

Tomorrow's People: Knowsley Positive Progress – Social Return on Investment Analysis

Using positivity to *“to break the cycle of unemployment and
dependency in deprived communities throughout the UK*

(www.tomorrows-people.co.uk)

‘the willingness to change comes from the positivity’ (KPP Client)

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1.0 Executive Summary

This report provides an outline of the Social Return on Investment (SROI) analysis conducted to evaluate Knowsley Positive Progress (KPP), funded by the Big Lottery's Reaching Communities Fund and managed and operated by Tomorrow's People. Interviews and focus groups with key stakeholders have informed the analysis that employs the principles of the SROI framework to understand what has changed in the lives of KPP's clients and monetise these important changes.

KPP provides support to the people of Knowsley with experience of health issues (including mental health), or other barriers to employment, training, education or volunteering. The analysis has measured and valued these important outcomes, but has also identified significant behavioural outcomes that have also contributed to considerable social value being created.

Comparing the overall value of aggregated outcomes to the relative cost of the investments required to create the benefits reveals a social return on investment of £7.51: 1. This indicates that for each £1 of investment, £7.51 of social impact is created.

1.1 Acknowledgements

Thank you for the support and input of many people, without which this report would not be possible. Nikki and Phil, the two Tomorrow's People Personal Advisors whose infectiousness was essential to this report, as was the participation of the client group. Also, without the initial interest & continued support of Chris Jones, the Merseyside Manager none of this would have been possible – thank you.

1.2 About the Author

Dr Adam Richards has been working in the area of social impacts for about 10 years and has a range of experience working with third, public and private sector organisations to advise them on how to measure and manage their social impacts. Working extensively with the Furniture Resource Centre Group in Liverpool, Adam has helped to develop social metrics to a stage where the organisation employs social budgeting principles. These are applied across the business in the same way as financial accounting frameworks, and this has been crucial to the Group regularly securing national awards for their approach.

As a member of Social Value UK's (formerly SROI Network) UK Council and Assurance Sub-Committee, Adam is involved in the strategic direction of the social value movement and has presented at a number of national and international events on social value/impacts.

2.0 Introduction

This report summarises the Social Return on Investment (SROI) analysis conducted on the Knowsley Positive Progress (KPP) programme, which is managed and delivered by Tomorrow's People. The analysis evaluates the impact of KPP from the 1st September 2012 to the 31st August 2015. The report will begin by outlining the KPP project, prior to an explanation of the SROI framework and an evaluation of some of the social value created by the programme. Finally, recommendations on how to strengthen the measurement and management of social value are provided.

2.1 Background and Context

2.1.1 Tomorrow's People Trust Ltd. (known as Tomorrow's People)

Tomorrow's People was established in 1984 as a registered charity, number 1102759 in England & Wales and number SC040784 in Scotland, operating in 25 regional locations. In the Liverpool City Region, Tomorrow's People operate a range of programmes that work with NEET (not in employment, education or training) young people, long-term unemployed adults, offenders and ex-offenders, and people with health-related issues. The organisation's social mission is;

"to break the cycle of unemployment and dependency in deprived communities throughout the UK. We transform lives by 're-skilling' long-term unemployed people so that they can find and keep a job" (www.tomorrows-people.org.uk).

2.1.2 Knowsley Positive Progress (KPP)

KPP is funded by Big Lottery's Reaching Communities Fund, initiating in September 2012, and scheduled to complete on the 31st August 2016. It is designed to offer specialist one-to-one support to people living in the Borough of Knowsley with experience of physical or mental health issues, or other barriers to employment, training, education or volunteering.

Managed by the Merseyside Manager and delivered by two full-time Personal Advisors, the service is free of charge to the service user and offers a safe and supportive atmosphere to people who are seeking to make positive changes towards their quest for work or other behavioural outcomes. The service operates from a fixed base on the Old School House in Huyton, but importantly also provides an outreach service working from 8 GP Practices/Health Centres, 2 Job Centre Plus offices, and a range of other safe and trusted community locations. As the name suggests the focus is on positive change, and whilst Tomorrow's People is a charity focused on employment outcomes, there is an understanding that not everyone is in a position to look for work, and a range of barriers can exist – from not possessing suitable qualifications or experience, to a lack of confidence and self-esteem. As a result, KPP offers a unique approach to support the people of Knowsley, one that, as one of the Personal Advisors puts it; ***'respects people for who they are'*** in order to support them to reach their full potential.

Recent statistics illustrate the particular need for Tomorrow's People to operate in Knowsley. The Department for Communities and Local Government 2015 data on English indices of Deprivation highlights Knowsley local authority area as ranked second for the largest proportion of highly deprived neighbourhoods, with 45.9% second only to Middlesbrough. In particular, Knowsley ranks first in both income and employment deprivation, with 27.6% and 23.3% of working age adults in deprivation respectively. The same evidence highlights that throughout England 83% of the most deprived neighbourhoods in 2015 were also in the lowest decile in 2010, suggesting that although not without considerable local strengths, associated problems for the local citizens of Knowsley are persistent and require suitable assistance and intervention.

3.0 Social Return on Investment (SROI) Framework

SROI is a framework of principles that enables the measurement and ultimate management of social impacts created as a result of particular activities. Essentially, SROI asks stakeholders to explain what has, or will change in their lives, in order to quantify and monetise those changes. This monetary value is then compared to the relative costs of delivery in order to arrive at a ratio of social return. Importantly, SROI does not produce a market-based, or actual valuation; rather it uses monetisation of value to create consistency between the benefits and costs of a project or programme.

Acknowledging the subjective nature of value, SROI creates unique opportunities to account for changes in the lives of those that KPP support, and other important stakeholders. By translating their experiences into a meaningful and shared language that is understood by decision-makers, SROI bridges an accountability-gap between key-beneficiaries and those making decisions on their behalf. Social Value UK state;

'SROI seeks to include the values of people that are often excluded from markets in the same terms as used in markets, that is money, in order to give people a voice in resource allocation decisions'

Based on the below 7 principles, SROI explicitly uses the experiences of those that have, or will experience changes in their lives as the basis for retrospective or prospective analysis.

