St GILES TRUST'S

THROUGH THE GATES

An analysis of economic impact

March 2010

frontier economics

Introduction from PBE

Pro Bono Economics is delighted to introduce this report by Frontier Economics on the St Giles Trust 'Through the Gates' programme. This is the first report initiated and supported by Pro Bono Economics as part of our mission to help charities measure, understand and promote the impact of their work.

PBE was founded in 2009 and aims to encourage economists to work pro bono in the charity sector. Many charities could benefit from the skills of economists, for example by helping to measure their performance and results in a way that ensures resources are allocated efficiently; and provides evidence of effectiveness which helps with securing funding.

We hope that by creating a vibrant market between volunteer economists and charities we can not only benefit individual charities but also publish economic analysis that will help the sector as a whole develop best practice.

Re-offending rates in the UK are high and cost the economy over £11 billion a year. Through the Gates is a programme aimed at reducing the rate of re-offending. It provides a range of services including pre-release assessment and, following release, accommodation and help in reintegration and employment search. In examining the economic impact of the Through the Gates programme at St Giles, Frontier Economics has confirmed the value of this important work. We hope this report will play its part in building greater understanding and appreciation of the work of St Giles Trust as well as highlighting the power and value of economic analysis.

Pro Bono Economics would like to express thanks to the team at Frontier Economics for giving their time and to all at St Giles Trust for contributing to the success of this report.

March 2010. www.probonoeconomics.com

If you would like to know more about the work of PBE or are interested to join our programme , please contact Sarah Hewison at the address below or via our website. info@probonoeconomics.com

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Frontier Economics are delighted to have undertaken this research on a voluntary basis and we hope you find this research illuminating and helpful. We would like to thank Rob Owen and his team at St Giles Trust, especially Bernie Kastner for his efforts in securing the data we required. We would also like to thank the team at Pro Bono Economics who made this happen.

Finally, a special thanks to Yulia Kossykh, Matthew Carson, James Mervyn, Tumayi Chihuri and Raphaël Fourn who diligently carried out the research and analysis for the study.

Michael Ridge, Director, Frontier Economics

- A summary
- Our framework
- Re-offending statistics
- Impact of TtG
- Value for money of TtG
- Annexe

The cost of re-offending to society is high and the Through the Gates project is focused on reducing re-offending.

Costs of re-offending

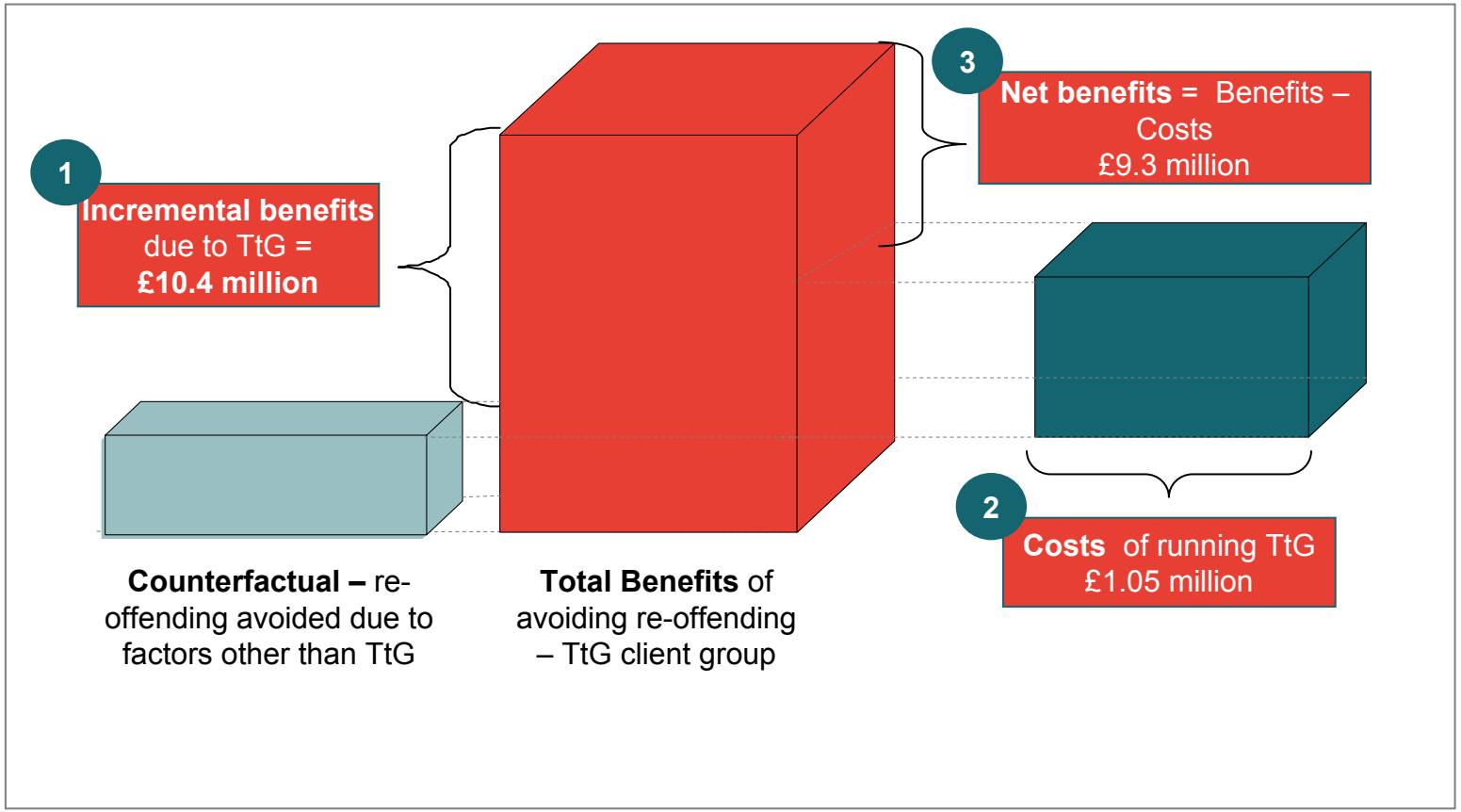
- Crime committed by ex-prisoners costs the economy at least £11bn per year[1].
- The CBI has estimated that reducing the re-offending rate of ex-prisoners by just 10% could save over £1bn for the UK economy[2].

