



Social Return on Investment Report

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Executive summary

This SROI report is one of a series produced as part of a joint project between the EU EQUAL programme and Communities Scotland to research, develop and test new approaches which could have the potential to strengthen the social economy sector. It presents an analysis of Forth Sector's Restart service, exploring the nature of the service's impact in supporting people into employment and the extent to which it offers value for money.

Forth Sector is one of the UK's leading social enterprises, with over 15 years of experience in running social firms. Forth Sector's core purpose is to provide supportive employment opportunities for people with mental health problems and currently supports some 80 people living with mental health issues through its portfolio of social firms. Restart is part of Forth Sector's business portfolio. It is an Edinburgh based employability service that aims to support people with mental health problems, who are at risk of long-term unemployment and economic inactivity, to reengage with the labour market.

The analysis that features within this report is based upon the Social Return on Investment (SROI) model which attributes values to identifiable impacts, in order to calculate the value returned relative to the cost of service provision.

The Restart service is a little over two years old and initial work to explore the service's impact suggests that a number of benefits are attained as a consequence of the service's intervention. The period covered by this report is the financial year 2006/7.

These benefits are chiefly accrued by way of three positive outcomes:

- Employment,
- Educational attainment,
- Recovery from illness and improved mental well-being.

The analysis focussed primarily on financialising the employment and education outcomes for clients with some limited health impacts analysis. The results suggest that for every £1 invested in Restart a social return on investment of £1.57 is realised.

It is clear from this exercise that there are a number of ways in which SROI (or a similar model) might be used for services such as Restart to demonstrate impact. However the strength of future analyses and corresponding results will depend upon the routine collection of appropriate data. Improvements to data collection methods would enable the refinement of indicators and proxies, which would in turn produce a more robust figure to represent the value of return achieved in respect of the service.

Given the limited nature of this initial piece of exploratory modelling, and the basic information gathered from the sample, it is conceivable that the value associated with the return on investment for the Restart service could be substantially higher.

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1. Introduction

Purpose

This report is part of a series produced as part of a joint project between the EU EQUAL programme and Communities Scotland to research, develop and test new approaches which could have the potential to strengthen the social economy sector. The purpose of the project is to ascertain the extent to which the Social Return on Investment (SROI) model could be used within Scotland to measure and communicate impact in respect of the social economy sector. The model attributes values to identifiable impacts in order to calculate the value returned relative to the cost of service provision.

This report presents an analysis of Forth Sector's Restart service. Forth Sector is one of the Scotland's leading social enterprises, with over 15 years of experience in running social firms to assist individuals in their efforts to reengage with the labour market. Forth Sector's core purpose is to provide supportive employment opportunities for people with mental health problems.

Restart is an Edinburgh based employability service that aims to support people with mental health problems, who are at risk of long-term unemployment and economic inactivity, to reengage with the labour market. The analysis explores the nature of the service's impact and the extent to which it represents value for money.

Approach

By assigning a monetary value to the social and economic benefits resulting from Restart, it is possible to estimate the value created by that service relative to the cost of its provision. This information is used to calculate the value of social return achieved in respect of investment, much in the same way as the private sector would seek to calculate the value of financial return on its investment.

Although an impact mapping exercise undertaken with staff working within Restart highlighted a range of benefits and potential indicators to be explored, the resource implications involved in modelling so many indicators meant that it was not possible to pursue each and every one. Consequently, this analysis focuses primarily upon gains with respect to employability and only begins to explore the potential impact of improvements to health although it doesn't provide a full analysis of this element.

2. Background

Forth Sector: Restart

Restart is an Edinburgh-based employability service which aims to support people with mental health problems to gain and retain employment. Restart's purpose in this regard is to act as a bridge between employment and health care services. The service is managed by Forth Sector and receives support from NHS Lothian, Primary and Community Division, Capital City Partnership (CCP) and European Social Funding.¹

Beneficiaries² are people with mental health problems who have recently become unemployed, i.e. who have left employment during the previous 2 years, for whom the prospect of returning to mainstream employment is conceivable if they are provided with support.

The premise behind the service is that supporting people in moving closer to the labour market at an earlier stage in their recovery reduces the need for more intensive, expensive, longer-term interventions at a later stage.³

Key Objectives

Restart has four key strategic objectives. These are to:

- Provide quality transitional employment support for people with mental health problems in Edinburgh and the Lothians;
- Provide a range of meaningful supportive employment opportunities for people with severe and enduring mental health problems;
- Provide a values-driven working environment;
- Ensure financial and business sustainability.

Delivery Model

Restart supports beneficiaries throughout the process of their engagement with employment and health care services by allocating a specific case manager for support, guidance and regular goal setting/ reviews using a person centred menu-based approach. This follows the Individual Placement and Support (IPS) approach. Research suggests that this is arguably more effective than psychosocial rehabilitation programmes, and standard

¹ CCP is a group of Edinburgh based key statutory, voluntary and community agencies who are working together to promote social inclusion and to achieve social justice for the people of Edinburgh.

² Service users are hereinafter referred to as 'beneficiaries' in line with standard EU terminology.

³ ODPM; 'Mental Health and Social Exclusion Consultation Document' (2003)

employability services, in helping people with mental health problems to reengage with the labour market.⁴ A recent evaluation of the service suggests that this element of personal choice plays an important role in contributing to the beneficiary's ownership of the journey.⁵

The following menu of support is presently available via the service:

- groups and workshops including: confidence building, assertiveness training, mental health awareness, stress management and anxiety management;
- one-to-one specialist occupational therapy intervention looking at life style, use of time and engaging in leisure/ social activities out-with the service,
- CV building, writing job applications and job search skills;
- psychometric testing and work on finding direction;
- job searching and matching;
- peer support group;
- benefits assessments and employment support advice;
- work placements within a mainstream workplace which runs concurrently with the group and individual sessions;
- limited off-site aftercare during work placement and during employment.

Staff and Resources

Restart is based at Tollcross Methodist Hall in the centre of Edinburgh. It has a staff team of five⁶: a part-time development manager, a senior occupational therapist, a case manager, a part-time specialist employment adviser and an administrator. As a developing social firm one member of the staff team has experienced a significant mental health problem and the service also supports one part-time Forth Sector trainee (beneficiary) placement.

The service brings together experts from a range of disciplines (given the compliment of staff skills and experience) and also draws upon the expertise of partners across the city such as West Edinburgh Action, Careers Scotland, Into Work⁷ and Volunteer Centre Edinburgh.

Overall responsibility for strategic planning, partnership and funding for the service lies with Forth Sector's Human Resources & Employability Director who also ensures that the service is kept up to date on any relevant policy developments with respect to mental health and employment. The service receives support from Forth Sector's Central Support Unit, which assumes financial planning and accounts, marketing, human resources, claims administration, training and support functions.

⁴ Lehman AF, Goldberg R, Dixon LB et al.; 'Improving employment outcomes for persons with severe mental illnesses. Archives of General Psychiatry' (2002) 59: 165-172

⁵ Bailey P, Coutts; 'Restart for Recovery Restart For Recovery: An Evaluation of the Restart Employment Project' (2006)

⁶ Only two of the five staff members are employed on a full-time basis.

⁷ A member of Into Work staff is on secondment to Restart.

Outputs

The analysis refers to Restart's operations during the tax year 2006/7.⁸ It takes into consideration new clients during that year, as well as outputs for those progressing from the previous financial year, given that the Restart project runs on a continuous entry basis.

During the financial year (2006/07) Restart provided support to 63 beneficiaries who were experiencing mental health problems. In 2006/7, 27 beneficiaries left Restart to achieve the following positive outputs:

- 10 beneficiaries moved into further education and training
- 14 beneficiaries were successful in gaining paid employment,
- 1 beneficiary took up long-term voluntary positions within the area,
- 2 beneficiaries took up a training placement with Forth Sector.