3.1 Social Return on Investment Principles

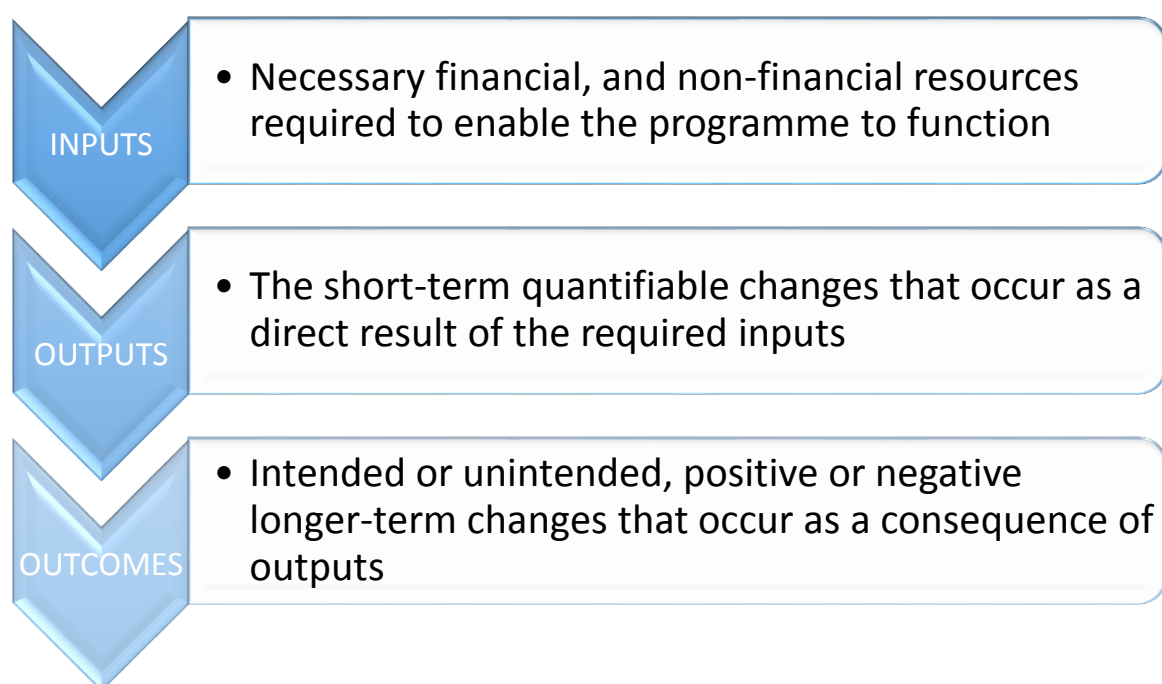
1. **Involve stakeholders:** Understand the way in which activities create changes through a dialogue with stakeholders;
2. **Understand what changes:** Acknowledge and articulate all the values, objectives and stakeholders of the organisation before agreeing which aspects of the organisation are to be included in the scope; and determine what must be included in the account in order that stakeholders can make reasonable decisions;
3. **Value the things that matter:** Use financial proxies in order to include the values of those excluded from markets in same terms as used in markets;
4. **Only include what is material:** Articulate clearly how activities create change and evaluate this through the evidence gathered;
5. **Do not over-claim:** Make comparisons of performance and impact using appropriate benchmarks, targets and external standards;
6. **Be transparent** Demonstrate the basis on which the findings may be considered accurate and honest; and showing that they will be reported to and discussed with stakeholders;
7. **Verify the result:** Ensure appropriate independent verification of the account.

(www.socialvalueuk.org)

The intention of the guiding principles is to ensure that the *how* of social impact measurement remains paramount. Each SROI analysis is able to tailor its approach to the particular situation, but principles of good practice that are shared across a range of social accounting frameworks and tools are essential to an effective analysis. For material (important) stakeholders, a theory of change is created and displayed on a Value Map that highlights the transformation from necessary inputs to their outputs, ultimately resulting in measureable outcomes. It is important

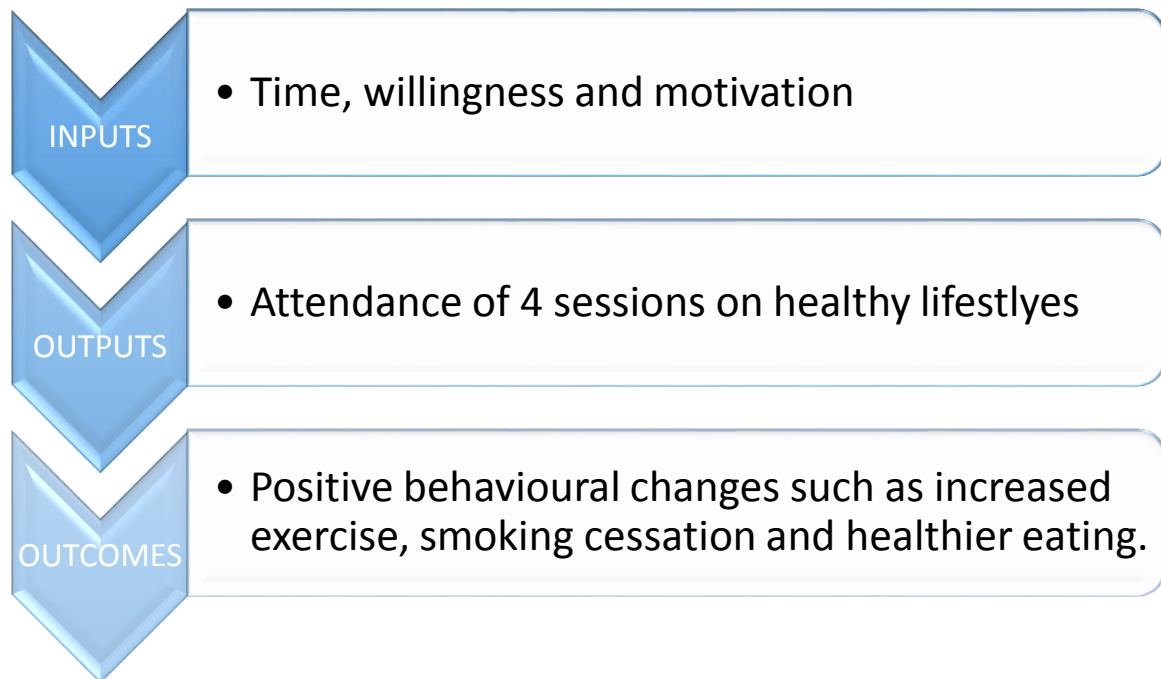
to also appreciate that the ratio of social return is not the only important element of SROI. Without essential qualitative information and context, the number is meaningless. Therefore, SROI is often referred to as a story of change with a combination of quantitative and qualitative information. Figure 1 below illustrates the relationship between the elements of the theory of change:

Figure 1 – Theory of Change



SROI is an outcomes-based approach, and whilst these are often less immediate to recognise than outputs, it is only by measuring outcomes that we are able to understand if activities have been successful or not. This is demonstrated by figure 2, illustrating a brief example for people attending advice sessions on healthy lifestyles – only by measuring the outcomes could we be confident the intervention was working.

Figure 2 – Example Theory of Change for People Attending Healthy Lifestyles Advice Sessions



As will be discussed at the point of analysis, SROI also incorporates accepted accounting principles such as deadweight (the likelihood of outcomes occurring without the intervention) and attribution (the contribution of others) to measure the final impact of activities. The positive or negative impacts can also be projected over a number of years to reflect the longer term nature of some impacts, and are appropriately discounted using the Treasury’s discount rate (currently 3.5%). The formula used to calculate the final SROI is;

$\text{SROI} = \frac{\text{Net present value of benefits}}{\text{Value of inputs}}$	So, if a result of 4.50:1 was produced, it means that for each £1 invested, £4.50 of social value is created.
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Overall, SROI is able to create an understanding of the value of activities relative to the costs of creating them. It is not intended to be a reflection of market values, rather it is a means to provide a voice to those material stakeholders and outcomes that have been traditionally marginalised or ignored. Only by measuring impacts are organisations able to, not only demonstrate their impacts, but also importantly improve them. This approach thereby strengthens the organisation's accountability to those that they are accountable to, which in the third sector is fundamentally the key stakeholders and beneficiaries of services.

4.0 Stakeholder Engagement & Scope of the Analysis

Owing to the timing of the analysis and the existing collected data on every client that KPP has supported, extensive stakeholder engagement was not possible. This is not to say that their views and experiences did not remain essential to the analysis, as will be highlighted below. Equally, only outcomes experienced by the clients (and resultant impacts on some public services) are included in the analysis – other stakeholders such as partners and children of clients were not examined - it is therefore reasonable to state that this evaluation underestimates the true overall social impact of KPP's activities.

Initially, two interviews with the Merseyside Manager were conducted to understand the nature and scope of KPP and the evaluation. These were complemented by an interview with both Personal Advisors that provided additional context and detail. Finally, a focus group was conducted with five clients to appreciate the nature of the outcomes they had experienced.

The recommendations section of this report provides suggestions as to further material stakeholders that should be included in any subsequent analysis in order to gain a more holistic and thorough understanding of KPP's impact.

5.0 Project Inputs

This section of the report provides an overview of the necessary inputs required for KPP to operate and be successful. Whilst some inputs are financial, others are non-financial, but without them the programme would not be possible. Where appropriate, inputs have been monetised to illustrate their value and contribution to the creation of material outcomes.

5.1 Clients

The individual service provided to clients of KPP is free to the end user. There were a total of 593 starters between commencement of KPP at the beginning of September 2012, and the end of September 2015. However, without appropriate inputs from the clients, this voluntarily accessed service on the client's part, could not be delivered successfully. The clients' willingness and motivation to engage with the service are absolutely essential, as is the time they dedicate to the programme. Records show a total of 5,721 one-to-one support interventions were provided from September 2012 until the end of August 2015 to 593 individuals. Each session lasts approximately one hour, therefore on average this equates to almost 10 hour-long sessions per client, with an actual delivered range of 1 to 66 hours. Owing to the nature of many of the signposted interventions requiring clients to invest further time away from their Personal Advisors, a further 3 hours has been added to each hour of service delivered. Therefore, in total it is estimated that each client contributes almost 39 hours of their time to the programme (22,961 hours in total).

There are existing proxies that value time, and a reasonable option is the national minimum wage – valued at £6.50 per hour (correct at the time clients were involved with KPP). It is appropriate to therefore include an input value of £149,249 for total time inputted by clients (£252 per client starter).

5.2 Tomorrow's People

The contribution of the Tomorrow's People Merseyside team is also essential to the success of KPP. Without effective management and delivery of the service, no outcomes for the clients would be possible.

The two full-time Personal Advisors who deliver the one-to-one support on outreach in the community, both demonstrate an immense passion and determination to support their clients. The tailored approach to support was greatly appreciated by the participants of the client focus group, with comments such as *'we're all made to feel important as individuals – they do care for you as an individual'* and *'Nikki (Personal Advisor) can see in us what we need'* clearly demonstrating this. The relaxed, yet encouraging and challenging environment was cited as particularly important, offering an alternative to the negative experiences of more official proceedings such as those experienced in the Job Centre.

The financial cost of operating KPP to the end of August 2015 was £342,087 and is included on the Value Map, and serves as a reasonable value of the inputs of the Tomorrow's People Merseyside team.

5.3 Other Organisations Delivering Services & Referral Partners

Although there are a range of organisations that contribute to the development of clients, such as those delivering training, meditation and other forms of support, these costs have not been included separately. However, their contribution to the outcomes is recognised by the relatively high attribution figure included – see table 7 for more information.

Table 1 highlights the total value of inputs required for KPP and identifies the value per client beneficiary, and for those that achieve one of the measured outcomes (employment, training/education or volunteering).