Through the Gates aims to reduce the re-offending rates.

- Through the Gates is run by the St. Giles Trust and aims to substantially reduce re-offending rates, by providing key services such as:
  - Accommodation support (on or prior to release);
  - Support services (training & education, drugs and alcohol etc.);
  - Re-integrating offenders into the community and helping them to meet their licence restrictions.

[1] Legal service research (2009) Criminal offending crime: Fact sheet. http://www.lsrc.org.uk/publications.htm
[2]Getting back on the straight and narrow: A better criminal justice system for all. (April, 2008) CBI The Voice of Business and Centre for Criminal justice (2009)

We find that Through the Gates provides substantial positive net benefits to society, with a cost-benefit ratio of at least 10:1



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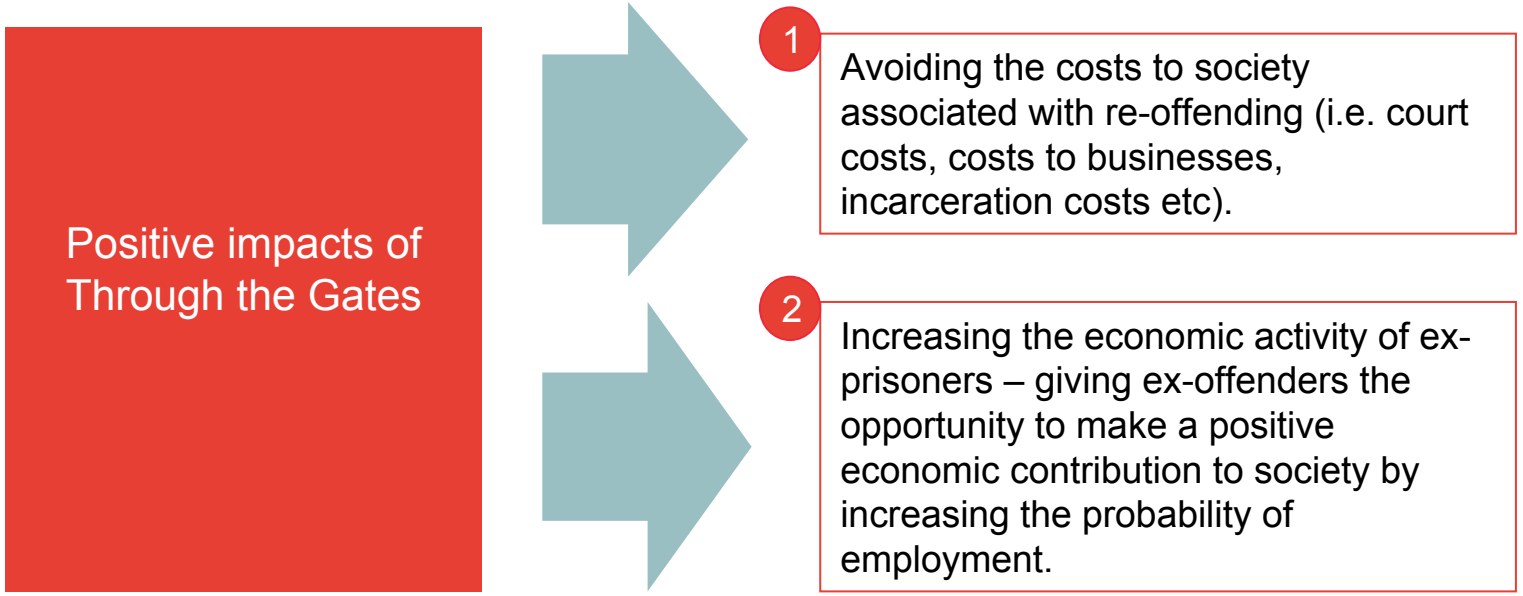
The Through the Gates project aims to reduce re-offending

Through the Gates is a charitable project launched by the St. Giles Trust in partnership with the London Probation Service in July 2008[1]. It seeks to reduce re-offending rates in the UK, in achieving this it can reduce the costs associated with re-offending and create a positive economic impact for society.