The following neutral or negative outputs were also achieved

- 1 beneficiary was supported to move to an alternative service provider,
- 4 beneficiaries were too ill to continue,
- 21 beneficiaries disengaged with the service without progressing to an identifiable outcome – i.e. became too unwell to access the service or simply 'dropped out' and did not respond to repeated attempts to make contact
- the remaining beneficiaries continued with the service into the next financial year.

Outcomes

Although a range of outcomes were identified during the course of stakeholder and impact mapping, there were insufficient resources to explore all of these fully. Consequently, the focus within this analysis is restricted to the following outcomes:

- Improved access to employment and/or training for people with significant mental health problems disadvantaged in the labour market,
- Reduction in level of unemployment by addressing some of the challenges associated with reaching those groups furthest from the labour market,
- Recovery and improved mental well-being for people with mental health problems. (only limited assessment of this area was given due to lack of key indicators)

⁸ It is standard for SROI analyses to focus upon tax years rather than calendar years.

3. Context

Conservative estimates of the prevalence of mental health problems⁹ put the figure at 1 in 6 people although some reports place the incidence higher, as many as 1 in 4 people of working age, depending upon the definition used.

A recent report by Scottish Association of Mental Health (SAMH), a leading Scottish mental health charity, estimates that the social and economic cost of mental health problems in Scotland is £8.6 billion, or 9% of Scotland's Gross Domestic Product (GDP).¹⁰ This figure, SAMH contends, reflects the cost of providing welfare benefits and lost economic output, of delivering services through NHS Scotland, local authorities, social enterprises, voluntary and community organisations, as well some element of the human cost of mental health problems and informal caring arrangements.

The challenge of addressing poor mental health is therefore not just a public health problem; it is also a social and an economic one.

The Health Problem

Mental illness is defined as 'clinically recognisable patterns of psychological symptoms or behaviour causing short-term or long-term ill health, personal distress or distress to others'.¹¹ Addressing poor mental health is one of Scotland's top clinical priorities at present.¹² Each year over 250,000 people are admitted to psychiatric hospitals.¹³ The National Psychiatric Morbidity Household Survey suggests that 12.3% of males and 19.5% of females have experienced neurotic disorder equivalent to one week or more in term of duration.¹⁴ The same survey also suggests that distribution is reflective of social class groupings with greater incidence in lower skilled classes.

Although suicide incidence in Scotland is not high by international standards, there has been a noticeable increase in suicide among men in Scotland over the last 30 years.¹⁵ On the back of this finding, in 2002, The Scottish Executive introduced a National Strategy and Action Plan with a firm target to reduce suicide rates by 20% by 2013. £12m was attached to the strategy in

⁹ ONS 2000, Psychiatric morbidity among adults living in private households in Great Britain

¹⁰ SAMH; What's It Worth? The Social and Economic Costs of Mental Health Problems in Scotland (2007)

¹¹ Samaritans The Mental Health Foundation 'Mental Illness The Fundamental Facts', Mental Health Foundation, London (1993)

¹² Chief Scientist Office; Scottish Executive; 'Research Strategy for Health and Healthcare (2003)

¹³ SHOW NHS 24; Health Encyclopaedia

¹⁴ Jenkins R, Lewis G, Bebbington P, Brugha T, Farrell M, Gill B, et al.; The National Psychiatric 'Morbidity surveys of Great Britain: initial findings from the household survey. Psychological Medicine' (1997) Jul;27(4):775-89 (Neurotic disorders refer to a collection of psychiatric disorders devoid of psychotic symptoms.)

¹⁵ The Scottish Executive; 'The epidemiology of suicide in Scotland 1989-2004: an examination of temporal trends and risk factors at national and local levels' (2007)

an effort to promote a Choose Life strategy (complete with national and local action plans) designed to tackle the problem of suicide and poor mental health. Since then, an additional £8.4m of funding has been allocated by the Scottish Executive, in conjunction with the National Programme for Improving Mental Health and Wellbeing, signalling an ongoing commitment to improve health and to tackle health inequalities within Scotland.

Restart caters for people who are experiencing severe mental health problems. Although beneficiaries may still be able to work there are a number for whom severe and enduring mental health problems place them at a greater risk of poor health, falling out of work and isolation. Restart supports individuals seeking to improve their state of mental health, in sustaining employment, and where appropriate in finding a new employer or other form of meaningful activity.

A clinical review from The British Medical Journal classifies mental health problems presenting at hospital according to three clinical categories:

- Acute primary psychiatric disorder, including deliberate self harm and other psychiatric crises and emergencies;
- Psychiatric disorder in patients with physical illness;
- Psychologically based physical syndromes.¹⁶

Poor mental health is characterised by a sizable and varied set of symptoms. These can include fatigue, sleep problems, forgetfulness, poor concentration, irritability, worry, panic, hopelessness, obsession and compulsions, which exist to such a degree that they prevent the undertaking of daily activities and cause distress to the individual.¹⁷

The client group at Restart falls mainly into the first category (Acute Primary Psychiatric Disorder), which presents a number of challenges for the staff at Restart. Work with the client group is characterised by supporting individuals who:

- actively self-harm, experience thoughts/ intent of suicide, lack understanding of their diagnosis;
- have little support from other services;
- have co-morbid issues (e.g. alcohol or drug abuse);
- have additional pressures in their life (relationship difficulties, housing or financial problems).

Consequently, the service has established strong links with other agencies, developed its own expertise to manage issues and ensure good lines of

¹⁶ BMJ 1997;314:1679; 'ABC of mental health: Common mental health problems in hospital' (1997)

¹⁷ Samaritans Singleton, N, Bumpstead, R, et al; 'Psychiatric morbidity among adults living in private households, 2000', The Stationery Office, London (2001)

communication with referrers, general practitioners and local psychiatric primary care teams.

Interventions to improve mental health, made by services such as Restart, do have a role to play in preventing mental health problems but they also have a much wider range of health, social and economic benefits.¹⁸

Studies suggest that the relationship between unemployment and psychiatric disorder is causal.¹⁹ There is evidence to support the assertion that working is beneficial for people, both in a physical sense and in terms of mental well-being, and conversely that worklessness is associated with poorer physical and mental health.²⁰ The occupational therapy profession recognises that people need to be involved in meaningful activity and worthwhile employment.²¹ As a discipline, occupational therapy involves the assessment and treatment of physical and psychiatric conditions through specific, purposeful activity. The aim is to prevent disability and to promote independent function in daily life.²² The Scottish Executive acknowledged that such activities are fundamental to good mental health and well-being.²³

Yet many people with mental health problems can find it difficult to sustain employment and just as difficult to gain employment following a period of worklessness and poor health.²⁴ The Scottish Executive estimated that each year as many as 3 in 10 employees take time off work as a consequence of a mental health problem and people with mental health problems presently make up the largest group of incapacity benefit claimants.²⁵

This negatively reinforcing cycle of unemployment and economic inactivity not only has implications for the mental health and well-being of the individual but also has wider societal and economic implications.

The Scottish Executive's National Programme Improving Mental Health and Well-Being has been a key part of the jigsaw of wider health improvement and social justice policies, which advocate an integrated approach [to]:

- promote good mental health and keep people mentally healthy;
- prevent poor mental health;

¹⁸ Department of Health 2001; Scottish Executive Health Department (2002)

¹⁹ Warr P. *Work, unemployment and mental health*. Oxford: Clarendon (1987)

²⁰ G Waddell, AK Burton; The Stationery Office; 'Is work good for your health and well being?'

²¹ It is worth noting that employment is not the only means by which to engage in meaningful activity. Education and voluntary work are two other means by which people might engage in activity to benefit their health.

²² College of Occupational Therapists; NHS Careers <http://www.nhscareers.nhs.uk>

²³ Scottish Executive; "National Programme for Improving Mental Health and Well-Being: Action Plan 2003-2006" (2003)

²⁴ As above.

