

The economic and social return of Action for Children's East Dunbartonshire Family Service

September 2009

Backing the Future: SROI report

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The analysis presented in this report has been developed by **nef** (the new economics foundation) through engaging with many stakeholders including Action for Children. However, overall responsibility for the contents of the report rests with its authors.

Section 1. Introduction and background

This document accompanies a larger report *Backing the future: why investing in children is good for us all*, which is the culmination of a programme of research carried out in partnership between Action for Children and **nef** (the new economics foundation).

Backing the future demonstrates the economic and social case for preventing social problems from emerging in the first place, rather than fixing them after they have occurred. It also shows the need for early intervention if and when problems do arise to stop them becoming entrenched. By making the transition to a more preventative system, the UK will improve children's well-being, create a better and more just society, and support our economy by being less wasteful economically and making far better use of our shared but increasingly scarce public resources.

As part of the research **nef** has conducted *Social Return on Investment* (SROI) analyses on three of Action for Children's projects across England, Wales and Scotland.

SROI is a rigorous measurement framework that helps organisations to understand and manage the social, environmental and economic value that they are creating. It is essentially a form of adjusted cost-benefit analysis which takes into account the full range of social and environmental benefits and puts a value on some less tangible outcomes, such as improved family relationships. By considering a wider range of effects, it moves the debate away from saving money from public investment, to a more comprehensive understanding of what is created as a result.

The use of this type of analysis has several benefits. It enables all outcomes to be considered jointly, expressing all relevant costs, benefits and their relative significance. It enables commissioners of children's services to see beyond the simple unit-cost of services and instead focus on the long-term impact, and trade-offs between competing priorities are made explicit. Negative consequences (intended and unintended) are also accounted for. For organisations, it supports their own strategic planning, highlighting where value is being generated and enabling them to get to better understand their 'theory of change'.

The focus of this report is the SROI analysis of Action for Children's East Dunbartonshire Family Service in Scotland. **nef** has also conducted SROI analyses of the Family Intervention Team / 5+ Project in Caerphilly, Wales and the Wheatley Children's Centre in Doncaster, Yorkshire.

Section 2. SROI methodology

The SROI methodology¹ employed to analyse the East Dunbartonshire Family Service consisted of the following approach:

Phase 1: Setting parameters and impact map

Boundaries

- Create the framework for the analysis – what part of the organisation, or individual project is to be measured – and prepare background information.
- Describe how the project or organisation works and decide the time period for measurement.

Stakeholders

- Identify the stakeholders whose costs and benefits – associated with the investment or organisation – are to be measured.
- Prioritise key stakeholders and objectives. Materiality – the accountancy term for ensuring that all the areas of performance needed to judge an organisation's performance are captured – is used in the selection of stakeholders and objectives.
- Identify common or overriding objectives.

Stakeholders

Those people or groups who are either affected by or who can affect policy.

Impact map

- Conduct stakeholder engagement to assist in the creation of an impact map that describes how the organisation/investment affects key stakeholders.

Impact map

An impact map demonstrates how an organisation's inputs and activities are connected to its outputs and how in turn these may affect stakeholders' outcomes. Impacts can then be derived from the identified outcomes.

¹ The **nef** SROI methodology adheres to both SROI-UK and SROI-Europe principles of SROI.

Phase 2: Data collection

Indicators

- Identify appropriate indicators to capture outcomes.

Valuation

- Using findings from stakeholder engagement and existing research to generate proxies to put financial values on all outcomes.

Data collection

- Use tried and tested sources to gather the data – required by the impacts laid out in the impact map – for accurate measurement of identified costs and benefits.
- Decide on an appropriate benefit period for each outcome and the extent to which those outcomes drop off over time.

Phase 3: Model and calculate

Model and calculate

- Create a cost-benefit model using gathered data and projections:
 - Calculate the present value of benefits and investment, and the SROI ratio.
 - Use sensitivity analysis to identify the relative significance of data.
 - Account for the displacement, attribution and deadweight of the organisation/investment under review.

Phase 4: Report

Report

- Consider and present the SROI produced by the organisation/investment.
- Identify how the benefits are divided between stakeholders.
- Identify the key factors that affect the SROI ratio.

Section 3 outlines how the above methodology was applied in the context of the assessment of the East Dunbartonshire Family Service Project.

Section 3. The East Dunbartonshire Family Service Project

Introduction

The East Dunbartonshire Family Service Project (EDFS) provides short-term, focused and flexible support for children, young people and families in crisis. The project aims to:

- Reduce the number of children being looked after and accommodated by East Dunbartonshire, both by helping accommodated children return safely to their home environment, and by helping families avoid crises that lead to children being removed from the family home.
- To support parents to better meet their children's needs.
- To help children and young people address issues that may be affecting their lives and well-being.
- To contribute to assessments of children's needs and parents capacity to meet these.

The project is inspired and motivated by the values of:

- Passion – driven by desire to help children and young people overcome injustice and disadvantage.
- Equality – belief that all children and young people have equal worth and equal rights.
- Hope – belief in a child or young person's potential, no matter what they have experienced or what they have done.

Project staff work intensively with families for a period of around 8 to 12 weeks. Referrals are made by social workers with the permission of families, and the project aims to work with approximately ten families at any given time.

Stakeholder engagement

SROI places stakeholders at the heart of its analysis, i.e., it is those affecting and being affected by the intervention that are best placed to identify where value is accruing. Without this input,

Materiality

Materiality is about considering what is most important or central to the analysis. The concept of materiality helps evaluate whether a piece of information, if excluded, would significantly alter the conclusions a person comes to about an organisation's activities. It is possible for a stakeholder to be very important to an organisation without being material to an SROI analysis.

measurement is unlikely to capture what really matters to people and be relevant to their lives. nef spoke with a number of stakeholders in East Dunbartonshire as part of this research. Not all of those stakeholders were taken forward to data collection, as not all of them were ‘material’ to the analysis.

Table 1 summarises this stage.

Impact maps

The process of engaging with stakeholders enabled a theory of change, or *impact map*, to be articulated for the EDFS project. An impact map demonstrates how the activities of a project are realised in the form of outcomes. Figures 1–3 show the impact map for children, parents/carers and siblings.