[1] All individuals referred to the programme would have served a minimum sentence of 1 year. The programme assists ex-prisoners returning to live in one of 14 boroughs across north and south London. The boroughs are; South London – Bexley, Bromley, Croydon, Greenwich, Lambeth, Lewisham and Southwark. North London– Camden, Hackney, Haringey, Islington, Redbridge, Tower Hamlets and Waltham Forest. There is scope for the programme to expand.

Services offered by Through the Gates

Services rendered in order to reduce re-offending.

Housing support (principal service)

- 70% of clients were provided with temporary or permanent housing;
- Those who were not assisted had most likely shown no interest, been rearrested, were deported or had made other arrangements.

Employment, ID and benefits support

- Benefits support was given to 76% of clients;
- 11% of clients were aided to acquire IDs;
- 12% of clients were given education, training and employment support.

Referral to specialist services (additional)

- 5% of clients were directly supported in accessing mental health services;
- 17% required substance misuse services.

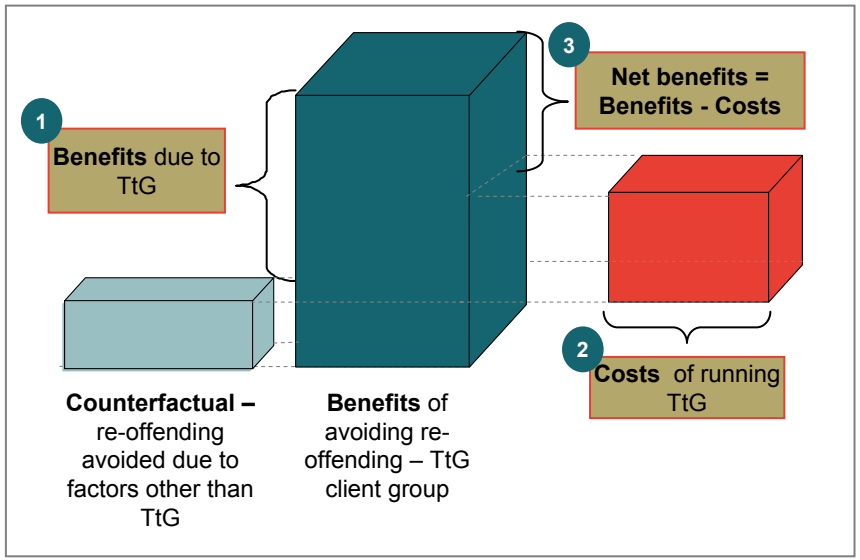
These figures refer to clients who were not already engaged in accessing a particular service through other sources or organisations. We only report where TtG has been actively involved; therefore the actual number of clients receiving a particular service will be higher. These figures are based on data provided on 473 clients who were assisted between 1 August 2008 – 31 January 2009, from the Graham Park Consulting Report.

Our framework to assess the Through the Gates scheme

1 Benefits due to Through the Gates

To estimate the impact we:

1. Compare the Through the Gates re-offending rates with national re-offending rates.
2. Estimate the costs savings associated with reduced re-offending and apply these to the impact Through the Gates has over and above the national average.



2 Costs of running Through the Gates

Use cost data on Through the Gates (provided by St. Giles Trust) to estimate the cost of running the Through the Gates project for one year.

3 Net benefits* of Through the Gates

Using the values calculated in steps one and two we can estimate the annual net benefit of running Through the Gates given the amount of referrals made within their first full year in operation.

*The costs and benefits figures are confined to a single year. They do not take into account the impact of the programme for the following years which could result in increasing the benefits for the society (e.g. if no re-offending in the future) or on the contrary increasing the costs in the future (e.g. if only postponing re-offending)

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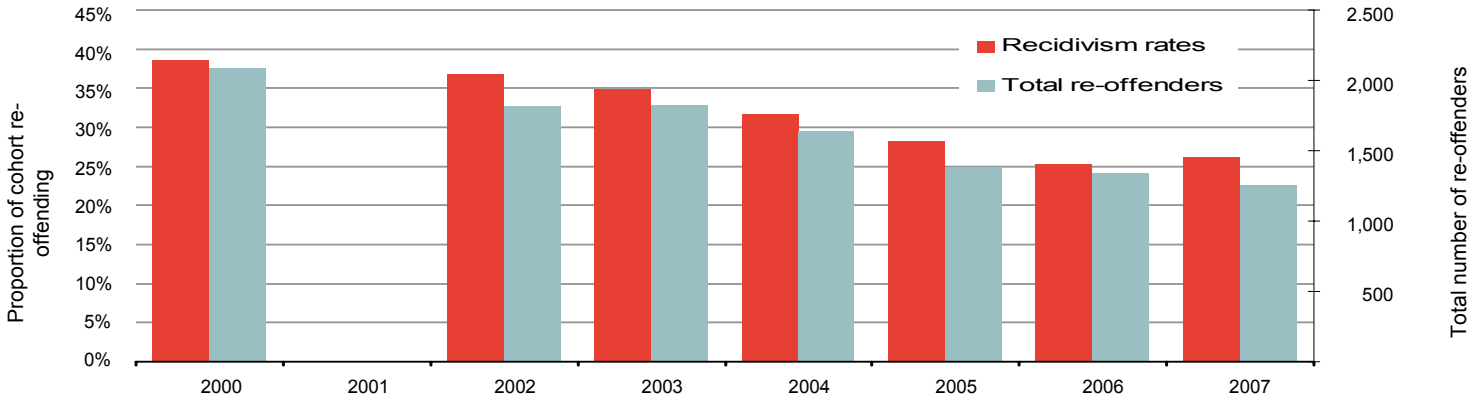
The re-offending rates in England and Wales for ex-prisoners whose last sentence was longer than a year are decreasing over time