²⁵ This group make up 40% of all IB claimants. Further discussion on the Edinburgh context can be found in S. McMurray and C. Nicol, 2006, 'Benefit Claimants in Edinburgh', Capital City Partnership Working Paper 2

- ensure access to early intervention when problems occur;
- provide services that meet people's needs;
- promote and support recovery.²⁶

The Social Problem

Mental health problems are both a consequence and a cause of social exclusion, as the two are often mutually reinforcing.²⁷ A recent study from charity Mind found that 84% of people with mental health problems said that they felt isolated compared to 29% of the general population.

“..For some people mental health problems can be a catalyst for some of the most entrenched forms of social exclusion – long-term unemployment, homelessness, poor physical health, alcohol and substance misuse and lasting social isolation... Research has shown that mental health problems can also be the consequence of long-term social exclusion. Such problems can in turn create serious barriers to achieving successful re-integration back into society.”²⁸

The Social Exclusion Unit (SEU) is a Cabinet Office cross-departmental task force which has identified five key factors that serve to reinforce social exclusion for people experiencing mental health problems:

- **Stigma and discrimination:** Many people fear disclosing their condition, even to family and friends. SEU research suggests that many employers (4 in 10) said that they would be reluctant to employ someone who was experiencing or had experienced a mental health problem.
- **Low expectation:** Professionals across sectors may have low expectations in relation to people with mental health problems. Although there is recognition by some professionals working within the NHS (e.g. Occupational Therapists and other Allied Health Professionals) that returning to work could have the potential to reduce social isolation, and is therefore likely to achieve better health outcomes, SEU research suggests that many health professions (including GPs) lack empathy in this regard.
- **Lack of responsibility:** Joint ownership of vocational, health and social outcomes by agents (responsible for adults with mental health problems) is difficult to achieve.
- **Services do not always work effectively together to meet an individual's needs:** Effective promotion of social inclusion does not always occur

²⁶ The Scottish Executive's National Programme on Improving Mental Health and Well-being.

²⁷ Social Exclusion Unit; ODPM Publications; 'Action on Mental Health: A guide to promoting social inclusion' (2004)

²⁸ (Mind, 2004)

because links between healthcare and employment services (e.g. Jobcentre Plus) are weak.

- Barriers to engaging in the community: Inaccessibility of basic services, in particular housing and transportation, not to mention education, arts, sports and leisure, means that many people with mental health problems who might benefit from engagement and therapeutic activity are unable to do so.

People with mental health problems are at risk of experiencing serious socio-economic disadvantage, social exclusion and breakdowns in their social relationships. This in turn can contribute to worsening mental and physical health. As mental health problems and exclusion become mutually reinforcing this can lead to the establishment of a negatively reinforcing cycle.

The resilience of people to recover from mental illness is usually associated with factors such as self-determination, hope, access to confiding relationships and social networks, having meaningful activity and roles, financial security and feeling safe. As a consequence, it is reasonable to conclude that it is not just down to the individual to enable their own recovery, socially inclusive services and communities also have a role to play.²⁹

The challenge of addressing mental illness is made more difficult by the co-existence of other factors which might prohibit or limit recovery, such as poor educational attainment, debt, poverty and deprivation, social exclusion, poor housing, poor physical health, unemployment and economic inactivity.³⁰ At present, many agencies are simply not working effectively to promote the well-being and recovery of people with mental health problems. The nature of multiple disadvantage can make it difficult to manage the compound nature of an individual's problem as a variety of agents are responsible for delivering interventions for discrete elements of that problem. In many cases, agencies do not communicate effectively with other agents about the holistic experience for a given individual.³¹

The Economic Problem

People with mental health problems are amongst the most disadvantaged groups in the labour market, and now constitute the largest single disability group of claimants of Incapacity Benefit.³² Research shows that people want

²⁹ (Dunn, 1999)

³⁰ Scottish Development Centre for Mental Health & Scottish Council Foundation and OPM ; The Scottish Executive; 'The Building Community Well-Being: An Exploration of Themes and Issues - Project Summary Report' (2003)

³¹ As above.

³² This group make up 40% of all IB claimants. Further discussion on the Edinburgh context can be found in S. McMurray and C. Nicol, 2006, 'Benefit Claimants in Edinburgh', Capital City Partnership Working Paper 2

to get back to work, but it appears that for many, the barriers are too great.³³ The immediate economic implications of inactivity and unemployment are, primarily:

- provision of payments via the benefits system.
- lost income to the state;
- underperformance in respect of the economy; and.

However, the wider implications of unemployment and economic inactivity are also manifest in terms of the long-term impact of enduring poverty in workless households which can last for generations.³⁴

The Department for Work and Pensions (DWP) recently commissioned a report looking at the Welfare to Work system, with a view to reducing the number of people most socially disadvantaged within the UK. This research, normally referred to as The Freud Report, recognises the limitations of mainstream services in supporting those most disadvantaged within the labour market and stresses the value of user-centred local services. Such findings suggest that the menu-based, multi-faceted approach adopted by Restart is likely to be more successful than mainstream employment services for people with mental health problems.³⁵

Traditional indicators of success for employability services focus upon jobs attained in respect of clients. This is generally because they are easier to count than softer 'health' or 'employability' impacts. Economic indicators within the public sector are largely based upon benefit claimant outflows and survival rates.³⁶ This lack of consideration for soft outcomes can make it difficult for services such as Restart to demonstrate their effectiveness because people who are referred to Restart usually have a greater distance to travel in order to gain employment than those accessing mainstream employment support services.

The Freud Report acknowledges the limitations of the public sector's approach to employment services. This approach can make it difficult to gather information to understand the relationships between characteristics of disadvantage. This adds to the complexity of addressing the challenges of compound, multiple disadvantage, economic inactivity and long-term unemployment, not least because compound disadvantages tend to negatively reinforce one another and the likelihood of people returning to

³³ Durie S.; Scottish Development Centre for Mental Health; 'A mental health and employment policy for Scotland: the evidence base for change' (2005)

³⁴ ODPM; 'Breaking the Cycle: taking stock of progress and priorities for the future', Social Exclusion Unit (2004)

³⁵ Freud D; "Reducing dependency, increasing opportunity: options for the future of welfare to work" (2007)

³⁶ Outflows refer to the number of claimants moving off a given benefit at a given point in time. Survival rates refer to the rates of progression over time, i.e. the likelihood of claimants claiming a given benefit over time.

work decreases (and therefore the degree of intervention increases) over time. As such, there is a great deal of evidence to suggest that early intervention in such cases is most effective.³⁷ The Freud Report recognises the merit in this argument and suggests that for those on incapacity benefit early intervention by local, person-centred services is best. Such services are renowned for achieving higher rates of success in terms of halting the progression of individuals in becoming increasingly distanced from the labour market.³⁸ This where Restart fits, in its attempts to bridge the divide between the employment, health and social interventions to move individuals with mental health problems into employment or other meaningful activity.

Based upon the experiences of the New Deal for Disabled People and Employment Zone programmes, Freud recommends that standard employment services concentrate on helping those closer to the labour market into work. Yet he advocates assistance for the most disadvantaged groups should become more innovative and flexible, that it ought to focus upon overcoming individual barriers to work, and should utilise a compliment of local suppliers, in order to fulfil target outcomes for the hardest to help.³⁹

“..The current regime will have to evolve further. It will need to move from a traditional approach based on client groups and specific symptoms to one based on individual needs.”⁴⁰

The decision as to when to transfer people to intensive support projects tailored to provide person-centred assistance to the hardest to help is complex. Freud advocates the assessment of each individual’s circumstances to ensure that deadweight is kept to a minimum and that resources are focused upon those who need it most on the basis of indicators such as duration of unemployment and economic inactivity. However, although this indicator is likely to identify those at a disadvantage who have been out of work for a given length of time, it will not identify those caught in a cycle of employment/unemployment who are struggling to sustain employment. Given the emphasis upon preventative intervention it would be wise to also use this as an indicator for those at risk of long-term unemployment.

The Solution

Failure to address the challenge of poor mental health, and the inextricable factors that might lead to social exclusion for individuals experiencing mental health problems, is not an option if these individuals, the community and society as a whole are to avoid bearing the long-term social and economic cost.