Table 1: Stakeholder audit trail

Stakeholder	Rationale for inclusion/exclusion	Method of engagement	No. engaged
Children	Included – primary beneficiary	One-to-one interviews, with carers present when necessary. The nature of the work of EDFS and child protection concerns made engaging children more difficult than at some projects	2
Parents/carers	Included – secondary beneficiary	One-to-one interviews	10
The State	Included – savings across a range of service areas	Policy documents/academic research	n/a
Staff	Excluded – likely to be able to get jobs elsewhere if project did not exist	Although not included, staff were engaged throughout the project	n/a
Referrers	Excluded – not material as they receive no direct benefit from programme	Although not included, some social workers were interviewed by telephone	4
Schools	Excluded – not material as benefits are primarily to children, not to school		n/a
Action for Children	Excluded – not material as they receive no direct benefit from programme		n/a
Other Commissioners	Excluded – not material as they receive no direct benefit from programme		n/a

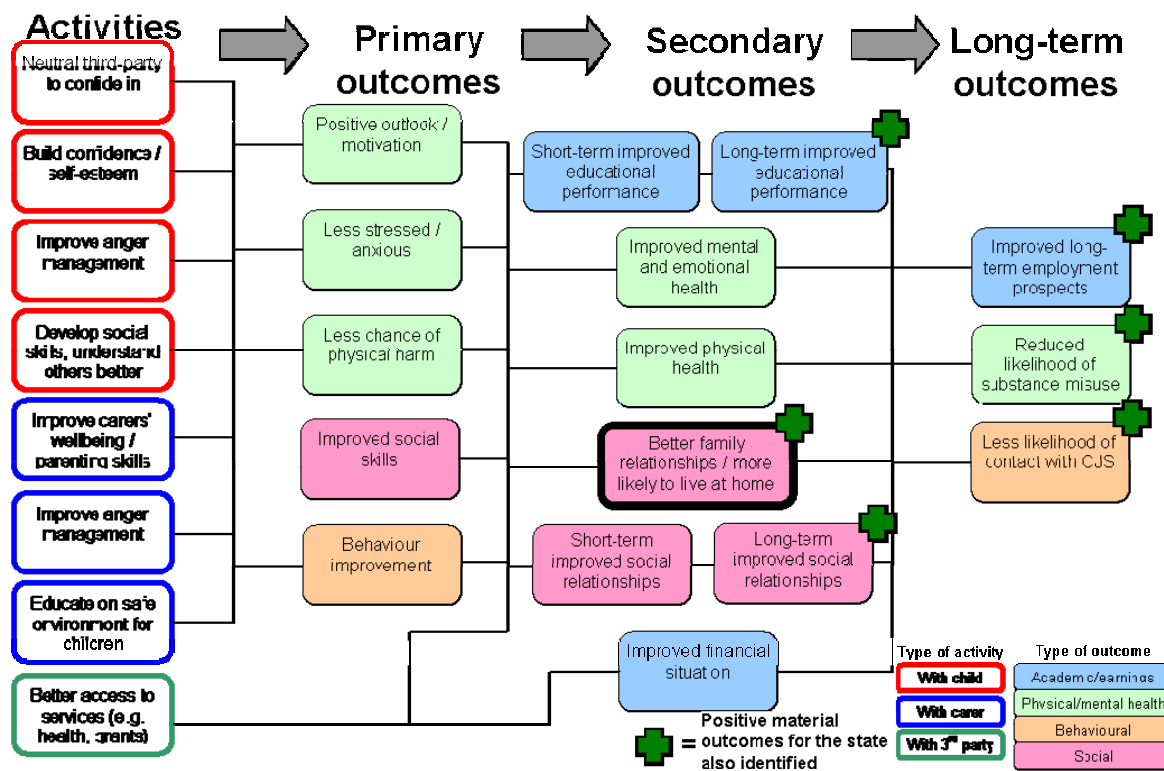


Figure 1: Impact map – outcomes for children

There are a number of key points to note about the outcomes for children:

- One of the principles of SROI is that stakeholders are usually best placed to say what outcomes a certain programme or project delivers for them. However, any work with children, particularly young children, necessarily relies on the input from families and those who work with children. This is particularly the case when working with vulnerable children such as those using the EDFS project. Figure 1 is therefore drawn from interviews with parents and EDFS team members as well as the children themselves.
- The primary level outcomes were identified by most stakeholders, i.e., children and parents. For many, these outcomes (in particular behaviour improvement) were the main rationale for using the service.
- Many stakeholders (but not all) were able to map these primary level outcomes through to what we are calling ‘secondary level outcomes’, and some were able to map through to the long-term outcomes. Some parents expressed concerns that, without the work of the EDFS project, there was serious risk that their children would end up being taken into care or that their children would have ended up out of work or involved in drugs or crime.

Outcomes
Outcomes are the changes that result from your organisation’s activity – for people, communities, the economy or aspects of the natural or built environment. They come either wholly or in part as a direct result of the organisation’s actions.

- Stakeholders identified a number of features as fundamental to the success of the EDFS project. These were:
 - The flexible approach of the team members and the amount of time they were able to spend with children and families.
 - The impartiality of the team members, the time committed to listening and trying to understand, and the use of time with children and parents individually and together.
 - The commitment to providing a space where children are able to enjoy themselves and build their confidence and self-esteem.
 - The tailoring of the service to individual family's needs.
 - The joint approach of addressing both the parenting skills of the parents/carers if necessary, and any problems that the children might have.
 - It was important to stakeholders that EDFS staff were not social workers; although EDFS work closely with the social work department, its lack of statutory power meant that many stakeholders were able to trust it more easily.

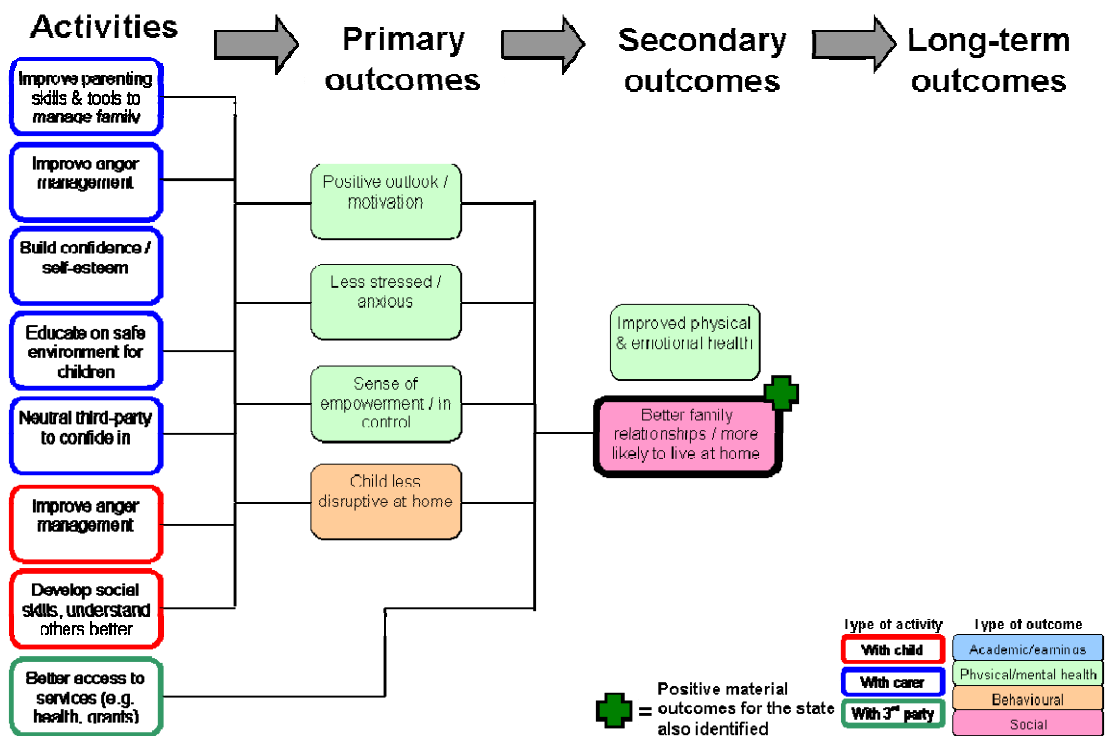


Figure 2: Impact map – outcomes for parents/carers

There are a number of key points to note about the outcomes for parents:

- Parents benefit both from the changes in behaviour and social skills of their children, and also from their own improvements in confidence, self-esteem, anger management and parenting skills and knowledge.

