

**Social valuation of resident support services**  
**Newlon Fusion**  
October 2012

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**Title** Social valuation of resident support services

**Client** Newlon Fusion

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# 1. Introduction

## 1.1 Introduction

**nef** consulting (the consultancy arm of think tank new economics foundation) was appointed in June 2012 to prepare a social valuation for Newlon Fusion of services provided to social housing residents and local community members to help them move into employment or entrepreneurship.

Newlon Fusion is the community regeneration partner of Newlon Housing Trust. It delivers regeneration programmes in partnership with local authorities and community groups in the London boroughs of Islington, Hackney, Haringey and Tower Hamlets. Activities include training and employment support services, financial capability support, energy saving advice and environmental programmes. This study focuses on the activities which support residents into self-reliance and financial independence.

The analysis was informed by primary research with residents who accessed employment or business supports, supported by data regularly collected by Newlon Fusion. The research followed the Social Return on Investment (SROI) methodology to understand the value created for both the clients and wider society. SROI is a measurement framework that helps organisations to understand and manage the social, environmental, and economic value that they are creating. It takes into account the full range of social benefits to all stakeholders, rather than simply focusing on revenue or cost savings for one stakeholder.

## 1.2 Methodology

The valuation study followed the SROI methodology<sup>1</sup>, as set out below.

- Engage stakeholders to identify outcomes
- Data collection/collation
  - Outcomes
  - Deadweight, attribution, displacement
  - Benefit period and drop-off
- Model and calculate
  - Valuation of non-traded outcomes
- Communicate findings

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<sup>1</sup> <http://www.neweconomics.org/publications/guide-social-return-investment>

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### ***Engaging stakeholders***

An initial meeting was held with Newlon Fusion staff in order to understand the breadth of services offered, the challenges clients face and the most appropriate focus for the valuation study. A short desk review of Newlon Fusion materials provided a further understanding of the service offer.

A focus group was conducted with clients of the support services to understand the short and longer term changes that they experienced as a result of accessing support. This informed a mapping of the journey of change, and the identification of outcomes for the study.

### ***Data collection***

In order to provide outcomes data for the social valuation exercise, an online survey was developed and distributed to clients supported during 2011/12. This complemented the data collected by Newlon Fusion through existing monitoring systems.

### ***Model and calculations***

A model was developed setting out each of the material outcomes and calculating the net impact of each, taking into account what would have happened anyway (deadweight), how much of the impact can be attributed to Newlon Fusion and whether the results displaced outcomes elsewhere. A financial valuation was applied to each of the outcomes, and the overall benefits compared with the cost of delivering the support in the financial year in question.

### ***Communicate findings***

This report sets out the findings of the study, the conclusions of the research and recommendations for future assessment.

## **1.3 Report structure**

This report is organised as follows:

- A brief introduction activities describes the need for resident services, as identified by our primary research. We also provide a summary of the outcomes that clients identified, which have informed our research.
- Chapter three sets out the impact of the support, for two key groups: the clients and wider society (including value for the State).
- The final chapter sets out the conclusions of the study, and our recommendations for future data collection and analysis to inform on-going evidence of the wider benefits of the support, both to the clients and wider society.

## 2. Support activities

“Newlon Fusion have supported me to access an opportunity that allows career progression for the future, and as a bonus I also enjoy the work that I am doing; which has driven me to be the best I can be in my work.”

### 2.1 Newlon Fusion support for residents

Newlon Fusion provides a range of services for residents. This study focuses on the one to one support services that guide clients through a full range of employment advice and support as well as financial knowledge and skills training, pre-employment and self-employment support and help with saving money on energy bills.

#### *The need for support for residents*

When asked about the reasons that Newlon Fusion needed to provide support to residents, a number of inter-related systemic and personal challenges were raised.

Residents had often been out of work for some time due to illness, bringing up children, redundancy and a lack of suitable employment opportunities. They wanted to work, to not be on benefits, but needed to find a sustainable way of doing this which enabled them to support their family and ensure that work pays. The challenges of negotiating the welfare to work sector had not resulted in positive outcomes, and for many had led to a decrease in their mental health, confidence and motivation. One resident stated that they had “forgotten what [I was] able to do”; they felt isolated and lacking in confidence.