Figure 1 - Re-offending rates of ex-prisoners whose last sentence was longer than a year and number of re-offenders for that category



Changes in re-offending rates and number of re-offenders, 2000-2007

Figure 1 depicts the re-offending rates[1] of ex-prisoners whose last sentence was longer than a year in England and Wales for the period 2000-2007[2]:

- The number of re-offenders for that category has decreased during the period 2000-2007; compared to 2006, the re-offending rate has increased in 2007.
- The total number of offenders in 2007 Q1 was 4,797, of which nearly 26% (1,255) were re-offenders.

[1] Re-offending rates show the proportion of offenders (ex-prisoners or those who received a community penalties) in a cohort offending at least once during the one-year follow up period, where the offence resulted in a conviction at court. See annexe for re-offending terminology.

[2] There is no national data for 2001 due to a problem with archived data.

Comparative data analysis: National data and Through the Gates data.

National data and Through the Gates data

- National data:
  - National data is provided by the Ministry of Justice. It is collected annually and includes all individuals who are released from prison in the first quarter of every year.
- Through the Gates data:
  - The data provided by St Giles Trust covers the period from August 2008 to January 2009;
  - We analyse the data on 583 individuals who have been through the Through the Gates programme during this period.
- Comparing the two data sets:
  - We have the same proportion men/women between Through the Gates and the national cohort on ex-prisoners whose last sentence was longer than a year.
  - For that category, the national data was not disaggregated by age. As a result, we were not able to assess the correspondence of ages between the 2 groups.

Table 1. Data composition

		Re-offenders > = 1 year (2007 Q1)	Through the Gates (2008-2009)
Sample size		50,085	583
Gender	M	94%	93%
	F	7%	7%
Age*	18-20	?	5%
	21-24	?	18%
	25-29	?	18%
	30-34	?	16%
	35-39	?	12%
	40-49	?	24%
	50+	?	7%

* Age statistics were missing for 7% of the TtG sample

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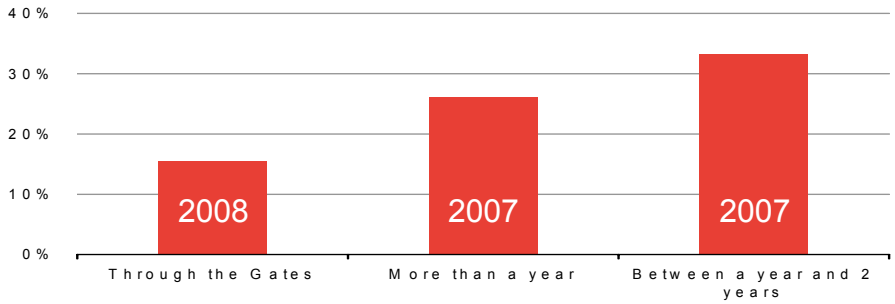
Through the Gates clients re-offending rate is 40% lower than the national re-offending rate

Two counterfactuals

Through the Gates' clients have served a minimum sentence of a year. We do not know the average length TtG offenders were in custody. As a result, we compare the TtG cohort with the national data on re-offending on ex-prisoners in custody for those:

- Between 1 and 2 years (i.e. from 12 to 24 months)
- Greater than a year (i.e. more than 12 months)

Figure 2 - Re-offending rates by type of cohort compared with TtG



Findings

- The proportion of the respective cohorts that re-offended after being observed for 12 months, are 33.2%, 26.2% and 15.5% for National data on ex-prisoners who have served between 1 and 2 years, for more than a year, and for Through the Gates cohorts respectively.
- To assess the reduction in re-offending rate due to Through the Gates, we have used the lower national re-offending rate.

Note on the findings

- 66.4% of Through the Gates clients are individuals rated at medium or high likelihood of reconviction (using an individuals OASys score[1]). Therefore the differences in the re-offending rate are not likely to be attributed to Through the Gates taking clients who are less likely to re-offend[2].
- The re-offending rate is calculated on a yes/no basis. Therefore those who re-offend once are not differentiated from multiple re-offenders nor is the severity of the crime accounted for in this way. 71 out of 85 (84%) re-offenders in the Through the Gates sample had committed only one offence in the follow up period. This may result in an underestimation of the benefits of Through the Gates as there is an overall reduction in the total number of offences committed compared to national data.

[1] The offender assessment system (OASys) is a research based tool to calculate an offenders likelihood of reconviction. A higher score implies a greater propensity to re-offend.