- There are no long-term benefits for parents – it is assumed that the material benefits finish when their children are no longer their dependents. Whilst this may be a conservative assumption, without longer-term tracking of parental benefits we have no basis on which to project further ahead.
- For the purposes of this analysis, it is assumed that the full value of ‘referral outcomes’ accrues to children, rather than parents or siblings. It is beyond the scope of this study to measure more precisely who benefits from these referral outcomes.

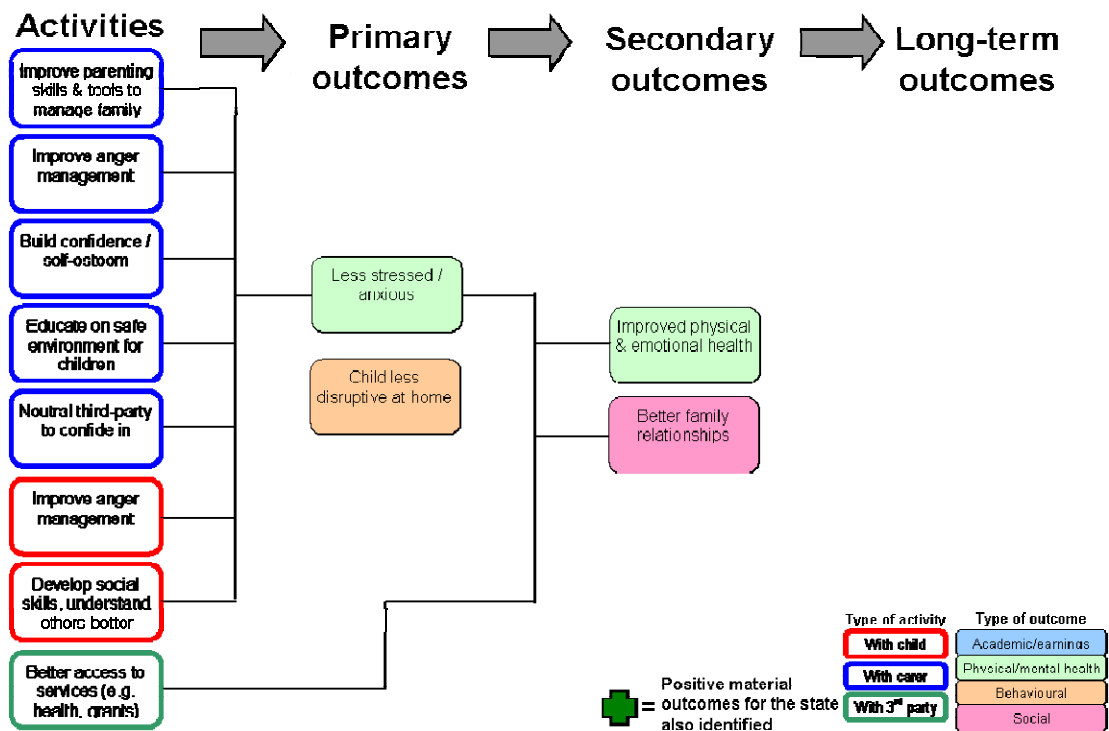


Figure 3: Impact map – outcomes for siblings

Siblings benefit mainly from the improvement in behaviour of the children who receive the intervention and from the improved parenting skills of the parents/carers. However in some cases the project team will involve them directly in their work, too.

The State

Positive outcomes from the State are also identified in many places; these are indicated by a green cross. The state benefits mainly through the reduction in costs of foster care, when children are able to remain at/return to the family home.

However, there are further projected long-term savings to the State, arising from improvements in the child’s educational performance, social skills, health and well-being. These were identified as:

- Increased tax revenue (through children’s increased/better paid employment in the future).

- Decreased benefit payments (as above).
- Reduced costs of crime and antisocial behaviour.
- Reduced health costs for children and parents/carers.
- Reduction of other long-term child costs (i.e., education, care).

Approximately 93 per cent of the benefits to the state come about through reduction in foster care costs. A further 4 per cent are saved in other children's costs, resulting in 97 per cent of State savings being gained by the Children, Young People and Social Care subdivision of the Education department. A further 3 per cent of savings are gained by Justice, with negligible proportions of the savings being gained by the health service or through increased tax revenues and decreased benefits.

Data collection

Evidencing the potential benefits identified through stakeholder engagement requires data for each of the outcomes presented in Figures 1–3.

Action for Children's Outcomes Framework provides service managers and staff with a collection of outcome indicators that allow Action for Children to see whether the service is truly meeting needs, both with individual service users and across service user groups as a whole. Most of the data used in the SROI are captured using a series of outcomes based on this Outcomes Framework. EDFS has identified which of the Action for Children Outcomes it considers primary outcomes for the project and which are secondary outcomes. When a new case is opened, the outcomes that are relevant to that case are identified, and when the case is closed, a judgement is made by Action for Children as to which outcomes are fully met, which are met in part, and which are not met at all. In addition, the EDFS project keeps records of which children are taken into care and which are returned from care; this data is also used in the SROI.

Data has been collected for a sufficiently high number of cases (61) for us to use it with some confidence. Many of the Action for Children outcomes correspond closely with the outcomes identified in the stakeholder engagement process, and these have been straightforward to use as indicators. In other cases, the Action for Children outcomes are close enough to the outcomes identified in the stakeholder engagement that we can still use them as indicators.

Indicators

An indicator is a piece of information that helps us determine whether or not a change has taken place.

Two of the outcomes, improved educational performance and improved social (non-family) relationships, have been split into short-term and medium-term versions. This is because we would not usually expect to see substantial improvements in educational performance and non-family relationships during the course of the intervention, but we would expect the intervention to lead to improvements in the medium-term.