Table 1 – Inputs Required for KPP

Input required	Value	Cost per client starters (593)	Cost per client achieving a measured outcome (539) *
Clients' Time	£149,249	£252	£277
Tomorrow's People Financial Investment from The Big Lottery	£342,087	£578	£635
Total	£491,336	£829	£912

* Measured outcomes are those recorded by Tomorrow's People; Employment, Training/Education & Volunteering

6.0 Outputs, Outcomes & Evidence

The immediate outputs of KPP is the delivery of an average of almost 10 hours of one-to-one support to each client starter for a total of 593 individuals. However, as previously indicated, it is the measurement of outcomes that allows us to understand the relative success of a programme. If this SROI analysis was conducted under strict adherence to the assurance requirements of Social Value UK, the process of analysis would have been somewhat different to that undertaken. Again though, that is not to say that this evaluation was conducted without appreciating the principles of effective social impact evaluation.

Upon being introduced, or voluntarily self-referring to KPP, each individual completes a registration process that includes the Steps to Success soft skills initial assessment process (included in appendix 1). The four skills-areas of Key Work, Attitudinal, Personal and Practical each contain 7 or 8 dimensions that are scored by the client from 1 to 4 (poor to excellent). This process helps the Tomorrow's People Personal Advisor to identify the individual needs and desires of each client and through regular review provides a summary of the changes in their lives over the course of their involvement with KPP.

Identifying each of the four skills category as a potential output, the participants of the client focus group were asked to consider what each of these in turn created as a change in their lives. For example, the group considered the dimensions of personal skills that include personal appearance, timekeeping and concentration, to explain what the outcome of improvement in these areas provided them. Effectively, the standardised Tomorrow's People document was opened up to clients allowing them to provide their opinion on the outcome of improving each collection of skills. This was a very important part of the SROI analysis, and as such took around 2 hours for the group to identify specific outcomes. Each member of the focus group

contributed to the discussion and this process served as a further means of empowering people, through the ability to provide their unique voice to the evaluation process.

6.1 From Outputs of Skills to Outcomes of Behavioural Change

The **key work skills** inspired comments from the group such as *'you come here to do an English course, but it's so much more.'* This highlights perfectly the nature of outputs and outcomes, and whilst such terms may not be the everyday language of clients, the conversation markedly highlighted awareness that the immediate changes (outputs) were not the end result of involvement. One client highlighted his extreme fear of completing forms prior to involvement with KPP, stating that he would immediately become angry owing to him *'expecting it to go wrong.'* Such deep-rooted anxiety would clearly be a substantial barrier to an individual's development and their ability to access help and support. The general outcome of increasing confidence was then stated by the group, and with careful probing and asking about the specific outcome, the group stated that through their work and support from their Personal Advisors, the final outcome resulting from improved key work skills was identified as **increased confidence to face fears and be who you want to be.**

Attitudinal skills were then discussed by the group with equally powerful statements as to their effects. Members shared experiences of being previously anxious in social settings, such as leaving a queue of shoppers and *'being scared to see people.'* The ability to establish *'a different thought pattern and perspective'* that allows clients to *'get through things and see the positive in things, not always the negative'* is incredibly powerful testimony to the outcomes of improved attitudinal skills. Overall, the group indicated that they had moved from a position whereby *'if you tell yourself you can't do something, you never will'* to the final outcome of **feeling more positive about yourself.**

The third category relating to **personal skills** stimulated discussion of being more organised, and importantly *'hits on things you don't want to change yourself, but know you should'*. Again, the nature of the positive encouragement from the Personal Advisors was highlighted in direct contrast to experiences with officials from the Job Centre, to the extent that clients stated that they would not engage with KPP if the atmosphere mimicked the 'bullying' approach experienced elsewhere. Such an approach stimulated the clients to *'ask yourself if you can change'*, whereby *'the willingness to change comes from the positivity'* of the programme. Overall, the clients outlined that the change in behaviour whereby *'instead of talking yourself out of something, you talk yourself into it'* resulted in the outcome of being **able to cope better with the unknown**.

The final category of **practical skills** created discussion around the clients' increased ability to undertake essential activities such as money management and using computers. The discussion then progressed to highlight the importance of *'knowing what works for you'* and not feeling the pressure to exaggerate when completing job applications and a CV. The increased honesty with oneself was cited as essential, and allowed individuals to recognise previously destructive behaviour and amend it accordingly. A particular example shared by one client was his improved ability to manage his language and introduce his partner to people they met appropriately. This sentiment was shared by the group, ultimately arriving at the outcome of **a change of attitude and being able to conduct yourself properly**.

Having spent sufficient time to identify the four specific outcomes that resulted from the changes in skills categories, the clients were then asked to prioritise the importance of the outcomes, and this information is included in table 2.

Table 2- Clients' Prioritisation of Behavioural Change Outcomes

Skill category	Resultant Outcome in Order of Importance
Attitudinal Skills	1. Feeling more positive about yourself
Key Work Skills	2. Increased confidence to face fears & be who you want to be
Practical Skills	3. A change of attitude and being able to conduct yourself properly
Personal Skills	4. Able to cope better with the unknown

The focus group discussion highlighted the key behavioural outcomes experienced by clients, in addition to the three measurable outcomes related to employment, volunteering and training/education. Equally it is important to understand if any negative changes have been experienced as a result of the activities – and whilst none were reported by any of the clients in this analysis, it still remains something to be aware of. For example, the clients input of time, results in them having less time to do other things, which could be considered a negative outcome. However, within this analysis that is already included as an input. When subsequent analyses extend the range of stakeholders included, the explicit consideration of potential negative outcomes must remain central.

7.0 Duration of Outcomes

It is reasonable to state that different outcomes will last for different amounts of time.

However, at present no data is collected on clients beyond the programme, except six-month in-work tracking (which evidences a job retention rate of 84% at 6 months in work) and the In-Work Aftercare Support from Tomorrow's People, by those jobbed clients who choose to take-up the offer. Without longitudinal data it is difficult to be confident with statements alone, that outcomes have significant duration, although the client group did state that they believed the behavioural changes were long-lasting.

However, owing to the nature of the clients having experience of sustained barriers to employment and personal development, it would be unreasonable to extend any of the benefits for longer than one year after the completion of their time with KPP – therefore, two years in total.