³⁷ The Freud Report; as above (Pg. 57)

³⁸ The Freud Report; as above (Pg. 59)

³⁹ The Freud Report; as above (Pg. 39)

⁴⁰ The Freud Report; as above (Pg. 5)

It is clear that there are many agents involved in delivering services which can help those people experiencing poor mental health and the negative impact it can have upon their lives. If a person-centred approach is to be delivered, and this is arguably the most successful model for supporting people with mental health problems, then these agents must work more effectively together to provide holistic, person-centred packages of support to those in need.

4. Benchmarking Restart

Six organisations were approached with standard questions about their experience of working with client groups similar to Restart.

Restart compares favourably with the projects outlined above in terms of costs per capita and outcomes in respect of its client group.

Table 1: Benchmarking Employability Services working in Mental Health

Service	No (new) people worked with	No moving into full-time employment	% moving into full-time employment	% sustaining jobs after 6 months	Cost per job output
Restart	43	14	33%	90%	£9.3k
FEAT	85	22	26%	70%	£9.1k
Momentum	70	12	14%	80%	£16.5k
NSF Scotland	60	3	5%	100%	£9.3k
Win Project	75	3	4%	100%	£28k

This summary of the benchmarking focuses on broadly like-for-like projects servicing broadly the same client group – people with mental health problems at a distance from the labour market. The figures for Restart relate to the sustainability of outcomes over the course of the project to date. The figures for other projects have not been independently evidenced and definitions of clients with ‘mental health problems’ may also vary significantly between services/

Sustainability of employment at six months appears favourable for Restart in comparison with other projects of a similar size which do not provide aftercare. The planned introduction of more formal aftercare arrangements by Restart may (on the basis of higher retention rates for those projects which do provide aftercare) reduce the drop off rate for the service thereby increasing the rate of return on investment.

Staff team size varies significantly across these services. Perhaps further benchmarking work might seek to focus upon the needs of beneficiaries and the matching of team skills when compared to similar services with a view to establishing the nature of impact achieved by Restart

This benchmarking survey is limited and further work is required to assess Restart’s performance in relation to alternative providers. However, the results of this initial survey suggest that for this client group:

- There is patchy, limited service provision to enable people with mental health problems to return to employment.
- Service providers which are supporting people with mental health problems to return to the labour market cannot be assured of high levels of success.

- The majority of projects deliver at a cost of around £9k per successful job outcome for this client group.
- There may also be value in comparing health impacts as well as job outputs
- The challenge of supporting people with mental health problems is multifaceted and necessitates a mix of elements to meet the needs of service users.

5. Methodology

The Social Return on Investment (SROI) model provides a method for understanding, measuring and reporting on the value that is created by an organisation. It examines the social, economic and environmental impacts arising from the organisation's work, and attributes a value based upon common accounting and investment appraisal methods, in order to determine its financial value.

The SROI project received financial support from Communities Scotland (Social Economy Unit) and EU programme EQUAL. Through the EQUAL partnership, the Scottish DP has been able to participate in the European Social Return on Investment Network (ESROIN).⁴¹ Consequently it is important to stress that the model and method used to calculate the SROI for Restart is part of a pilot and is likely to undergo further development. However, the experience of the Restart analysis, and the others yet to be undertaken by way of the SROI project, are likely to inform the shape of a future SROI model for UK and European contexts.

Model

The SROI model was first developed in the USA and has been adapted for a European and UK context to take account of differences in accounting practices.

The design and delivery of an SROI analysis involves a series of set stages and standards, which have been agreed at a European level, and informed by practice in the USA:

- | | |
|-----------------------|---|
| ▪ Boundaries | Defining the scope of the work |
| ▪ Stakeholders | Identifying and mapping objectives |
| ▪ Impact mapping | Analysis of inputs, outputs and outcomes |
| ▪ Indicators | Identifying the evidence base for impacts |
| ▪ Data | Collecting required information |
| ▪ Model and calculate | Financial modelling of social return |
| ▪ Present | Results |
| ▪ Verification | Peer review |

Outputs

- Stakeholder analysis
- Impact map
- Research to support proxies
- Calculations and results

⁴¹ ESROIN is a peer group of academics and consultants working to pilot the SROI model with a view to developing a common model for use throughout Europe.

Terminology

There are a number of terms used within the report which are likely to require further explanation, namely:

Impact

Impacts are outcomes achieved through activity, less any deadweight.

Deadweight

Deadweight is an estimation of the social benefits that would have been created anyway, without the intervention. SROI analysis provides a method for estimating how much of the benefit would have happened anyway by making use of available baseline data, and subtracting this from the organisation's calculated outcomes.

Drop off

Drop off refers to the proportion of an outcome that is not sustained. It can be calculated using benchmarking information or research evidence, e.g. moving people into employment, where a proportion of people drop out of employment in the near future means that a proportion of the resulting outcomes from that output is not sustained.

Attribution

In some situations the organisation will be sharing the returns with other agencies, who for example have all been involved in supporting individual participants. The value added has to be shared between those agencies, and only the proportion of the returns being generated by the organisation are included in the calculation of SROI.

Displacement

In some cases, the positive outcomes for stakeholders generated by an activity are offset by negative outcomes for other stakeholders. For example, an employment organisation may place individuals with employers at the expense of other individuals who are seeking work.

Proxy

A proxy refers to a substitute value, which is used within SROI to financialise an impact, e.g. an improvement to mental health. This might be reflected in a measurable reduction in the frequency of hospital visits (for an individual per year) could employ an estimation of the unit cost for a hospital visit within that area, in order to derive a financial value to represent the impact achieved with respect to improvement in an individual's mental health.

6. Exploration of Restart

6.1 Boundaries

Agreeing boundaries is the starting point for any SROI analysis.

The study period chosen was 6 April 2006 to 5 April 2007, which coincides with Forth Sector's financial year but not the funding year for Restart. As such, the number of beneficiaries included within the analysis is based upon an estimation of steady flow of beneficiaries progressing from one year to the next.

The Restart service has been considered in isolation from its parent organisation Forth Sector.

6.2 Stakeholder Analysis and Impact Map

Table 2 (pg. 21) contains a stakeholder analysis detailing desirable impacts. This table captures information obtained during the first two stages of an SROI analysis. It is used to determine key stakeholders associated with a business or intervention and provides the starting point for the identification of indicators upon which to model impact.

6.3 Indicators and Proxies

Table 3 (pg. 24)

The limitation of data sources and resources available to undertake the analysis has meant that work to explore this first set of indicators and proxies was very resource intensive. Consequently, this meant that it has not been possible to conduct research into all of the indicators and proxies identified during the initial stages of the work. Those that were employed within the analysis are based upon the stakeholder analysis/ impact map and are included in the tables below alongside details of any assumptions made. A basic sensitivity analysis which considers the influence of these assumptions is included in Appendix 12.1.