Therefore, for the short-term versions, we have chosen Action for Children outcomes that directly relate to these outcomes, and for the medium-term versions, we have chosen Action for Children outcomes that we think will lead to improvements further down the line. For example, for improved social (non-family) relationships, we have used *Action for Children Outcome 23: The child or young person has supportive friendships* to show short-term change, and *Action for Children Outcome 30: The child or young person's social skills improve* to project medium-term change.

Table 2 shows the data collection methodology for each outcome.

There are a number of challenges in using this kind of data that we have addressed in this evaluation:

- While the Action for Children outcomes data capture the change immediately after the intervention has finished, data are not collected over the longer term. Therefore the outcomes data do not help us understand to what extent the outcomes are sustained, and to what extent they decrease or 'drop off' over time. We therefore used two methods to help us estimate this: we conducted a number of qualitative follow-up interviews with social workers who work with children who have used the service, and we took information from similar outcomes from other Action for Children projects.
- While EDFS measures many outcomes for children, fewer outcomes are measured for parents/carers. In some cases we have managed to use the data present as indicators for the parents'/carers' outcomes identified by stakeholders. For example, for *improved physical and emotional health*, we took an average of two primary level outcomes: *Action for Children Outcome 15: Parent's/carer's capacity to cope with difficulties is enhanced* and *Action for Children Outcome 03: Parent/carer's capacity to support their child's health and development is enhanced*. However, some less material outcomes were not followed through due to lack of data.
- No data are captured on outcomes for siblings unless the project is also directly working with them. We have therefore had to assume that improvements in family relationships and physical/emotional health are at the same level for siblings as they are for parents.
- We have taken an average of the improvement in positive outlook, motivation and stress and anxiety to represent improvements in mental and emotional health.
- The longer-term outcomes for children cannot be captured by surveys without the implementation of longer-term data collection systems. (In any case, the project has not been running for long enough for us to be able to assess the impact on children once they reach adulthood.) For our evaluation we used academic research which examined the relationship between conduct disorders in childhood and other problems such as incidence of crime and unemployment in later life, and used this to predict future outcomes.
- Although many of the children lived in two-parent/carer households, we based our calculations on the assumption that the value generated by the project flowed to one-parent/carer per child only. There are a couple of reasons for this. First, any extra value generated by benefits flowing to two adults in a household is likely to be cancelled out by the fact that the initial negative consequences of the child's problems was in any case shared between the two adults. Further research would be required to establish whether this was the case or not. Secondly, the second parent/carer is usually at work during the day and therefore has to spend less time interacting with the child.

Table 2: Data collection

		Outcome	Indicator
Children	Primary level outcomes	Positive outlook/motivation	Action for Children Outcome 02: The child or young person recognises their own health and development needs
		Less stressed/anxious	Action for Children Outcome 10: The child or young person knows about the risks to their safety and how to deal with them
		Less chance of physical harm	Action for Children Outcome 11: The child or young person lives safely within the family network or placement
		Improved social skills	Action for Children Outcome 30: The child or young person's social skills improve
		Behaviour improvement	Action for Children Outcome 32: The child or young person deals appropriately with conflict
	Secondary level outcomes	Short-term improved educational performance	Action for Children Outcome 21: There is an improvement in the child or young person's educational achievement
		Medium-term improved educational performance	Action for Children Outcome 03: Parent/carer's capacity to support their child's health and development is enhanced
		Improved mental and emotional health	Action for Children Outcome 04: There is an improvement in the child or young person's emotional wellbeing
		Improved physical health (ex. physical abuse)	Action for Children Outcome 05: There is an improvement in a child or young person's physical health
		Better family relationships	Action for Children Outcome 16: The quality of family life is enhanced
Child not taken into care		Action for Children Data: Child remained with family	
Child returned from care to home		Action for Children Data: Child returned home	
Long-term outcomes	Short-term improved social (non-family) relationships	Action for Children Outcome 23: The child or young person has supportive friendships	
	Medium-term improved social (non-family) relationships	Action for Children Outcome 30: The child or young person's social skills improve	
	Improved financial situation	Action for Children Outcome 38: There is an improvement in the financial management skills of the child or young person's parents/carers	
Long-term outcomes	Improved long-term employment prospects	Behaviour improvement (Action for Children Outcome 32) used to predict long-term likelihood of unemployment	
	Reduced likelihood of substance misuse	Behaviour improvement (Action for Children Outcome 32) used to predict long-term likelihood of substance misuse	
	Less likelihood of contact with criminal justice system	Behaviour improvement (Action for Children Outcome 32) used to predict long-term likelihood of receiving conviction	
Parents/Carers	Primary level outcomes	Positive outlook/motivation	Action for Children Outcome 15: Parent/carer's capacity to cope with difficulties is enhanced
		Less stressed/anxious	Action for Children Outcome 15: Parent/carer's capacity to cope with difficulties is enhanced
		Sense of empowerment/in control	Action for Children Outcome 03: Parent/carer's capacity to support their child's health and development is enhanced
		Child less disruptive at home	Action for Children Outcome 32: The child or young person deals appropriately with conflict
	Secondary level outcomes	Better family relationships	Action for Children Outcome 16: The quality of family life is enhanced
		Child not taken into care	Action for Children Data: Child remained with family
		Child returned from care to home	Action for Children Data: Child returned home
		Improved physical and emotional health	Average of primary level outcomes: Parent/carer's capacity to cope with difficulties is enhanced & The child or young person deals appropriately with conflict

Siblings	Secondary level outcomes	Better family relationships Improved physical and emotional health	Action for Children Outcome 16: The quality of family life is enhanced Average of parent's primary level outcomes: Parent/carer's capacity to cope with difficulties is enhanced & The child or young person deals appropriately with conflict
	Long-term outcomes	Increased tax revenue Decreased benefits Reduced costs of crime/ASB Child's reduced health costs Reduction of other child costs (education, care, relationships) Reduced cost of foster care	Behaviour improvement (Action for Children Outcome 32) used to predict long-term likelihood of unemployment Behaviour improvement (Action for Children Outcome 32) used to predict long-term likelihood of unemployment Behaviour improvement (Action for Children Outcome 32) used to predict long-term likelihood of receiving conviction Behaviour improvement (Action for Children Outcome 32) used to predict long-term level of health costs to state Behaviour improvement (Action for Children Outcome 32) used to predict long-term likelihood of education, care and relationships cost to state Action for Children data: Child remained with family / returned home
State			

- Likewise, although the calculations take into account the number of children with siblings who are affected by their behaviour, our evidence of the impact on these siblings was less robust. Therefore we only assumed benefits to one additional child per family.
- Usually, SROI benefits from the use of self-reported data, where users of the service report on their own improvements (or lack of). Because of the nature of EDFs' work, this would probably not be appropriate. However, a greater use of third party assessment/measurement, such as through the Children, Young People and Social Care sub-division of the Education department, would help corroborate the results.