[2] In the annexe we provide further evidence that Through the Gates does not unintentionally or otherwise select clients who are less likely to re-offend

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Methods for estimating the annual cost of an individual re-offender

1

The bottom up approach

This method cumulates the hypothetical costs to society due to an offender re-offending. Table 2 gives an estimated minimum average cost of **£80,825** per re-offender per year**.** These costs are classified as[1]:

- Direct criminal justice costs (criminal justice costs, custodial sentencing costs and prison costs)
- Non direct criminal justice cost
- Costs to the offender and the offenders family (lost earnings)
- Costs to the victims and the community.

2

The top down approach

Alternatively the cost of an individual re-offender can be deduced systematically from the recorded total cost of crime.

- The most recent estimate of the total cost to society of re-offending is £12.76bn[2] per year in 2009 prices
- This implies that the cost per re-offender is about **£162,225** in 2009 prices.

We only include direct criminal justice costs, non criminal justice costs and costs borne by the offender in our analysis.

[1] Our cost figure ignores costs to the victims of crime, the families of the offenders and costs to community due to measurability difficulties. For example a Home Office paper in 2000 (which has since been amended) estimated that the cost to the victims of crime make up over 50% of the total cost of crime, and have been estimated at £18 billion per year.

[2] Social Exclusion Report (2002), estimated that the total cost of re-offending to society is around £11bn per year in 2002 prices. The total cost of crime to society includes; costs in anticipation of crime (e.g. defensive expenditure), costs incurred in response to crime (e.g. criminal justice costs) and costs as a consequence of crime (hospital costs, victim compensation etc.)

Estimating the annual costs of an individual re-offender – a conservative figure

Table 2. The annual average cost of one re-offender

Type of Cost[1]	Annual cost per re-offender 2009 prices[2]	Assumptions[3]	Additional information
Criminal justice costs	£15,080	The Social Exclusion Report (2002) estimated that each offence leading to reconviction costs on average £13,000.	It is also approximated that five recorded offences are committed for each reconviction, therefore costs on average can reach £65,000[4] per re-offender.
Custodial sentencing costs	£11,790	The average cost of a prison sentence in a crown court is around £30,500. To calculate the average custodial sentencing costs per re-offender per year (assuming re-offending leads to a further prison sentence), we multiply the probability of reincarceration (33%) by the average cost of a prison sentence imposed at a crown court (£30,500).	According to the Ministry of Justice (2007), 38% of released prisoners who reoffend are re-incarcerated. A simular figure is quoted in the Conservative's Prison Break Report (2008) which states that two thirds of ex-prisoners re-offend within two years of release. Therefore around 33% of ex-prisoners are re-incarcerated every year.
Prison costs	£14,355	The cost of supporting the average re-offender in prison is taken as the probability that a re-offender is re-incarcerated (33%), multiplied by the average annual cost of supporting a prisoner (£37,500).This is because re-offending does not automatically lead to re-incaceration.	The Social Exclusion Unit (2002): the costs of "actually keeping prisoners within prison" average £37,500. These costs vary from £17,500 for male open prisons to £130,000 for juvenile secure prison training centres.
Non-criminal justice costs	£36,000	The "non-criminal justice costs" include costs such as hospital treatment of victims and repairing damage to property.	Social Exclusion Report (2002), concludes that preventing one re-offence automatically produces a minimal cost saving of £31,000 at 2002 prices.
Lost wages of offender	£3,600	Assuming average lost wages are equal to the probability of employment (30%) after release multiplied by expected average salary (£11,940), taken as the National Minimum wage for those over 21 years old.	Home Office (2003) Resettlement Survey indicates that 30% of released prisoners find employment. The current minimum wage for adults over 21 years gives an annual salary of £11,940: DirectGov (2009).
TOTAL	£80,825		

[1] We only include direct criminal justice costs, non criminal justice costs and costs borne by the offender.

[2] All prices except lost earnings have been adjusted to 2009 prices. The ratio of the Consumer Price Index in 2009 Q2 to that of 2002 Q2 is 1.16 (110.6/95.4)

[3] The Social Exclusion Report figures are the most quoted assumptions for re-offender costs. We use these to enable comparisons with other cost benefit analysis studies.

[4] Most studies report £65,000 as the cost per re-offender to the criminal justice system, here we choose a conservative approach to our estimate.

Using 4 different approaches, we have obtained 4 cost savings …

- Using the re-offending rates of ex-prisoners whose previous offence was:
  - Between 1 and 2 years (i.e. from 12 to 24 months)
  - Greater than a year (i.e. more than 12 months)
- We have computed 4 figures of decrease in re-offending rate (2 for the bottom-up approach and 2 for the top-down approach)
- And we have assessed the **cost savings** (i.e. benefits)

Table 3 - Cost savings due to Through the Gates

Time of custody	>= 1 year	1-2 years
Bottom-up	£10.4m	£17.2m
Top down	£20.8m	£34.5m

…we have selected the lowest and highest values to compute a range of benefits

Through the Gates provides substantial cost savings.

Cost savings; per ex-offender

- The estimated potential saving from Through the Gates per ex-offender ranges from **£8,616** to **£28,722**
- To calculate the cost saving per individual, we multiply the potential reduction in the re-offending rate due to Through the Gates (this ranges from 10.7% to 17.7%) by the cost per re-offender (which ranges from £80,825 to £162,225). This gives a value of cost savings in the range of £8,616 to £28,722.