Table 2: Stakeholder Analysis

	INPUT	OUTPUT	DESIRED OUTCOMES
Beneficiaries	Time and effort	Engage in Worker Role Interview and regular goal setting as part of a wider personal development plan (PDP) Completion of relevant training sessions Work placement / volunteering	Access to training and employment Improved recovery and mental well-being Experience within work (or similar environment)
NHS Lothian	Referral, time and effort Ongoing support if retain client Finance of OT post	Expertise and link person	Supporting clients to improve recovery and mental wellbeing Enabling clients to move closer to labour market / education
Into Work	Staff time, knowledge of employability landscape and skills - advice Staff time to deliver sessions Potential to refer clients of their own (and other services) to Restart	Restart beneficiaries able to benefit from a range of relevant services Sessions for Restart beneficiaries with employability focus	Targeted support to improve access to training/ employment for groups disadvantaged in labour market Reduction in level of unemployment Access to Restart service and expertise for other employability services
Referral Agents	Referral, time, effort & info to work with client to reach suitable point for referral into Restart	When retain client, contribute towards mental health improvement	Supporting clients to improve recovery and mental wellbeing Tailored support to enable clients to receive ongoing support whilst taking positive steps forward to reengage - (point where no longer best served by NHS expertise)

INPUT

OUTPUT

DESIRED OUTCOMES

	INPUT	OUTPUT	DESIRED OUTCOMES
Capital City Partnership	Funding	Support social inclusion for disadvantaged groups through 45 placements at Restart	Reduced unemployment rates for key groups and with particular regard for target areas (CCP Regeneration Outcome Agreement) Reduce benefit dependency overall and particularly in target areas Link 'hard to reach' individuals to appropriate employment/training access opportunities through area based employment access and support intermediaries within target areas
Forth Sector	Funding project management & core services & beneficiary allowance	Support to Restart Staff and systems to enable provision	Creating supportive employment opportunities for people with mental health problems by supporting people to regain and retain employment Improving health and well-being of people with mental health problems
Job Centre Plus	Referral, time, effort & info	Employment advice to clients	Progress target of full employment by addressing challenges associated with hardest to reach groups
Volunteer Centre Edinburgh	Staff time to deliver sessions Knowledge of placements	Sessions with Restart beneficiaries Assignment of beneficiaries to places	Place volunteers within opportunities
West Edinburgh Action Group	Knowledge/skills with respect to financial issues/debt counselling	Advice to Restart beneficiaries	Opportunities to reach client group who are traditionally hard to reach

	INPUT	OUTPUT	DESIRED OUTCOMES
Careers Scotland	Referrals	Group sessions for Restart beneficiaries	Opportunities to reach a client group who may lack confidence are not yet ready to access Careers Scotland
City of Edinburgh Council	Funding (6 beneficiary places)	Shared outcomes between Get on program and Restart	Increase rates with respect to local employment and improvement to wellbeing, social inclusion etc

Table 3: Impact Map

Indicator	Desired Proxy	Actual Proxy	Source: Resource	Deadweight	Drop off
Number of people moving into employment	Increased earnings: Average earnings in local area for desired or attained occupation/job	Average UK earnings [1]	Office for National Statistics : UK Annual Survey of Hours and Earnings (ASHE) 2006	5% ONS & Claimant Outflow rates	Restart output data in respect of rate of employment not sustained at 6mths
Number of people moving into training	Increased earnings potential: Average earnings in local area for desired or attained occupation/job	Average UK earnings with Net Present Value (NPV) formula employed to take account of time day (to reflect time in education/training) [1]	Office for National Statistics: UK Annual Survey of Hours and Earnings (ASHE) 2006	5% ONS & Claimant Outflow rates	Restart output data combined for rate of employment/ training not sustained at 6mths
Number of People moving into training/ employment	Fiscal Gains (benefits)	Reduction in benefits to beneficiaries gaining employment and (a formula which takes into account the effect of time upon the value of money is used to take account of delay) for those moving into education/training.	Housing Benefit - Assumed single person aged 25+; rates taken from DWP Paper HSC Rates 07 Job Seekers Allowance - David Freud Income Support - Assumes 25yrs+, personal allowance Disability Premium - Assumed single person, DWP Paper HSC Rates 07 Council Tax Benefit - Ctax potential savings - DWP Paper HSC Rates 07 Incapacity Benefit - David Freud Any Other Benefit/ Pension - Discounted	5% ONS & Claimant Outflow rates	Restart output data in respect of rate of employment not sustained at 6mths

Indicator	Desired Proxy	Actual Proxy	Source: Resource	Deadweight	Drop off
Number of People moving into training/ employment (Contd.)	Fiscal Gains (new revenue)	Estimated revenues attained with respect to beneficiaries gaining employment and (NPV'd to take account of delay) for those moving into education/training.		5% ONS & Claimant Outflow rates	Restart output data in respect of rate of employment not sustained at 6mths
Measurable improvement and recovery and mental well-being (including improvements in relation to social networks) [2]	Cost with respect to reduced frequency of interaction with health care providers and medication levels (based upon unit costs)	Assumed reduction in frequency with respect to engagement with health care providers and reduction in level of medication.[3]	NHS Scotland: ISD Costs Book 2006 [4]	0% No assumptions made as to improvement without intervention [3]	0% No assumptions made as to drop off rate [4]

[1] The quality of information available to the analysis means that it is necessary to assume an average salary.⁴² From interviews with staff and based upon the sample, it is assumed that the majority of Restart clients have educational attainment levels of N/SVQ L4 and above or comparable levels of work experience. The median is more reliable than mean because not subject to skew towards higher salaries. Although Restart's clients are assumed to be at a disadvantage in the labour market it is assumed that their relatively high educational attainment levels (the sample and interviews with staff suggest relatively high levels of educational attainment or work experience) it is assumed that the period out of work will offset the higher salary potential and consequently in the absence of primary data the UK average salary is used.

It is a recommendation of this report that greater attention be given to recording the nature of work obtained and sustainability, together with details of salary level and other benefits realised following the return to work.

⁴² Restart is not funded to provide aftercare for clients moving into employment. Records exist of job outputs achieved but not of salary levels/packages that clients obtain.

- [2] The quality of data available to chart the effect of the intervention in terms of its impact with respect to health and well-being is not sufficiently high.

It is a recommendation of this report that a series of standard tools are employed and that more is done to record (at regular frequencies) the beneficiary's journey in respect of key aspects of recovery and wellbeing which are informed by recognised methodologies within a healthcare setting.

- [3] There are presently no primary data to record the nature and frequency of engagement with health care (and other) professionals/agents in respect of Restart's beneficiaries so it is not possible to ascertain any change in the frequency of engagement. Instead, based upon inferences made about the details stored in personal files taken for the sample and interview responses from Restart staff, it is expected that Restart has some considerable impact in this respect. The resources afforded for the project did not allow for standard frequencies to be explored in respect of diagnoses for Restart nor were sufficient data on the nature of individuals' diagnoses available to achieve this end. Similarly, no electronic record of medication is kept because the service has to date had a policy of not requiring beneficiaries to disclose diagnoses or formally record co-agents. As a consequence, it is necessary to make some assumptions about the frequency of beneficiaries accessing health care services. Further information about these assumptions is provided on pg. 36.

It is a recommendation of this report that Restart take steps to record diagnoses and additional (undiagnosed) symptoms of poor health. If Restart is able to record details of co-agents then future SROIs would be better able to assess the level of attribution more accurately and determine the benefits of partnership through the effect of any joint impact being achieved.

- [4] The costs associated with the NHS have been taken from the cost book for 2006. Although the NHS is presently undertaking a major project to review and improve data quality the data employed within the analysis is the same as that used by the NHS.

6.4 Data

Primary Research

In respect of primary research, the analysis employed three sources:

- Data recorded to comply with ESF and CCP monitoring requirements,
- A sample of paper records (beneficiary files) for 10 people,
- Interviews with staff at Restart
- A benchmarking project to take account of costs and performance.

This research informed both the stakeholder and impact mapping processes and was used to identify and determine outcomes, indicators and proxies.

The time allocated to produce the SROI analysis did not prove sufficient to undertake interviews with all stakeholders.

At present, Restart's own data on impacts are limited for the purposes of conducting a full SROI analysis. This is because their collection method at present is geared towards funders and as a consequence records overtime are inconsistent. Therefore, it has not been possible to use to support all of the indicators identified through the impact mapping exercise.

However, discussions with the Restart team and sample were used to elicit information to inform the approach and focus of the exercise and to enable exploratory modelling of indicators and a basic analysis to be carried out.

It is clear from this exercise that there are a number of ways in which SROI (or a similar model) might be used by services such as Restart to demonstrate impact. However, the strength of future analyses and corresponding results will depend upon the routine and consistent collection of data by such services. This will provide solid evidence to use in the model, and to support the appropriate indicators, with a view to drawing reasonable inferences and more robust conclusions.

Secondary Research

A range of publications were used to inform the exercise's approach. A full list of papers is provided in Appendix 12.2.