Conducting an SROI analysis often allows us to examine the strengths and weaknesses of a data collection mechanism. We make a number of recommendations to improve the accuracy of the SROI calculations in the future:

1. Rather than just measuring progress for the areas that are believed to be the priorities in each individual case, we would ideally measure progress against all outcomes for each case. This would allow us to measure progress for areas not identified as priorities at the outset.
2. More precise (and possibly more consistent) data collection would be possible if there was a greater level of granularity for each outcome, rather than simply a three-point scale (fully met, met in part, not met). A system such as an *Outcomes Star* (see recommendations) would help with this.
3. Alongside measuring children's progress, it would be useful to measure parents' and siblings' progress on a greater range of measures to allow a better evaluation of outcomes for the child.
4. Although it can be time-consuming, it will help us to identify the longer-term impacts of the intervention if follow-up interviews are conducted with at least some children and parents/carers (or their social workers) on a regular basis.

Economic model

The economic model was developed in five stages:

1. Quantify extent to which outcomes are for each stakeholder as set out in data collection.
2. Monetising each outcome by sourcing a financial proxy.
3. Determining impact by accounting for displacement, deadweight and attribution.
4. Determining a benefit period and drop off.
5. Projecting value into the future.

Monetising outcomes

As part of the analysis and calculations, SROI requires the 'monetisation' of all the outcomes. This means putting a monetary value on each outcome, even those that are not usually traded and for which a value is not obvious. When pricing data is unavailable for a particular outcome, we will use a 'proxy', a value that is deemed to be close to the desired outcome. These monetised outcomes can then be

Proxies

A proxy is a financial value that is deemed to closely represent the desired outcome, for which exact data is unavailable.

added together to calculate the total value produced.

Displacement

Where costs or benefits are moved from one place to another. E.g. if somebody gets a job at the expense of somebody else.

Deadweight

Deadweight is a measure of what would have happened anyway, without the intervention.

Attribution

Attribution is the amount of credit that an organisation can take for a change.

Drop off

The extent to which the outcome decreases over time, or the attribution (credit) that an organisation can take for the outcome decreases over time.

When combining monetised outcomes, there is a danger of double-counting benefits. For example, the primary level outcome *less stressed/anxious* is likely to be substantially covered by the secondary level outcome *improved mental and emotional health*. For this reason, we only monetise the secondary level and long-term benefits, not the primary level benefits, as the well-being and quality of life benefits of the primary level outcomes are counted within secondary level outcomes.

In some instances we had sufficient data to be able to observe short-term outcomes taking place and for these monetisation was a straightforward step of identifying an appropriate proxy. For others, such as long-run savings to the State arising from reduced crime, improved health, etc., academic research was required to predict future savings. These were based on reductions in conduct disorders that are taking place as a result of this intervention and for which there is robust evidence of impact on future life chances.

Table 3 shows the proxies used in the economic model.

Determining impact

Determining impact involves isolating that part of the outcome for which the organisation can take credit. In SROI we measure impact to ensure that different organisations are not over-claiming for the same outcomes, i.e., that additional net change is taking place.

The economic model subtracts for the effects of the following to account for impact:

- Displacement
- Deadweight
- Initial attribution
- Drop off:
 - Attribution drop off
 - Outcome drop off

Displacement

Displacement needs to be applied when a benefit to one person or in one area is 'displaced' from another person or another area, which doesn't receive the benefit it would otherwise have received. This represents the fact that, for the most part, extra employment gained in the future by children who have received an EDFs intervention comes at the expense of employment to others. (i.e., if these jobs don't in the future go to these children, they will go to others instead). In this particular SROI, displacement needs only be considered for the economic benefits to the

state; we have used an 80 per cent displacement rate for increased tax rates and decreased benefits, according to Government recommendations.

Table 3: Selected financial proxies

	Outcome	Proxy	Value
Children	Less chance of physical harm	Compensation level for 'serious abuse' as a child in the UK	£2,000
	Short-term improved educational performance	Opportunity cost: average annual salary of 16–17-year-olds in full-time work	£9,130
	Medium-term improved educational performance	Opportunity cost: average annual salary of 16–17-year-olds in full time work	£9,130
	Improved mental and emotional health	Annual cost of five sessions/week of CBT in day care at voluntary provider ¹	£5,200
	Improved physical health (ex. physical abuse)	UK annual government spending on health per person	£1,947
	Better family relationships	Annual cost of child (Liverpool Victoria study) ²	£9,227
	Short-term improved social (non-family) relationships	Annual family spending on recreation and culture	£2,985
	Medium-term improved social (non-family) relationships	Annual family spending on recreation and culture	£2,985
	Improved long-term employment prospects	12 months on minimum wage minus income tax and NI	£8,540
	Reduced likelihood of substance misuse	Amount spent by problematic drug users each year ³	£16,500
Less likelihood of contact with criminal justice system	Total cost of conviction (fine + sentence)	£5,902	
Parents	Better family relationships	Annual cost of child (Liverpool Victoria study) ²	£9,227
	Improved physical & emotional health	Annual cost of five sessions/week of CBT in day care at voluntary provider ¹	£5,200
Siblings	Better family relationships	Annual cost of child (Liverpool Victoria study) ²	£9,227
	Improved physical & emotional health	Annual cost of five sessions/week of CBT in day care at voluntary provider ¹	£5,200
State	Increased tax revenue	Tax and NI on 12 months on minimum wage @ 35 hours/week	£886
	Decreased benefits	2009 prices: Benefits costs for 28-year-old – conduct problems as child ⁴	£248
	Reduced costs of crime / ASB	2009 prices: Crime costs for 28-year-old – conduct problems as child ⁴	£630
	Child's reduced health costs	2009 prices: Health costs for 28-year-old – conduct problems as child ⁴	£91
	Reduction of other child costs (education, care, relationships)	2009 prices: Other costs for 28-year-old – conduct problems as child ⁴	£813
	Reduced cost of foster care	Average gross weekly expenditure per looked after child in foster care or in a children's home (2005/6)	£37,232

1. PSSRU (2007) Unit costs of health and social care

<http://www.pssru.ac.uk/pdf/uc/uc2007/uc2007.pdf>

2. Liverpool Victoria,

http://www.lv.com/media_centre/press_releases/lv=%20cost%20of%20a%20child

3. Bennet T (2000) *Drugs and Crime, Research Study 205* (London: Home Office) cited in Wilkinson F (2001) *Heroin: The failure of prohibition and what to do now, Paper No. 24* (London: Centre for Reform) p. 11.

4. Scott S, Knapp M, Henderson J, Maughan B (2001) Financial cost of social exclusion: follow up study of antisocial children into adulthood *British Medical Journal* **323**:191. doi:10.1136/bmj.323.7306.191

Deadweight

As the data available measures change in primary and secondary level outcomes over a fairly short space of time (during which the intervention

occurs), we can be fairly certain that this change is due to Action for Children's intervention, and that we do not need to incorporate deadweight (that is, the extent to which an outcome would have happened anyway). For the longer-term benefits, the academic research that allows us to predict outcome levels also allows us to predict deadweight.