Although KPP is a 3 year funded programme, the data is presented in the impact map (attachment 1) over a two year period. Whilst this may look strange given the length of the programme, essentially the data for all material stakeholders has been aggregated – therefore, all of the clients and national economy outcomes over the three year period are considered together.

8.0 Monetisations of Value

The seven material outcomes experienced by clients of KPP need to be translated into monetised values in order to compare these to the relative value of creating them. Each of the outcomes will now be examined in turn.

8.1 Into Employment

The clients stated that the ultimate outcome of involvement was to secure employment, and Tomorrow's People maintain accurate data on their clients' success in this area, with 115 such outcomes (19% of starters). However, while records broadly identify the nature of employment, they do not identify salary value, and as such in order to abide by the principle of not over-claiming, it is assumed that all clients securing employment earn the national minimum wage. Therefore, a value of £6.50 per hour has been used – as although this had increased by the time of writing, the previous rate was appropriate as the value that would have been experienced by clients.

When calculating the income-related outcome from employment it is important to acknowledge that the new salary is not the change experienced by clients. Rather, it is the difference in net income from their new salary and the income previously received when seeking employment i.e. Job Seekers Allowance, Employment Support Allowance or similar.

Using the website entitledto.co.uk the value of Job Seekers Allowance, Housing Benefit and Council Tax Benefit were calculated (based on the lowest available allowances), as was the Working Tax entitlement related to the minimum wage salary. Although Knowsley is an area that will be rolling out Universal Credit shortly, at the time of writing this was not the case, so this was not incorporated. Table 3 displays the relevant information and identifies the final change in income for each client.

Table 3 – Change in Income; Unemployed – Employed Status

Income when Unemployed		Income when Employed	
Job Seekers Allowance	£3,882	Employment Salary	£13,520
Housing Benefit	£4,011	Working Tax Credits	£1,883
Council Tax Benefit	£603	Income Tax	- £604
		National Insurance	- £649
Total Income	£8,496		£14,150
Difference in Income	<u>£5,654</u>		

Tomorrow’s People track their jobbed clients for six months after the job start date. Of the 102 that have to date reached six months, 86 have sustained their position (84% retention). Therefore, when calculating the value of employment outcomes, it is assumed that 84% of the total of people securing employment do so for at least a year, and the remaining 14% only sustain their positions for 3 months – therefore accruing only 25% of the value of annual employment before returning to the same income and wellbeing as was previously the case.

In addition to the change in income through employment, it is also reasonably well accepted that there is a resultant change in an individuals’ wellbeing. Essentially, this idea accepts that people work for more than simply the financial reward – with issues such as happiness, health and self-esteem being important factors. To that end, HACT’s Social Value Calculator (See HACT at www.hact.org.uk/social-value-bank for further information) has established a range of wellbeing valuations related to employment, with different values for full and part time work. As stated, the full nature of clients’ employment is sometimes unknown, therefore the average

position between the wellbeing of full time employment (£10,767) and part time (£1,176) of £5,972 was included as a reasonable valuation.

8.2 Into Volunteering and Education/Training

The two other measured outcomes for KPP also have a corresponding value on HACT's Social Value Calculator. The value of regular volunteering is highlighted as £2,307, whilst vocational training is valued at £1,019. Tomorrow's People highlight that 299 individuals experienced a training/education outcome, and 121 realised volunteering opportunities. However, in order to avoid double-counting, it was appropriate to reduce these figures by the numbers who subsequently attained employment. 67 clients had such multiple outcomes and have therefore already been included in the figure of 115 into employment in Section 8.1 above. Therefore based on the relative quantity of training/education and volunteering, the quantities of clients was reduced to 251 and 102 respectively.

8.3 Behavioural Changes Outcomes

In order to value the outcomes identified from the skills categories, a valuing game was played by the focus group participants. Essentially, this asks stakeholders to identify a wish-list (calibration list) of goods or services that can be purchased in order to compare the relative value of the non-tangible outcomes identified. A list of five agreed items were identified on the calibration list and placed into a corresponding order of value by the clients. The item of lowest value was a years' all-inclusive Internet subscription and ranged to a brand new Audi Q3 car with running costs for one year.

When asked about each outcome in turn, all of the stakeholders were in absolute agreement that they valued all four outcomes more than any of the items on the calibration list. Even when clients were offered the car and running costs for any multiple of years, they remained fixed that they would rather have their behavioural outcomes. Therefore, in order to reduce

potential for over-claiming, the value of hiring the new car plus running costs for 1 year has been included as equal value to all of the client-outcomes identified. This again abides by the principle not to over-claim, as although the clients valued three of the behavioural outcomes higher than this, this analysis does not seek to inflate the results. Therefore, based on the lowest cost of hiring an Audi Q3 (see footnote 1) and annual standing and running costs (see footnote 2) the value is £12,037

To some, the value for behavioural outcomes may seem high, but as highlighted, the clients were adamant that the outcomes they had experienced were more valuable than the highest valued item they could wish. Statements from the clients that you would just get bored with those things after a while, but the long-term nature of the outcomes was of greater worth indicated this belief.

Having stated that employment is the ultimate aim of the clients, it may also seem unrealistic that such values are reasonable. However, in order to analyse the value experienced by each client for these outcomes we need to understand the average journey travelled by the clients. If we assume that progressing from a score of zero to perfect on each of the outcomes results in achievement of 100% of the value, we are able to value each available point within the outcome. For example, there are 8 key work skills (outcome of feeling more positive about yourself) on the Tomorrow's People Steps to Success soft skills measurement document, each with a possible score of 4. The maximum points available for this outcome is therefore 32 (8 skills multiplied by maximum score of 4), meaning that each point available has a value of £376 (£12,037/ 32).

A Tomorrow's People internal audit of progression against each of the skills' categories was conducted in March 2015, with 70 cases sampled identifying the average movement. When

this is compared to the relative value of each point we are able to highlight the value of each outcome as experienced by the clients, and this is displayed in table 4 below.