In order to establish reliable proxies (and in some cases to provide evidence upon which to base an assumption for indicators given the lack of primary data), the following sources were employed:

NHS Costs Book 2006

The Costs Book provides detailed analysis of resources and spend in NHS Scotland. The information is primarily derived from financial/ activity data recorded by NHS Boards.

Nomis - official labour market statistics

Nomis is a web-based database of labour market statistics operated by the University of Durham on behalf of the Office for National Statistics. It provides an extensive range of statistical information on the UK labour market including Employment, Unemployment, Earnings, Labour Force Survey and Jobcentre Plus vacancies.

Office for National Statistics - Annual Survey of Hours and Earnings (ASHE)

The Annual Survey of Hours and Earnings (ASHE) provides information about earnings and hours worked for employees for all industries and occupations.

SHOW NHS 24; Health Encyclopaedia

An online health resource provided by NHS Scotland.

7. Analysis

The SROI analysis suggests that for every £1 invested in Restart there is the potential to achieve a social return on investment of £1.57.

The remainder of this section explains in greater detail the manner in which the SROI ratio above is achieved.

Outcomes

The analysis focuses upon the assignment of monetary values (financialising) to three types of positive outcomes:

- Employment;
- Educational Attainment;
- Recovery from illness and improved mental well-being.

Analysis into mental health impacts was limited in this analysis. It is worth noting that the list above does not cover the full range of outcomes identified during the impact mapping phase. In fact, these are the only outcomes for which financial proxies could be identified during the time allocated to the SROI analysis. Although it is clear that a link does exist between social exclusion and poor mental health, the data held by Restart is at present insufficient to begin modelling indicators in this respect.

Employment

During the year in question, 14 Restart clients were successful in gaining employment.

In total the benefits calculations assume that 14 people gain employment as a consequence of the intervention; and that of these 14 people 8 of them would not have been successful in gaining employment without the intervention of Restart and would not otherwise be likely to sustain employment at six months (this accounts for the figures attributed to 'deadweight' and 'drop off' within the analysis).

Projected Reduction in Instances of Benefits Claimed (Employment)

Based upon primary data Restart hold about benefit claimant rates for beneficiaries, the analysis attributes a positive value (welfare benefits to state) to represent the reduction in benefit payments to those 8 people resulting from the successful attainment of employment. The value of these savings is shown in table 4.

The claimant numbers are based upon electronic data held by Forth Sector and were compiled from the beneficiary responses obtained during initial interviews. It is worth noting that the paper records associated with the

sample suggest that the number of claimants in receipt of these benefits is likely to be higher.⁴³

Table 4: Projected Reduction in Instances of Benefits Claimed (Employment)

BENEFITS	£ Value	Total	Minus Deadweight 5%	Minus Drop off 37%	Gain £
Housing Benefit	£3,068	5	5	3	9,108
Job Seekers Allowance	£8,100	2	2	1	9,619
Income Support	£2,964	5	5	3	8,799
Disability Premium	£1,300	2	2	1	1,544
Disability Living Allowance	£3,952	0	0	0	0
Council Tax Benefit	£3,068	1	1	1	1,822
Incapacity Benefit	£9,000	4	4	2	21,375
Total:		19	18	11	52,267

Projected Increase – Beneficiaries’ Personal Income (Employment)

The second proxy used within the analysis to model impact with respect to employment is salary. The client benefits from a personal salary (increases in personal income); and the state makes fiscal gains (FG) as a consequence of new tax income gained through employee and employer contributions. Again, the quality⁴⁴ of information available to the analysis means that it is necessary to assume an average salary. From interviews with staff and based upon the sample, it is assumed that the majority of Restart clients have educational attainment levels of N/SVQ L4 and above or comparable levels of work experience. The figure for average salary is taken to be the UK median. The educational attainment (and type of skilled and professional work undertaken by the beneficiaries) suggests that they have above average earnings potential. The median figure for Edinburgh itself (£21,715) is also higher than the UK average. However, the UK median is used within the analysis given that many beneficiaries have been out of work for a period and it is assumed that this may impact upon their immediate earnings potential.

It should be noted that the beneficiary gain which is calculated (under the £ heading below) takes into account the loss of benefits which would otherwise fall to the beneficiary. Table 5 contains details a breakdown of these gains.

⁴³ It is clear that many clients do not know what benefits they claim or are entitled to claim at initial assessment. The calculation is based on the information that is transferred to electronic database. However, subsequent interviews and activity at Restart would appear to result in increased understanding, and sometimes awareness of entitlements for clients often meaning that new information is obtained and recorded on paper which is not captured in the ESF electronic monitoring system. In all cases, the sample indicates that the benefits information collected at initial interview is likely to be an underestimate.

⁴⁴ Restart is not funded to provide aftercare for clients moving into employment. Records exist of job outputs achieved but not of salary levels/packages obtained by beneficiaries.

Table 5: Projected Increase – Beneficiaries’ Personal Income (Employment)

Salary	PAYE	NIC	ENIC	Total FG	Net pay
19,496	3,181	1,590	1,827	6,598	14,725
Total	Deadweight	Drop off	Fiscal Gain £	Beneficiary Gain £	
14	13	8	54,844	70,134	

Educational AttainmentProjected Increase – Beneficiaries’ Personal Income (Education)

Based upon the link between educational attainment and earnings, the proxy used to demonstrate impact with respect to an educational outcome is earnings potential (Increases in earnings potential). However, given that there is a time lag (due to the period spent in education) it is assumed that earnings will not be realised until one year later. Consequently, a standard Net Present Value (NPV) formula has been employed to take account of this. The resulting benefits are shown in the second section of the summary results table, on the basis that the realisation of benefit is delayed. The figures for delayed educational attainment are included within table 6.

Table 6: Projected Increase – Beneficiaries’ Personal Income (Education)

Salary	PAYE	NIC	ENIC	Total FG	Net pay
18,837	3,036	1,517	1,742	6,296	14,283
Total	Deadweight	Drop off	Potential Fiscal Gain £	Potential Beneficiary Gain £	
10	10	6	37,382	22,370	

Projected Reduction in Instances of Benefits Claimed (Education)

The same assumptions and limitations with respect to the previous calculations for employment gains are used to calculate the potential for reduction in instances of benefits claimed as a consequence of increased earning’s potential. However the rate at which outcomes are sustained is reduced to reflect the compound nature of the impact, i.e. a combination of education and employment for the beneficiary. The resulting financial value of reducing the number of benefit claimants is shown in table 7.

Table 7: Projected Reduction in Instances of Benefits Claimed (Education)

IMPACT UPON BENEFITS CLAIMED	Value	Total	Minus Deadweight 5%	Minus Dropoff 41%	£ Reduction
Housing Benefit	£3,068	5	5	3	9,108
Job Seekers Allowance	£8,100	1	1	1	4,809
Income Support	£2,964	3	3	2	5,280
Disability Premium	£1,300	2	2	1	1,544
Disability Living Allowance	£3,952	1	1	1	0
Council Tax Benefit	£3,068	4	4	2	7,282
Incapacity Benefit	£9,000	6	6	4	32,063
Total		22	21	13	60,090

Health Care Gains (Employment)

Current data capture methods at present do not provide sufficient consistency to be able to produce any robust analysis of impact in this regard.

From evidence obtained from interviews with staff, and a sample of Restart's client group, it is apparent that there is further work required to evidence the impact Restart has in respect of health improvement. Work is underway to begin to capture this information but little exists at present in the way of primary data.

Although, the nature of health care provision involves a range of providers – including local authorities, Restart data does not provide detail sufficient to enable the potential benefits to these providers to be taken into account.

Yet, from the discharge letters within the sample of the beneficiary files, it is clear that a range of health professionals elect to use Restart over other services and often discharge their patient once that person becomes a beneficiary of Restart. As a consequence, an initial attempt has been made to explore the health gains achieved within the NHS. In order to do this, the analysis makes assumptions about visitation rates, and estimations as to the potential to reduce the frequency of visits to key NHS delivery agents. As such, it is imperative to stress that in financialising benefits achieved by way of health impacts only the gains to the NHS have been considered.