In addition, we use deadweight when calculating value from children not being taken into care or returning to care. Some children return to the family home after the EDFS intervention, and other children i.e. those '*at risk of accommodation*' remain safely in the home after an EDFS intervention. We use national statistics to estimate how much of this would have happened anyway; this estimate has a significant impact on the value that the project produces in the SROI model, and further research in this area would be desirable.

Initial attribution and attribution drop off

Attribution (the extent to which Action for Children can take the credit for an outcome) is challenging to measure, although qualitative research with stakeholders did help us to identify the amount of credit that the EDFS project can take (compared to, among others, the efforts of the children and families involved, the contribution of peer groups, the wider family, schools, social work and other public services).

Figure 4 shows the attribution that the EDFS project gets for each outcome for children at each point in time (presuming the outcome is sustained). Built into this figure is the assumption that outcomes begin at different points in time. In general, Action for Children gets more credit for shorter-term outcomes and less credit for longer-term outcomes; for longer-term outcomes, other factors are likely to have had an impact in the period between the intervention and the outcome.

Outcome drop off

Outcome drop off (the extent to which the level of a benefit reduces over time) is also difficult to measure as we had to rely on qualitative follow-up interviews with social work and evidence from other Action for Children projects. Even this only accounted for short-term outcome drop off, and we have had to project the results of this qualitative research into the future and assume that outcome drop off continues at the same rate.

For primary and secondary level outcomes, we have projected outcome drop offs some way into the future, but we have assumed that outcome drop off doesn't, on average, fall below 50 per cent at any point. While it is difficult to say how accurate this assumption is, by the time an outcome has fallen to 50 per cent, the attribution drop off which we can expect will occur over time means that the credit the EDFS project can take is minimal at this point anyway and therefore not material.

In this particular SROI model, we have used academic research to predict the levels of long-term outcomes. This research projects sustained outcomes over a period of time, rather than outcomes that start high before dropping off. For this reason, outcome drop off is not applied to long-term outcomes.

Figure 5 shows the outcome drop off for the primary and secondary level outcomes (except those for which there is no outcome drop off, as explained above).

Discounting

The extent to which the value of a benefit accrued in the future is reduced, to reflect both the social and economic preferences for receiving a sum of money now, rather than receiving the same sum of money in the future.