Table 4 – Relative Value of Outcomes per Point of Improvement

Outcome	Total Value	Value per Point	Average Points Movement	Relative Value of Changes
Personal skills = Able to Cope Better with the Unknown	£12,037	£430	1.8 per client	£755
Practical skills = A Change of Attitude & Able to Conduct yourself Properly	£12,037	£430	2.7 per client	£1,167
Key work skills = Confidence to Face Fears & Be Who You Want to Be.	£12,037	£376	2.2 per client	£833
Attitudinal skills = Feeling More Positive About Yourself	£12,037	£430	3.0 per client	£1,277

8.4 Increased Tax Revenue & Reduced Welfare Expenditure

Owing to the nature of employment outcomes for clients, there are also resultant implications for other material stakeholders, namely the national economy. Often referred to as savings to the public purse, employment has impacts on tax revenues, welfare benefit expenditure, as well as criminal justice and health care costs. This information is highlighted in table 6.

8.5 Potential for Cost Reallocation on Criminal Justice and Health Care

Although not as obvious as changes to tax and welfare, changes to employment also potentially influence criminal justice and health care costs. The DWP state that whilst the link between employment and crime is not clear, there is a well-documented relationship between income and crime. Evidence highlights that for each 10% increase in income there is a corresponding reduction in the propensity to commit crime by 1.8 percentage points, resulting in a fall of 6%. Clients' change in income of £5,654 in comparison to previous income (£8,496) is a change of 66.54%. When multiplied by 0.6, this indicates a reduced propensity to commit crime of 39.93% - it is this figure that can then be compared to the costs of crime to arrive at a reasonable proxy of reallocated criminal costs. Table 5 illustrates the cost of property crime (used as an appropriate measure) based on different ages and genders of offenders.

Table 5 – Costs of Property Crime

Category	Annual Cost of Property Crime	Value of Reduced Propensity to Commit Crime (39.93% of Annual Costs)
Males aged 17-24	£5,170	£2,064
Males aged 25+	£2,610	£,1042
Females aged 17-24	£1,250	£499
Females aged 25+	£444	£177

In order to avoid over-claiming, the values for both genders when aged over 25 have been used, representing £177 value per female client and £1,042 per male client. Based on the actual numbers of females and males securing employment after involvement with KPP as 61 and 53 respectively, the corresponding total value is £10,815 and £55,235 prior to application of impact measures.

When considering the value to health care costs, the DWP state that there is strong evidence that employment has positive effects on an individual's health status. Evidence that a reduction of 33% in GP consultation rates and medical costs is achieved equates to £508 of value per client supported into employment.

For both criminal and health impacts, value has been included for only the 84% of jobbed-clients that secure work and maintain it for at least six months. In order to avoid over-claiming this is a reasonable inclusion, as many of the associated benefits would only potentially be realised after a period of sustained employment. Table 6 displays the overall value to the national economy based on an individual moving from unemployment to employment and sustaining their new position for 12 months.

Table 6 – Annual Change to National Expenses Owing to Employment

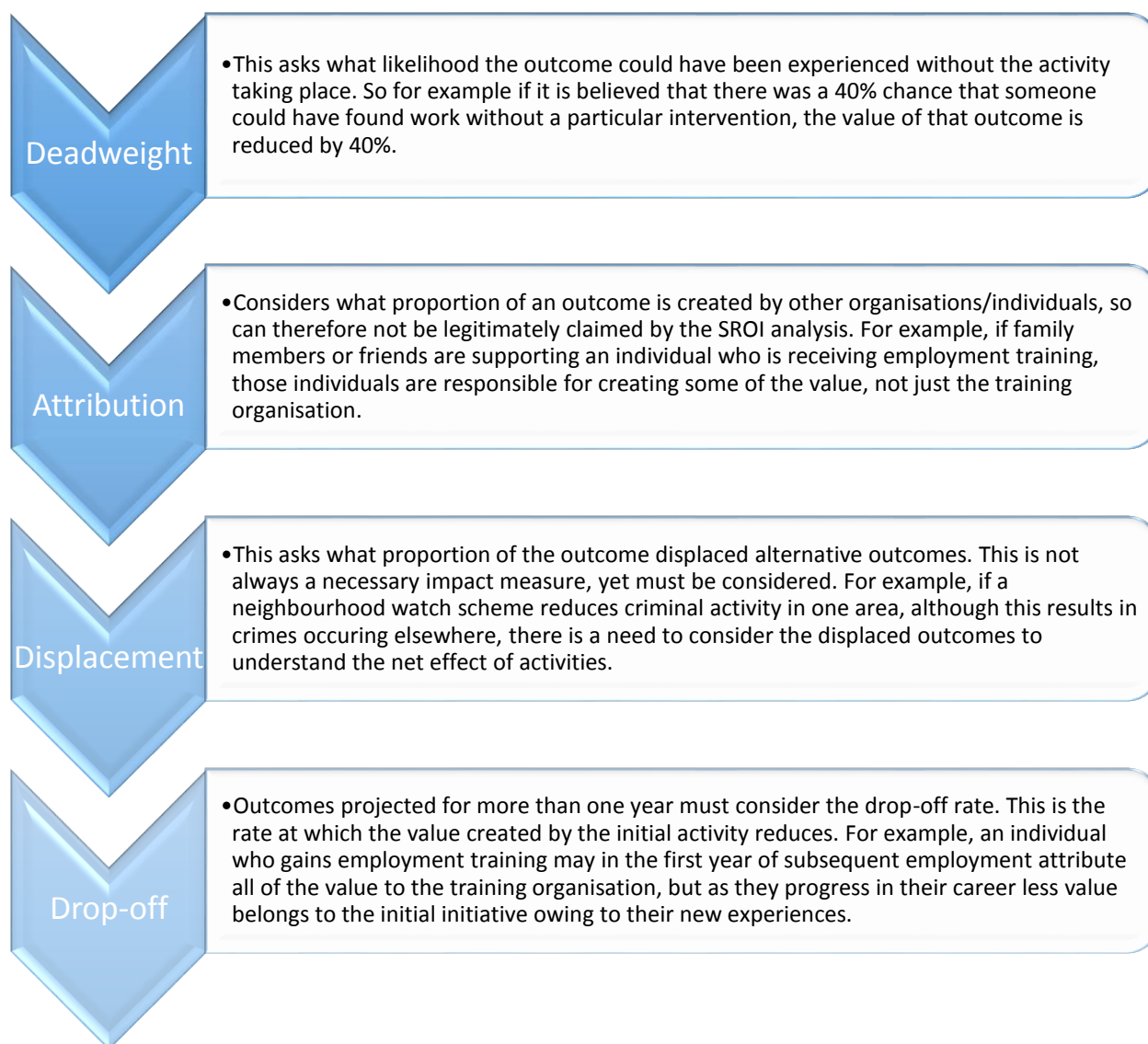
Form of Expenditure / Income	Value
Job Seekers Allowance	£3,882
Housing Benefit	£4,011
Council Tax Benefit	£603
Working Tax Credits	- £1,883
Income Tax	£604
Employees National Insurance	£649
Employers National Insurance	£1,062
Criminal Justice Potential Savings (female / male)	£177 / £1,042
Health Care Potential Savings	£508
Total Value – Female / Male	£9,613 / £10,478