As the impact only refers to one stakeholder and based upon conservative assumptions it is anticipated that the figures used within the analysis are likely to be an underestimate.

It is recommended that Restart endeavour to capture information about the volume and frequency of support provided to beneficiaries by the NHS, local authorities and other agencies in order to enable a more robust estimate to be made.

Table 8: Projected Health Care Gains (Employment)

NHS Agent	Unit Cost (£)	Per (Unit)	Cost p.a.	Reduction (£)	£
GP	19	contact	136	68	567
Psychologist	88	attendance	614	307	2,551
CPN	53	attendance	374	374	3,109
OT	45	contact	315	158	1,309
HP	53	visit	371	186	1,542
Psychiatrist	185	attendance	1296	1296	10,770
CBT staff	53	visit	371	186	1,542
					21,391

The table above applies a unit cost to each interaction between a beneficiary and health care professional, and assumes a frequency of 7 visits per annum. Based upon an assumption that the frequency of visits will reduce by 50% (and in the case of the psychiatrist and community practice nurse (CPN) by 100%) an estimate of the potential savings is made. The estimations of frequency (and reduced frequency) of attendance were informed by the sample of paper records. These estimated savings are then multiplied by the number of beneficiaries able to gain and sustain employment.

Projected Health Care Gains (Education)

The same assumptions have been used to calculate the health gains for people moving into education. Table 9 provides a breakdown of the gains. Unlike salary/ benefits, it is assumed that there is no time delay to realising the health benefits achieved given that education is assumed to constitute meaningful activity and this has been shown to be linked to mental health improvement.

Table 9: Projected Health Care Gains (Education)

NHS Agent	Unit Cost (£)	Per (Unit)	Cost p.a.	-£	Benefit(£)
GP	19	contact	136	68	405
Psychologist	88	attendance	614	307	1,822
CPN	53	attendance	374	374	2,221
OT	45	contact	315	158	935
HP	53	visit	371	186	1,102
Psychiatrist	185	attendance	1296	1296	7,693
CBT staff	53	visit	371	186	1,102
					15,279

There is no data to evidence the social impact of Restart although anecdotally staff (file notes from the sample reviewed) would suggest that the service does have some impact in respect of social gains. Rather than try to estimate the social impact (without data to support this estimation) the analysis does not take account of this value which means that it is likely that the impact achieved by Restart is presently underestimated.

Note on Deadweight and Drop Off

The level of deadweight applied within the analysis is based upon the claimant off-flow rates and employment rates for people with severe mental health problems.

The levels of drop off applied within the analysis are based upon data held by Restart which tracks the sustainability of outcomes for beneficiaries since the programme's inception. It is worth noting that there is presently little in the way of formal aftercare provision. As such, data collection is not resourced in this respect and it may be argued that the sustainability of outcomes may in fact be greater. To take account of this, for those who did not respond to confirm whether they had sustained employment/ education at 3 and 6 months, an estimate was made based upon the responses to date. Based upon the benchmarking exercise and the potential to foster stronger relationships with beneficiaries post-intervention, it is likely that the forthcoming introduction of a formal aftercare service by Restart will have a positive effect upon these figures.

8. Results

The figures in the preceding tables are used to calculate the impact achieved by Restart and to evaluate the level of return this represents relative to investment in the service.

The summary analysis (below) details gains achieved during the financial year 2006/7 and projects these gains across a three year period.⁴⁵

The analysis makes use of a common formula to calculate Net Present Value – which allows the analysis to take account of the value of that gain at a future point in time.

The resulting SROI ratio of 1:1.57 represents the rate of return achieved over the course of the three year period.

Each of the gains is summed either under automatic gains or delayed gains (1) and then a formula is used to calculate the net present value (NPV) of these amounts (2). Those NPV values are then summed (3) and the sum total of total NPV (3) across all three years is considered in respect of the value of investment over a three year period.

	2006	2007	2008	Total
Investment	132,134	132,134	132,134	396,401
Total Value	336,103	344,505	353,118	1,033,726
NPV(based upon summed values) (3)	320,745	317,646	314,577	952,967
NPV - Y1'd(2)	206,681	204,684	202,706	614,071
Sumtotal of Automatic Gains (1)	213,915	219,263	224,744	657,922
Mental health savings to NHS	21,391	21,926	22,474	65,790
Welfare benefits savings to state	52,267	53,573	54,913	160,753
New tax income to the state	54,844	56,216	57,621	168,681
Increases in personal income of participants	70,134	71,887	73,684	215,705
Mental health savings to NHS (into education group)	15,279	15,661	16,053	46,993
NPV - Y2'd(2)	114,064	112,962	111,870	338,896
Sumtotal of Delayed Gains (1)	122,188	125,243	128,374	375,804
Increases in earning potential for participants	24,716	25,334	25,967	76,017
Potential for increased tax income for the state	37,382	38,316	39,274	114,973
Potential for benefit savings to the state	60,090	61,592	63,132	184,814
SROI	1.57			
Interest	3.5%			

⁴⁵ Interest is applied at a standard level of 2.5% across the three years.

The value of investment in Restart for 2006/7 was £132,134. The net present value of this figure over the three years is £396,401.

The SROI calculation uses a common method to calculate the rate of return on investment. It requires the net present value of gains (£952,967) minus the value of investment during this time (i.e. £ 396,401 over three years) to be divided by the value of that investment (again, £396,401).

The result of this calculation suggests that for every £1 invested in Restart, £1.57 is returned.

8.1 Verification

SROI requires peer review of results in this case peer reviewers were:

Haldane Associates

8.2 Declarations

The Restart service is a little over two years old. It presently has little in the way of primary data to support an in depth analysis using a model like SROI.

Consequently, this exercise focuses upon:

- exploring the nature of Restart's impact,
- identifying proxies which might be used to estimate the value of impact currently achieved,
- suggesting improvements for data collection with respect to Restart,
- suggesting areas for future investigation which would enable a more thorough modelling exercise to be carried out in due course.

Limitations

Lack of Data

The primary limitation of this analysis is the lack of good quality primary data. Unlike Six Mary's Place, for whom a recent SROI analysis was undertaken, Restart is a relatively new service and the monitoring systems it has in place reflect the reporting requirements of the project's main funders rather than objectively focusing upon gathering data to demonstrate impact. This lack of an impact focus in terms of monitoring means that there is presently insufficient information available to enable a full SROI analysis of Restart to be conducted.

The resource limitations on the report also meant that it was not possible to gather data retrospectively on the service, either by way of a survey of participants (beneficiaries, staff and other stakeholders) or through the collation of records held on paper file.

As such, this first stage exploratory analysis uses secondary research to assemble a set of basic assumptions through which to start to explore how the service's impact might be modelled. The limitations of this work are readily acknowledged.

It is a recommendation of this report that Restart aligns its monitoring systems to evidence impact rather than gear them towards funders' requirements. This will, in time, provide longitudinal data to inform future planning and service design, not to mention assist with demonstrating to funders the extent of the service's impact.

Resources

The resources available to undertake the SROI analysis were very limited. This meant that it was not possible to undertake a full range of stakeholder interviews or to investigate a sample of sufficient size to assure confidence that any data accurately reflect Restart's client population.

Further Work to Identify and Refine Proxies

Forth Sector Development is presently working on a bank of proxies. It is likely that this information might identify details of additional benefits, as yet to be quantified, and refine existing estimates. Therefore it is also likely to have an effect on future SROI results should a full scale analysis be undertaken.

Assumptions

Appendix 12.1 contains a basic sensitivity analysis which explores the extent to which any errors in the assumptions used within the analysis might have an effect upon the results.

As a matter of course, the following assumptions have been employed throughout:

Impact

No attempt has been made to take account of the neutral or negative impacts achieved through Restart.