Through the Gates annual cost savings

- To obtain a range of the annual cost savings due to Through the Gates, we have multiplied the cost saving per individual (which ranges from £8,616 to £28,722) by the number of Through the Gates clients (which is 1203).
- The annual cost savings due to Through the Gates range from **£10.4m** to **£34.5m**.

Through the Gates provides outstanding value for money to society

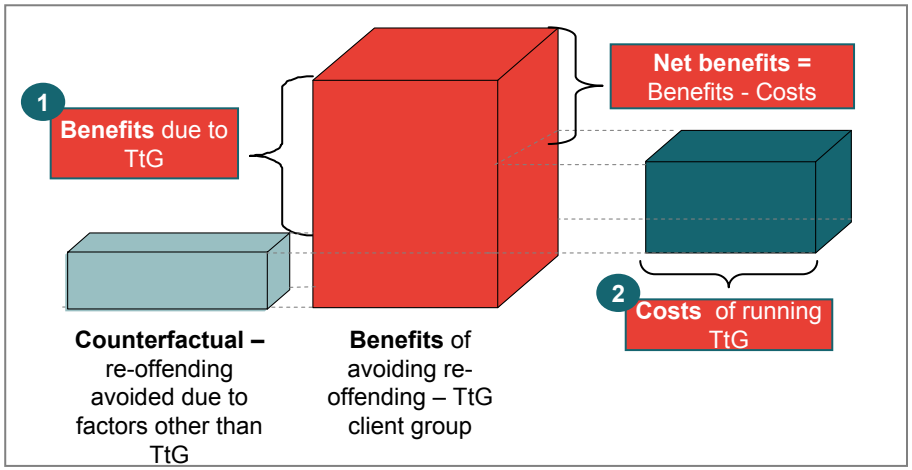
1 Benefits due to Through the Gates

£10.4 million

2 Costs of running Through the Gates

For the 12 month period from July 2008-July 2009 the operating costs of Through the Gates were:

£1.05 million



3 Cost benefit ratio of Through the Gates

£ 10.4million ÷ £1.05 million

10

- *A cost benefit ratio >1 indicates the project is viable
- "Counterfactual" may encompass other measures that stop individuals from re-offending other than Through the Gates. However these are inevitably added in our programmes' benefit.
- Crime prevention methods (which stop individuals from offending in the first place) may have higher benefits for society, our research focused on re-offending statistics

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National re-offending terminology

- **The re-offending rate shows the proportion of offenders who re-offend and how many re-offences are committed - that is the frequency of re-offending.**
  - This measure does not track all the offenders in a given year, but instead looks at a 'cohort'. The cohort is made up of all offenders discharged from a custodial sentence or starting a community sentence in the first three months of each calendar year (January to March).
  - Data is obtained from the Police National Computer on whether or not the offender is proven to have re-offended during a one-year follow up period, the number of offences they have committed and the number of serious offences committed.
- **What proportion of offenders actually re-offend?**
  - **Actual (yes/no) rate –** This measures the actual number of offenders in the cohort offending at least once during the one-year follow up period, where the offence resulted in a conviction at court. The actual (yes/no) re-offending rate is presented in this report as a percentage of the total number of offenders in the cohort.
  - **Proven re-offending**

    An offender is said to have committed a proven re-offence if the offender receives a conviction at court for the re-offence. For the purposes of the statistics in this report, the re-offence must have been committed within the one-year follow up period, and the conviction must follow either within that one-year follow up, or in a further 6 months, which is to allow time for the offence to be proven at court.

Source: Ministry of justice. National re-offending measures – A guide - An explanation of the headline national re-offending measures (May 2009)

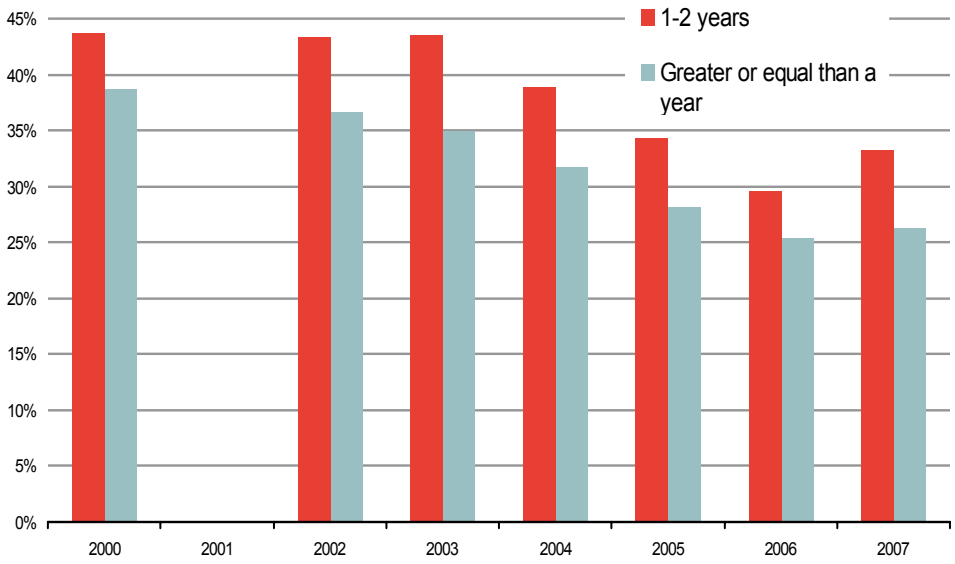
National re-offending terminology - continued