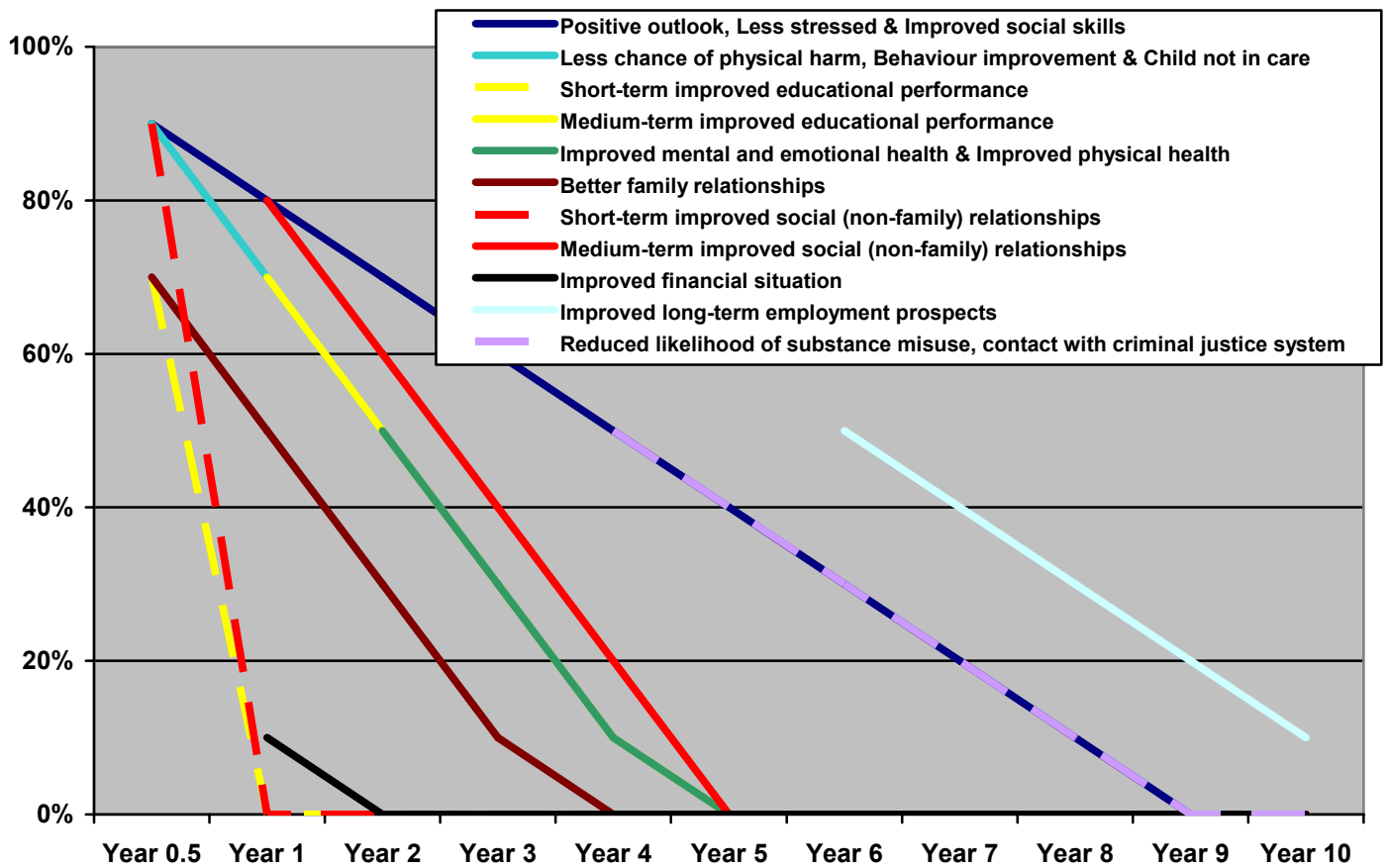


Figure 4: Initial attribution and drop off

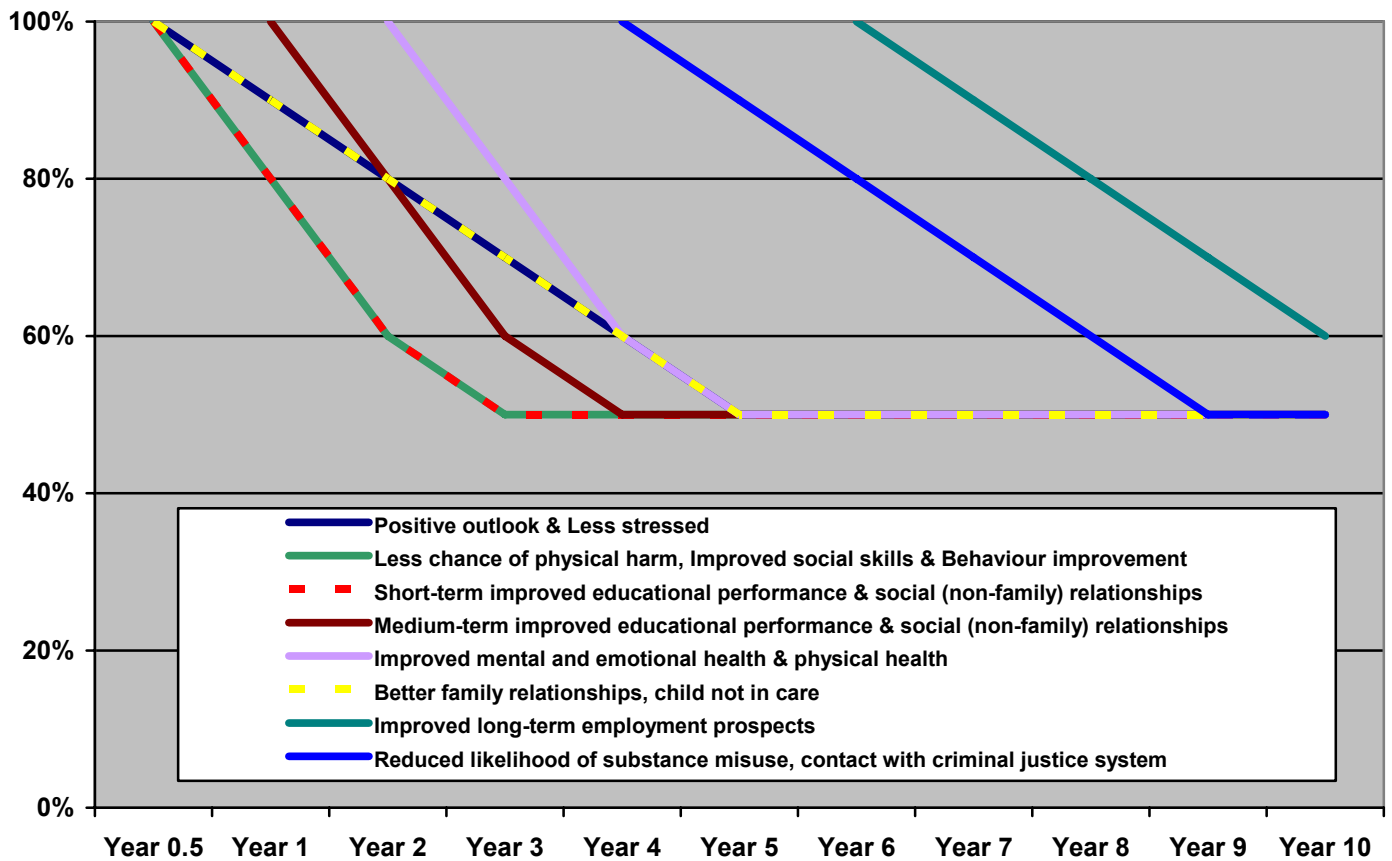


Figure 5: Outcome drop off

Projecting value into the future

When projecting benefits into the future, it is standard SROI practice to discount any future benefits (see box on discounting). The HM Treasury discount rate of 3.5 per cent was applied to all future benefits in the model.

Discounting is the final step in constructing the model. The results of the model are discussed in Section 4 (SROI ratio and benefits breakdown).

Section 4. SROI ratio and benefits breakdown

The SROI ratio for the intervention is 9.2:1. This means that every £1 invested annually generates £9.20 in social value. The total social value accrued for one year's investment is £1.46 million.

Figure 6 shows the breakdown of value by each stakeholder. Figure 7 shows the social value delivered (per £1 invested) for each stakeholder group over time and Table 4 shows the social value delivered per outcome per year.

The most significant value (34 per cent) is obtained by the State, which recoups its investment by the end of the first full year. This is primarily due to the reduction in need for foster care and its associated costs.

Of course, all services want the best possible outcome for a child and in many cases foster care may be in the best interests of the child. We have assumed that the social worker always makes the right decision about care placements, and that if a child does not go into care who might have done, it is because of significant changes in the home environment that mean that remaining at home is in the best interests of the child.

Children derive 31 per cent of the value, but parents/carers also do well and derive 20 per cent of the value.

Most of the value is delivered within the first three years, but there is significant value delivered to the children and the state beyond that.