An estimation as to the number of people progressing across all three years is based upon the experience of financial year 2006/7.

It is a recommendation of this report that multi-year cohort analysis is employed to enable Restart to measure progression and performance over time, and to identify the level of social return accrued over time.

Deadweight

Deadweight is estimated at 5% in accordance with the estimation for the Six Mary's Place report which is based upon benefit off-flows and employment rates for people with severe and enduring mental health problems. The Department for Work and Pensions has agreed to provide data to suggest a more accurate figure for deadweight and it may be that this figure requires to be adjusted given the nature of the client group at Restart is different to that for Six Mary's Place.⁴⁶ If Restart elect to pursue the exploration of indicators identified through the SROI analysis then it may be worth approaching the Job Centre Plus and interviewing Health Advisers to enable a more reliable estimate of deadweight to be determined based upon their experience and data held by Job Centre Plus on this client group.

There is assumed to be no deadweight with respect to the level of personal income for beneficiaries as their purpose for attending the service is to gain employment and all beneficiaries declared benefits as their source of income. The sensitivity analysis contained within Appendix 12.1 explores the extent to which any change to the assumption about deadweight is likely to impact upon the results.

Attribution

The level of attribution for Restart is assumed to be 100%. It is likely that this figure requires to be revised downward slightly to take account of additional assistance provided to the team through partner agencies such as Careers Scotland and West Edinburgh Action Group but in all other cases, based upon interviews with staff and NHS discharge forms within the files, it is anticipated that the majority of impact is realised through Restart's intervention. In the course of any future analyses stakeholder interviews ought to be conducted in order to inform assumptions about attribution.

Although Restart works in partnership with other organisations, given discharge letters on file (based upon sample) and interviews with staff at Restart, it is assumed for the purposes of this analysis that health staff recognise the need for external intervention for their client to enable them to engage in purposeful activity and elect to use Restart for this purpose. The SROI assumes that implicit in this referral is the recognition that mainstream services would be unlikely to achieve the same outputs for this client group. Similarly, for mainstream employment services (e.g. Job Centre Plus) it is assumed that by referring clients to Restart they recognise that they are unlikely to have the same degree of success in achieving outputs for this client group.

⁴⁶ Restart's beneficiaries are anticipated to be closer to the labour market given they have more recent experience of working

As a consequence, the level of attribution for Restart is assumed to be 100%. There are presently very limited data to measure and evidence distance travelled by Restart beneficiaries as a consequence of the service's intervention. There are also very limited data to indicate which other service providers are involved with beneficiaries on a case by case basis. If Restart are to model their impact to a degree which will ensure confidence in any future analyses then further work is required to determine appropriate levels of attribution for the service and its key stakeholders.

Drop Off

The drop off rate for employment is assumed to be 37% (at six months) based upon data held on Restart beneficiaries since the project began. The drop off rate for educational attainment (and ensuing employment) is estimated to be 41% based upon a combined rate for the two using the same data as above.

Although the figures for drop off are assumed to be reasonably robust (they were recorded retrospectively through client contact) Restart hopes to introduce an aftercare service which it can be assumed will have an impact upon the drop off rate. Future analyses of restart should revisit the rate of drop off accordingly.

9. Conclusions

Any SROI result of over £1 of social return for £1 of investment is regarded as positive.

Within the limited and conservative analysis carried out, it would appear that Restart is achieving a positive degree of social return on investment. For every £1 invested in the service a Social Return on Investment (SROI) of £1.57 is realised. Yet, the focus of the SROI evaluation has been limited and arguably Restart may be achieving a greater impact, and consequently a far higher level of social return, than can be evidenced at present.

The approach employed for the SROI would suggest that there is some merit in more in depth exploration of the full impact of the Restart service. However, a substantial amount of work is required to appropriately research the client group and to obtain data on beneficiaries as well as to identify proxies. This will require a substantial amount of work and is likely to take time before instruments to achieve this are developed and become embedded within the organisation's practices.

Furthermore, it is important to recognise that the analysis here is based solely upon one year and projected for two years of operation, i.e. three years in total including the year under analysis. In reality, any benefits accrued are likely to last far longer and there is arguably a justification to recognise benefits in multiples (in some cases up to eight years) for client groups such as this.⁴⁷ However, given the lack of longitudinal primary data, and the stage at which the current European/British SROI model is with respect to development, it would seem prudent to assume conservative estimates of the benefits realised.

Given the very limited extent of this initial piece of exploratory modelling, and the basic information gathered from the sample, it is conceivable that the value associated with the return on investment for the Restart service could be substantially higher. However, this exercise suggests that there is merit in services such as Restart using SROI (or a similar model) to explore and to demonstrate impact.

⁴⁷ D Freud Reducing Dependency, Increasing Opportunity: Options for the Future of Welfare To Work. HMSO 2007; 8

10. Recommendations

This is a limited analysis and part of a staged approach to evaluating impact. Below are several recommendations which might help to improve the method of data capture for Restart and to improve the quality of future efforts to evidence social added value with respect to the service:

- Data collection/monitoring systems should be reconfigured to ensure that they capture some of the data required to undertake impact analysis;
- Baseline information on the client population should be gathered particularly around the indicators identified by way of the impact mapping exercise;
- An increased sample size ought to be adopted for any future research until more robust baseline data is obtained;
- A more comprehensive benchmarking exercise should be undertaken, based upon the indicators identified in the course of this work, to enable a robust comparison of the Restart service against other providers;
- A second stage SROI evaluation should be undertaken with a more thorough undertaking of stakeholder research;
- All of the recommendations above require the allocation of greater resources to such exercises if Restart is to demonstrate the extent to which it is able to achieve impact.

11. Disclaimer

The information herein has been provided for general information only and measures have been taken to ensure that the information is accurate and up to date. However, none of the organisations, nor members of the aforementioned organisations, is liable for any use that may be made of this information nor can they be held responsible for any errors resulting from the use of this information.

The analysis is essentially a modelling exercise and should not be used for formal accounting purposes.

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The EQUAL Strengthening the Social Economy partnership has been in existence since May 2001. Since then, the partnership has supported pilot projects addressing a range of issues of critical importance to the social economy. From 2002 to 2005, under the auspices of EQUAL Round I, the Strengthening the Social Economy Partnership worked to improve the visibility of the social economy in Scotland. Throughout the duration of EQUAL Round II, the Social Economy Scotland Development Partnership (DP) has continued to build upon this work with a view to informing and influencing mainstream agencies about how best they might contribute towards the development of the sector. In this regard, the Scottish DP has been working with partners across Europe to research, develop and test new approaches designed to strengthen the social economy sector within their respective countries –SROI was identified as one such opportunity.

APPENDIX 12.1 Sensitivity Analysis

Drop off Rate

The largest variance is with respect to changes to the drop off rate for beneficiaries. Varying the drop off rate by 30% in either direction results in £0.93 difference to the SROI ratio. If the rate is reduced the return on investment jumps to £2.04 and if it is increased it is £1.11.

Drop off refers to the proportion of an outcome that is not sustained. It is usually calculated using benchmarking information or research evidence, e.g. moving people into employment, where a proportion of people drop out of employment in the near future means that a proportion of the resulting outcomes from that output is not sustained.

The present drop off rate is based upon Restart data recorded on beneficiaries since the service began as a pilot in 2004. It is assumed to be reasonably robust, given that it is based upon data collected over the past three years, but given that it only records sustainability at 3 and 6 months it is perhaps advisable that Restart consider the importance of continuing to gather data at annual intervals.

Deadweight

The rate of deadweight is less robust than that for drop off (given it is not necessarily reflective of the Restart client group) but is arguably indicative of the likelihood of remaining economically inactive if Restart intervention is unsuccessful.

The effect of variations to the rate is less dramatic than that for drop off.

In fact, the ratio varies by only £0.13 in spite of being tested at intervals up to 30%.

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Other resources

College of Occupational Therapists; NHS Careers
<http://www.nhscareers.nhs.uk>