9.0 Impacts of KPP

In order to calculate the impact of KPP's work, the SROI framework employs accepted accounting principles that take into account what could have happened anyway, the contribution of others, displaced outcomes and the rate at which value reduces over time.

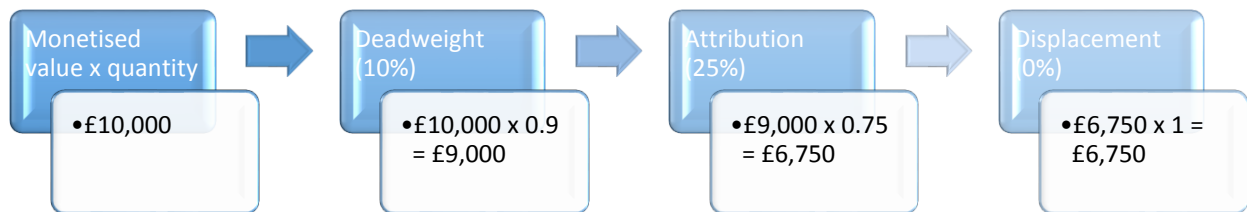
These key considerations are outlined below in figure 3.

Figure 3 – Impact Measures



Final impact is therefore calculated by multiplying the monetised value by the appropriate quantity of stakeholders that experience a particular outcome, and discounting this by the relevant factors above. For example, if 100 stakeholders experience an outcome that will last for 3 years valued at £100 each, there is a combined value of £10,000 in the first year. Assuming a deadweight figure of 10% (10% likelihood of outcome occurring without intervention), a 25% attribution rate (25% of value created by others) a 0% displacement factor (not displacing activities from elsewhere) and a drop-off rate of 50% (value reduces by 50% each year after year 1), the result would be as follows for year 1;

Figure 4 – Impact Measures Worked Example



Taking into account the impact factors, the initial valuation of £10,000 has been adjusted to £6,750 as a more credible reflection of the impact created by the activities being investigated. Owing to the drop-off factor being 50%, for year 2 this would be reduced to £3,375, and £1,687.50 for year 3 – again better reflecting the true nature of value creation.

Table 7 highlights the impact factors included in this analysis, along with a brief explanation for each – where there is consistency the outcomes have been grouped together.

Table 7 – Impact Measures Included in Knowsley Positive Progress

Outcome	Deadweight	Attribution	Displacement	Drop-off
<p>Employment – these measures have been employed consistently across the outcomes for the clients and the national economy</p>	<p>25% reflecting the low likelihood of clients achieving employment without the influence of KPP, owing to the nature of the clients and their distance from employment.</p>	<p>50% reflecting the influence of individuals and other organisations (i.e. Job Centre) on clients.</p>	<p>13% based on English Partnerships displacement rate for employment outcomes from intervention investments.</p>	<p>50% reflecting the necessary ongoing commitment from the clients to maintain the value of these outcomes.</p>
<p>Volunteering & Training / education</p>	<p>10% reflecting the very low probability that the clients would have had the motivation and confidence to achieve these outcomes without KPP’s encouragement and support.</p>	<p>50% reflecting the necessary input from other people in the lives of clients such as family and friends, and the organisations in which they are volunteering or training.</p>	<p>0% reflecting that value has not been displaced from others as a result of these outcomes.</p>	<p>50% reflecting the necessary ongoing commitment from the clients to maintain the value of these outcomes.</p>
<p>Four behavioural outcomes</p>	<p>10% reflecting the very low likelihood that clients could have alternatively experienced these outcomes.</p>	<p>25% reflecting the valuable contributions of others such as the organisations providing specialist services (i.e. meditation) and family & friends.</p>	<p>0% reflecting that value has not been displaced from others as a result of these outcomes.</p>	<p>50% reflecting the necessary commitment from the clients to maintain the value of these outcomes.</p>

10.0 SROI Results

This section of the report presents the overall results of the SROI analysis of KPP. Owing to the presentation of the overall impact being over a two year period that does not disaggregate each year's quantities of material stakeholder outcome, there is no value in presenting the impact for each of the two years separately. It is more important to appreciate the value that is created for the two material stakeholders included in the analysis. Table 8 displays the value of impacts for both the clients and the national economy.

Table 8 – Value of Impacts for each Material Stakeholder

Stakeholder	Total Present Value of Impacts	Proportion of Value
Clients	£3,004,549	81%
National Economy	£687,525	19%
Total Present Value of Impacts	£3,692,074	100%

Owing to the different types of monetised value employed in this analysis it is also important that results are presented to reflect changes in income owing to employment, wellbeing valuations (related to measured outcomes), actual cost changes (government expenditure and income), potential for cost reallocation (implications for health and criminal justice) and those values identified by material stakeholders (behavioural change outcomes). Table 9 displays this information.