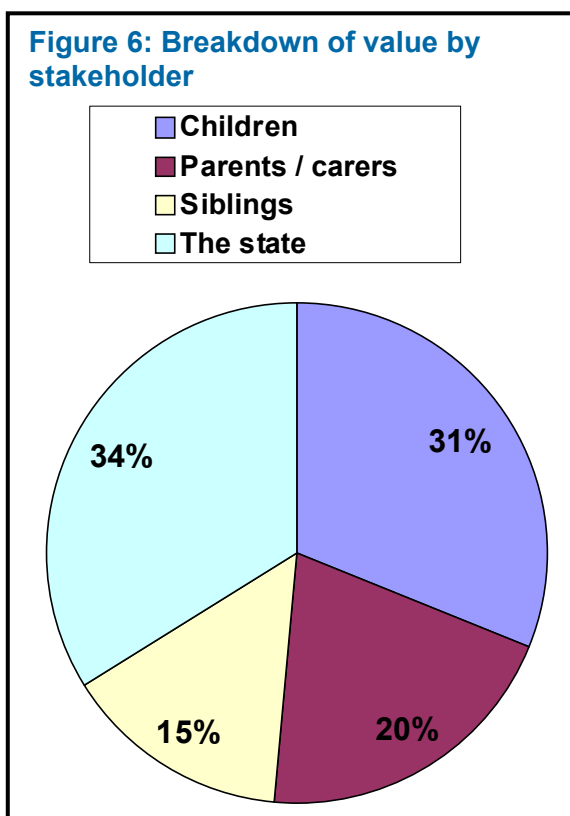


Figure 7: Social value delivered (per pound invested) over time

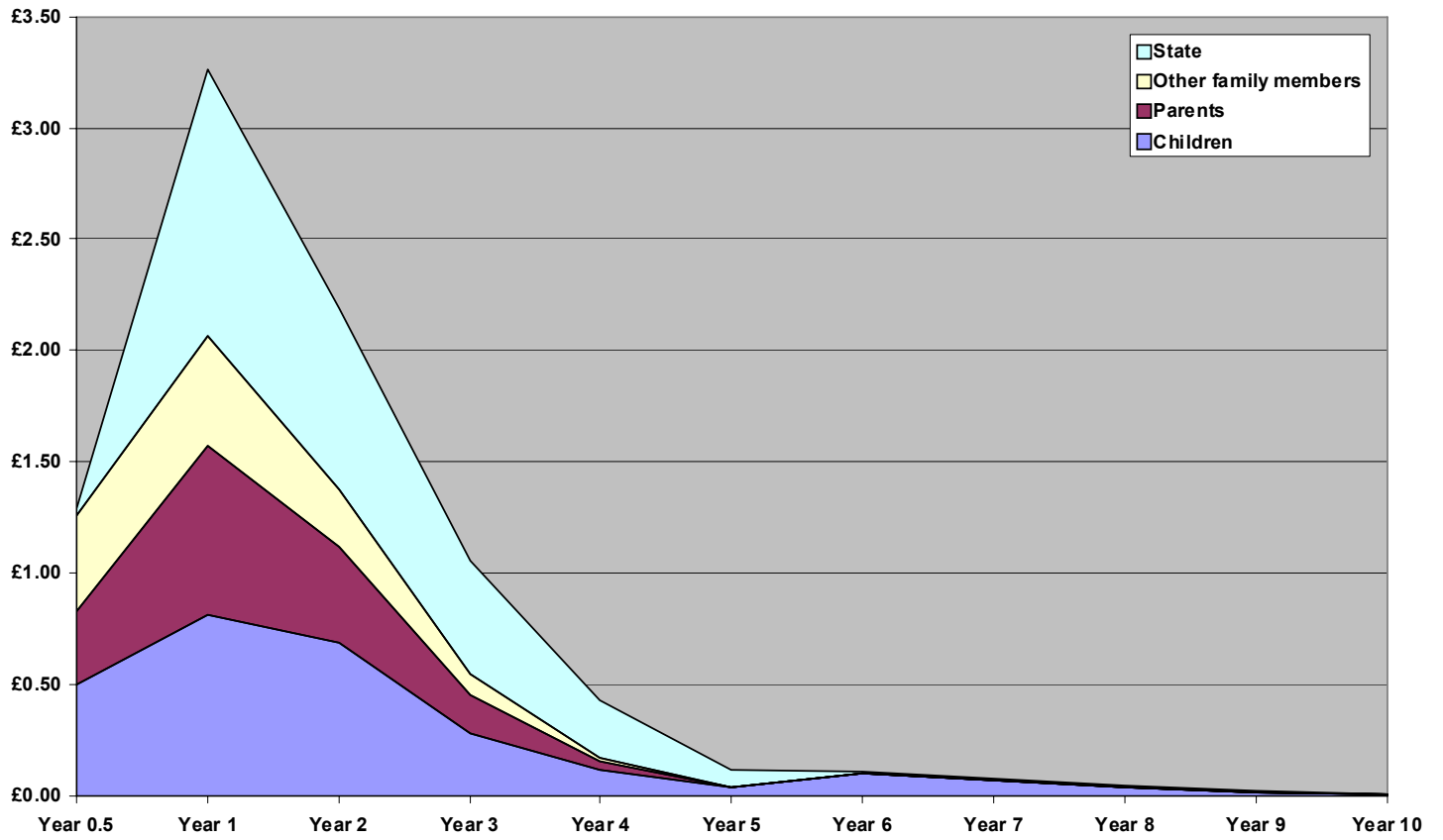


Table 4: Social value delivered per outcome per year (all figures are in pounds sterling, rounded to the nearest £100)

Stakeholder	Outcome	Year 0.5	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total over ten years	Net present value
Children	Less chance of physical harm	20,600	25,600	13,700	6,900	2,300	0	0	0	0	0	0	69,000	64,000
	Short-term improved educational performance	6,400	0	0	0	0	0	0	0	0	0	0	6,400	6,200
	Medium-term improved educational performance	0	41,900	23,900	10,800	3,000	0	0	0	0	0	0	79,600	72,600
	Improved mental and emotional health	0	0	43,700	21,000	5,200	0	0	0	0	0	0	69,900	62,100
	Improved physical health (ex. physical abuse)	0	0	2,000	900	200	0	0	0	0	0	0	3,100	2,800
	Better family relationships	56,400	72,600	38,700	11,300	0	0	0	0	0	0	0	179,000	167,000
	Short-term improved social (non-family) relationships	900	0	0	0	0	0	0	0	0	0	0	900	900
	Medium-term improved social (non-family) relationships	0	11,600	7,000	3,500	1,500	0	0	0	0	0	0	23,600	21,400
	Improved long-term employment prospects	0	0	0	0	0	0	16,500	11,900	7,900	4,600	2,000	42,900	32,500
	Reduced likelihood of substance misuse	0	0	0	0	7,500	5,400	3,600	2,100	900	0	0	19,500	15,800
Less likelihood of contact with criminal justice system	0	0	0	0	4,400	3,200	2,100	1,200	500	0	0	11,400	9,300	
Parents	Better family relationships	56,400	72,600	38,700	11,300	0	0	0	0	0	0	0	179,000	167,000
	Improved physical and emotional health	0	66,700	42,900	22,900	6,700	0	0	0	0	0	0	139,100	126,400
Other family members	Better family relationships	41,300	53,100	28,300	8,300	0	0	0	0	0	0	0	131,000	122,200
	Improved physical and emotional health	31,400	39,000	20,900	10,500	3,500	0	0	0	0	0	0	105,200	97,600
State	Increased tax revenue	0	0	0	0	0	0	0	0	1,000	600	200	1,800	1,300
	Decreased benefits	0	0	0	0	0	0	0	0	100	100	0	200	200
	Reduced costs of crime/ASB	2,400	3,800	2,900	2,200	1,600	1,000	800	500	300	0	0	15,400	13,700
	Child's reduced health costs	400	600	500	400	300	200	100	100	0	0	0	2,500	2,200
	Reduction of other child costs (education, care, relationships)	3,200	5,100	3,900	3,000	2,100	1,400	1,100	700	400	0	0	20,800	18,500
	Reduced cost of foster care	0	208,200	145,700	92,500	48,600	13,900	0	0	0	0	0	509,000	458,700
Total		219,300	600,700	412,900	205,200	86,800	25,100	24,200	16,500	11,200	5,300	2,200	1,609,300	1,462,300

Other reports related to this project include:

- Full project report:
 - *Backing the future: why investing in children is good for us all*
- Practical 'how to' documents:
 - *A guide to commissioning children's services for better outcomes*
 - *A guide to measuring children's well-being*
 - *A guide to co-producing children's services*
- SROI assessment reports for two Action for Children services:
 - *The economic and social return of Action for Children's Wheatley Children's Centre, Doncaster*
 - *The economic and social return of Action for Children's Family Intervention Team / 5+ Project, Caerphilly*
- Report on the Citizens' Juries:
 - *How can government act to increase the well-being and happiness of children and young people in the UK? A report on two citizens' juries.*

All available at www.neweconomics.org and www.actionforchildren.org.uk