaningful career and to improve their life chances and those of their children.

The present study has evaluated that the social value created by Fifteen London for an average financial year against which other years can be compared.

Based on existing research and stakeholder engagement, material outcomes that result from the scheme were identified. These included:

- Employment
- Improved social and financial skills
- Reduced risk of homelessness and offending
- Reduced intergenerational poverty and improved social mobility
- Improved diet and long-term health

The SROI analysis estimates that the total value created by Fifteen to apprentices, their families and children and the state far exceeds the costs of the scheme, with a return on investment ratio of 1:9.5.

The value of benefits to the State alone, at local and national level, is estimated to be £1.19 million, this represents a return of £3.50 for every pound spent. This is particularly good value for the State given that most of the investment comes from the Fifteen restaurant.

This study took place in the context of budget cuts and less public money being available to fund training schemes such as this. What works so well at Fifteen is the involvement of the business – the Fifteen restaurant and the Jamie Oliver brand – to help fund the programme but also provide onsite training opportunities. This is more akin to German training models where businesses play a much bigger role in training the next generation of employees. Although unique because of the particular circumstances that surround it, there are aspects that are also clearly replicable. With one of the highest proportions of young people in Europe that are NEET at 16 and one of the lowest rates of social mobility, this is a model that would have much to recommend it if more widely adopted.

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