- **Ex-prisoners of the 2007 cohort whose index disposal is longer than a year**
  - The 2007 data cohort is separated by index disposal.
  - *The index disposal of the offender is either the type of court order the offender started, or custody, for an offender released from prison, in the 1st quarter of the relevant year.
  - With the index disposal, we have identified 3 types of ex-prisoners
    - Ex-prisoners whose index disposal is between 1 year and 2 years
    - Ex-prisoners whose index disposal is between 2 years and 4 years
    - Ex-prisoners whose index disposal is bigger than 4 year
  - Knowing the re-offending rates and taking into account the proportion of these different groups, we have computed an overall re-offending rate of ex-prisoners whose index disposal is greater than a year

*Source: Ministry of justice. Re-offending of adults: results from the 2007 cohort

Times series on re-offending rates from the national data

Figure 3 - National re-offending rate for ex-prisoners whose last sentence was longer than 1 year or between 1-2 years



Findings

Figure 3 illustrates the re-offending rates per year from 2000 to 2007. The data comes from the statistic tables on re-offending published on the Ministry of Justice website

- For the 2007 cohort, the re-offending rate of ex-prisoners whose last sentence was longer than a year and between 1 to 2 years were respectively 26.16% and 33.21%
- The re-offending rate of Through the Gates clients is 15.50%
- As a result, we conclude that the reduction rate due to Through the Gate ranges from 10.66% to 17.71%.

• Through the Gates clients have a statistically significant lower re-offending rate at the 1% significance level. The 95% confidence interval for the Through the Gates re-offending rate is 12.8% - 18.2%, see annexe for hypothesis tests.

Through the Gates is unlikely to "cherry pick" less challenging clients

- 14% of clients were subject to Multi-Agency Public Protection Arrangements (MAPPA). MAPPA involves various agencies working together to protect the community from the risk that offenders (the most serious sexual and violent crime) present after release.
- Over 10% were recalled back to court
- 66.4% of clients had a high OASys score; classified as medium or high risk of reconviction
- Less than 2% of Through the Gates clients self referred. Therefore there is no evidence that their clients are less likely to re-offend, by self selecting or being selected to participate in the programme. The sources of referral are summarised in the table below
- The clients whose re-offending rates we calculated, represented roughly 50% of Through the Gates clients who accessed the service between August 2008 to January 2009. They were randomly selected and their data extracted from the Ministry of Justice system.

Referrals (533)	Probation	Prison resettlement teams	NACRO	Other Organisations	Self
Number of clients	336	75	30	83	**9**
Proportion	63%	14%	6%	15%	**2%**

These figures are based on data provided on 473 clients who were assisted between 1 August 2008 – 31 January 2009, from the Graham Park Consulting Report.

Through the Gates clients have a statistically lower re-offending rate at the 1% significance level

- **Hypothesis Testing**
  - National re-offending rate = μ = 26.16%
  - Through the Gates re-offending rate = $\hat{P}$ = 15.50%
  - **Ho : μ = 0.2616** (Through the Gates re-offending rate is not different from the re-offending rate of prisoners which last sentence was longer than a year)
  - **Ha : μ < 0.2616** (Through the Gates has a lower re-offending rate compared to the re-offending rate of prisoners which last sentence was longer than a year)

- **α = 0.01**, reject **Ho** if test-statistic < -2.3 (99% critical value for one sided hypothesis test on a normal distribution)
- **n = 583**
- **Standard error of estimation** = SE($\hat{P}$) = $\sqrt{\frac{\hat{p}(1-\hat{p})}{n}}$ = 0.014
- **test-statistic** = $\frac{\hat{p} - \mu}{SE\ (\hat{p})}$ = -7.61

Given such a low test-statistic, we accept the alternative hypothesis that Through the Gates clients have a statistically significant lower re-offending rate compared to the re-offending rate of ex-prisoners who have served more than a year at 1% significance level (the p-value is nearly zero).

Calculating the Through the Gates re-offending rate 95 % confidence interval

Confidence interval = point estimate ± [critical value*standard error of estimation]

- $\hat{P}$ = 0.1550
- The critical value for a normal distribution for the 95% confidence interval is 1.96
- Standard error of estimation = 0.014

Confidence interval = 0.1550 ± [1.96*0.014] = **[0.1275, 0.1825]**

- Our results earlier showed that the proportion of the respective cohorts that re-offended after being observed for 12 months, were 26.16% and 15.50% for re-offenders who have served a sentence longer than a year and Through the Gates cohorts respectively. We concluded that Through the Gates clients were less likely to re-offend compared to the national average by about 40%.

- The 95% confidence interval for the cumulative re-offending rate for Through the Gates clients is [12.75% , 18.25%].