Table 9 – Different Types of Impacts

Stakeholder	Total Present Value of Impacts	Proportion of Value
Income change	£271,185	7.3%
Wellbeing valuations	£613,913	16.6%
Actual financial changes (tax & welfare payments)	£620,484	16.8%
Potential cost reallocation	£67,041	1.8%
Stakeholder identified valuations	£2,119,452	57.4%
Total Present Value of Impacts	£3,692,074	100%

From the information above it is apparent that those values identified by the clients are the most significant. This is not a surprising result given the nature of the clients and their situations. Although Tomorrow’s People is a charity that desires to support people into employment, the clients accessing the services of KPP are largely further away from the employment market than other people, and as such the focus of the programme is rightly on the changing of people’s behaviours through effective engagement and positivity. Further, the impact-types of changed income, wellbeing and actual cost changes do reflect the value of the measured outcomes of employment, training/education and volunteering. In particular, the value of employment to both clients and the national economy (actual cost change), demonstrates considerable impacts of over £1,100,000.

To calculate the net present value of impacts the value of the necessary financial and non-financial inputs are subtracted from the net present value, and this information along with the final SROI ratio are presented in table 10 below.

Table 10 – Final Results

Total Present Value	£3,692,074
Net Present Value (Total Present Value minus Input Value)	£3,200,738
Social Return on Investment	£7.51 : 1

The final results for KPP are certainly impressive. From inputs valuing £491,336 there is a total present value of almost £3.76m, creating a net present total value of over £3.2m, and a final social return on investment of £7.51:1. **This signifies that for each £1 of value invested, £7.51 of value is created.**

11.0 Sensitivity Analysis

In order to provide further confidence, it is important to conduct sensitivity analysis on the final results. This requires the alteration of a single factor at a time to understand the influence of that particular factor.

As the most significant area of impact, as would be expected altering the number of clients achieving changes in behavioural outcomes has a reasonable effect on the total impact. Reducing the number of successful clients by 50%, from 525 to 263 still provides an SROI of £5.36:1 signifying that although the reduction in the SROI is almost 29%, the return on social investment is still significant. However, the number of clients achieving behavioural changes is not an estimated figure, and is based on recorded data, so there is significant confidence in this figure. Similarly, changing the deadweight assumption for the same behavioural changes from 10% to 50% reduces the SROI to £5.60:1. A further sensitivity check that doubles the deadweight figure for employment outcomes from 25% to 50% reduces the ratio to £6.67:1.

A further sensitivity test focusing on the value of client inputs was also found to have a reasonable effect on the final result. Reducing the additional time inputted by clients (time away from their Personal Advisors) to zero increased the ratio to £9.73:1, whilst increasing the additional time to 9 hours reduced the value to £5.16:1.

Overall, although some changes could have a reasonable effect on the social return on investment, the sensitivity analysis demonstrates that the Knowsley Positive Progress programme managed and delivered by Tomorrow's People, creates significant social value and return on investment.

12.0 Recommendations

As highlighted KPP creates significant social impact, yet it is reasonable to state that some potential areas of social value have not been included in the analysis owing to these areas not being measured. This includes potential outcomes for the clients such as, reduced loneliness & isolation, the value of attending a voluntary group regularly, improved debt-management, and an increased sense of neighbourhood. These are all areas of social value that were identified during the conversations with the clients and their Personal Advisors, and as such should be considered for inclusion in any further analyses, based upon more stakeholder-engagement.

Equally, additional stakeholders could also be considered, such as the families of clients and other services that could be affected by the clients' outcomes. As clients experience outcomes such as moving into employment, the knock-on effects to close family members and other important people in their lives, including improved family stability, better family relations and other measures of wellbeing, should also be included to arrive at a more holistic understanding of the impacts of KPP.

In order to better understand the outcomes achieved by the clients of KPP, it is recommended that further focus groups/interviews are conducted with clients and former-clients of the programme. Following the principles of the SROI framework will enable the voice of important stakeholders to be heard more effectively in understanding what has changed for them and provide further opportunity to test the significance of factors included in the sensitivity analysis. Employing non-prescriptive questioning will allow important outcomes to emerge from the material stakeholders, also allowing those stakeholders to indicate a value to those changes, and other important stakeholders in their creation. It is also important to explicitly consider any potential negative outcomes that occur as a result of activities to ensure that an

honest understanding of value is created. Importantly therefore it would be valuable to understand the experiences of former clients that do not sustain their employment or achieve any of the other outcomes – currently it is assumed that their wellbeing returns to the previous state, but there is the need to test this assumption.

It is also recommended that any subsequent SROI analysis is conducted with the intention of gaining independent assurance from Social Value UK. The assurance process ensures that the framework's principles have been reasonably adhered to and will help to further refine understanding and the ability to manage social impacts at Tomorrow's People. The identified information can then inform the development of programme-specific systems of data collection that allow Tomorrow's People to better understand the impact of their work. Ultimately, the time and resources required to do this would provide the opportunity to better manage the social impacts of activities, and would not require the same level of investment each year, as if suitably embedded, the requirements are less intensive.

Footnotes

1. Audi price correct as of 05.10.15 Available at; <http://www.audidirectcontracthire.co.uk/audi-q3-direct-contract-hire>
2. Prices based on AA Motoring Costs 2014 for a car purchased for £25,000-£32,000 and driving 15,000 miles per year. www.theaa.com/resources/Documents/pdf/motoring-advice/running-costs/petrol2014.pdf

13.0 Appendices

Appendix 1 - Outline of the Tomorrow's People Steps to Success soft skills measurement document

Key Work Skills;	Attitudinal skills	Personal Skills	Practical Skills
Team working	Motivation	Personal appearance	Completing forms incl. job applications
Problem solving	Confidence	Levels of attendance	Writing/updating a CV
Numeracy skills	Awareness of opportunities to progress	Timekeeping	Ability to use tools and equipment
Literacy skills	Recognition of prior skills	Personal hygiene	Telephone skills
IT skills	Improvement of own situation	Health & fitness	Job Interview skills and preparation
Work place experience	Positive attitude	Concentration	Ability to manage money
Listening to people	Ability to make positive things happen	Willingness to change	Awareness of rights and responsibility
Talking to people			

Please see attachment 1 for the full impact map