Findings from other studies

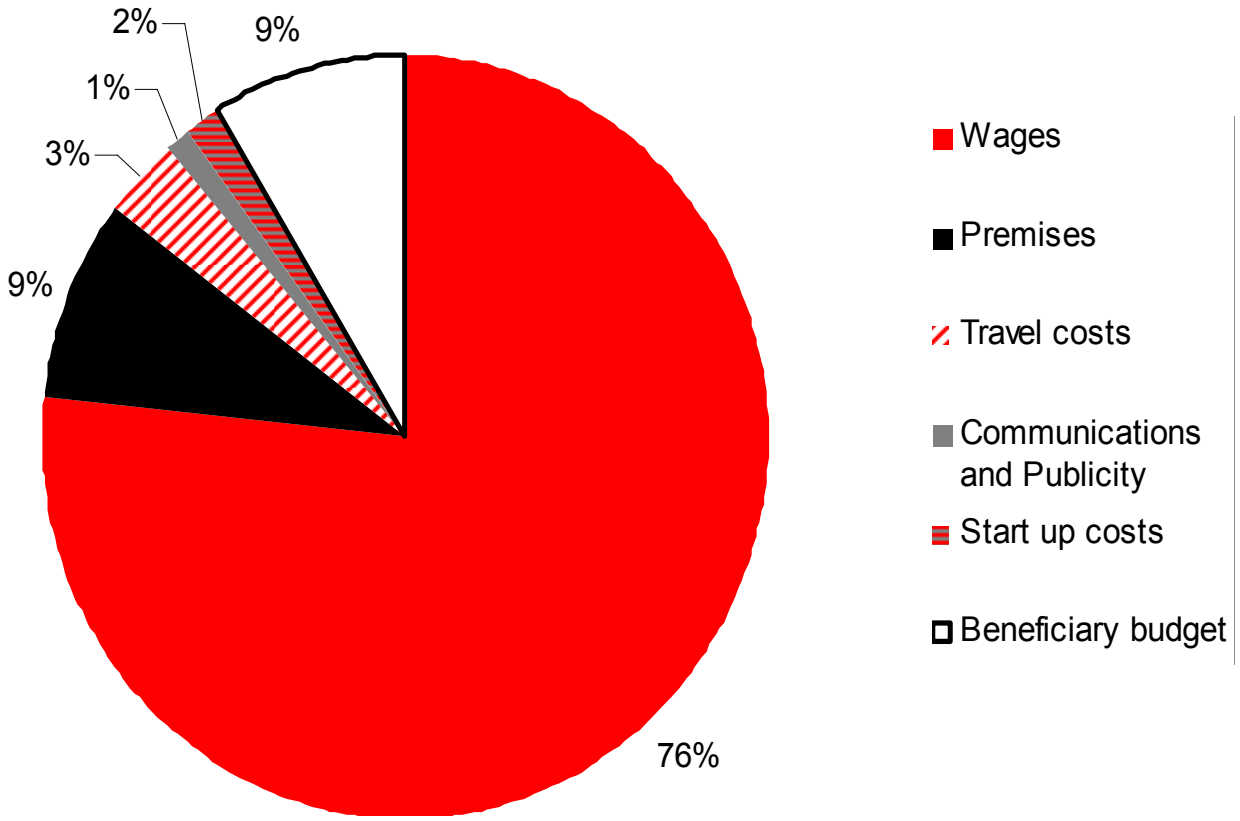
Project	Effect	Additional
Southampton Council (2007)[1]: Assists clients to secure a job following incarceration by providing: skills and employment support; emergency temporary accommodation; drug intervention programmes and holistic support.	• Sample size: 588 • Amongst them they had collectively committed a total of 1863 offences in the year prior to their involvement with the programme; • After one year 664 crimes were recorded for this cohort. A reduction in total crimes committed of about 62%; • They use a "conservative" estimate cost of re-offending of £100,000 per annum, per offender; • Thus a 62% reduction in crime by 588 offenders, implies a reduction in crime committed by 365 offenders at £100,000 per year; • The report concludes that their programme results in total cost savings to the tax payers of at least £36 million. The programme was run at an annual cost of £750,000.	Used Social Exclusion Report Data (2002)
The Beacon Schemes: Nationwide projects aimed at reducing the re-offending rate by providing at least one of the seven "pathways" for reducing re-offending[2].	• Leicester City Council reduced reconviction rates from 49% to 30% during 2007/08 through skills and education initiatives; • The Safe Partnership in London reported a 30% reduction in the re-offending rate of its clients in the one year follow up period in 2007/08;	

[1]Southampton City Council: Reducing Re-offending Through Skills and Employment – Case study http://www.niace.org.uk/lifelonglearninginquiry/docs/CRI0001.pdf

[2] Pathways to reduce re-offending: Accommodation; Education, training and employment; Health; Drugs and alcohol; Finance, benefits and debt; Children and families; Attitude thinking and behaviour. http://www.noms.justice.gov.uk/managing-offenders/reducing_re-offending/reducing_re-offending_pathways/

Through the Gates cost breakdown

Figure4 - Through the Gates total costs (£1,041,000) in 2008-2009



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