Many residents at the focus group and 50% of respondents to the survey had previously accessed support from other local providers including Job Centre Plus. Residents expressed their dissatisfaction with other services and that they felt pressurised to take “any” job, not one that was best aligned to their needs. The need for many residents to find work that was compatible with their family and childcare needs and left them with money in their pocket after expenses was identified as a priority.

The Coalition Government pledged in 2010 to ease the restrictions on residents of social housing starting businesses in their own homes<sup>2</sup>, making self-employment a viable option for unemployed residents. Residents and staff feel that support is needed to give them the skills and the confidence to make their business ideas successful in a challenging economic climate. Many of the residents considering this option, felt isolated, with limited support networks, and feared losing their benefits; each a barrier to exploring self-employment and making a success of a new business.

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<sup>2</sup> <http://www.theworkhome.com/introducing-policy-and-governance/>

Overall, clients wanted to overcome confidence issues, to stop being one's "own devil's advocate" and to move forward. Through group and adviser support, they are able to understand where they want to get to, what they need to do to get there and are motivated to continue. They are offered on-going support and advice through one to one support and the peer network (facilitated by Newlon Fusion) to continue to help them with challenges ahead, enable them to move forward in their career or business independently of government or other support services and maintain a stable home life.

***Outcomes for clients***

Researchers used a Theory of Change approach to identify the key immediate and long-term changes that were most important for clients. These were articulated through the focus group and other feedback, and verified with Newlon Fusion staff, to ensure that outcomes were fully understood.

Short term outcomes	Long term outcomes
Recognition of their skills	Improvement in physical health
Meet other people in a similar position to themselves	Peace of mind
Feeling that their progress mattered to someone	Increased social contact
Optimism	Increased financial stability
Links to other support mechanisms	Skills for employment

***Outcomes for other stakeholders***

In addition to the direct benefits for the clients, wider benefits to society of supporting individual progression were explored, and rationalised into three areas shown in Table 2.

Outcomes for the State
Reduced benefits: as a result of individuals moving into employment
Increased tax: as a result of individuals moving into employment
Reduction in need for support services (due to a more stable home life)

## 3. Results

This section presents analysis of the primary and secondary data and an estimation of socio-economic impact. Each stakeholder's outcomes are presented in turn.

### 3.1 Outcomes for clients

Table 3 below illustrates the change experienced by clients for each of the outcomes. The data is taken from the clients' data from Newlon Fusion and the online survey distributed to former clients in August/September 2012.

Table 3 – Average change per outcome

Outcomes	Experienced positive change
<b>Outcome 1: Increased confidence</b>	
Self-reported increase in confidence in self and own abilities	64%
Self-reported increase in confidence in a challenging situation	73%
<b>Outcome 2: Improvement in physical health</b>	
Self-reported increase in physical health compared to one year ago	67%
<b>Outcome 3: Peace of mind</b>	
Self-reported understanding of local support services	57%
Self-reported increase in feelings of optimism	17%
<b>Outcome 4: Increased social contact</b>	
Self-reported increase in feeling close to other people	23%
Self-reported access to network of support	51%
<b>Outcome 5: Increased financial stability</b>	
Self-reported increase in money per month.	57%
<b>Outcome 6: Skills for employment/ entrepreneurship</b>	
Self-reported understanding of relevant skills to make business or job successful	70%
Self-reported understanding of skills needed to develop career	52%

“Newlon Fusion have been a great help in providing a support network for self-employed people. Although the income levels have dropped due to the harsh economic climate, I’m still hopeful and confident that I am doing everything possible to help myself.”

The results above show that clients felt that they had significantly increased in the “harder” skills that are relevant to them finding work, or moving into self-employment, for example in business planning or dealing with difficult customers.



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Clients also made progression in a number of the “softer” outcomes that were identified in the initial stages of the research. Clients particularly reported an increase in their confidence and understanding of local support services.

However, for many, their sense of optimism for the future did not increase. This is possibly due to the on-going challenging economic conditions; however it is beyond the scope of this research to explore this issue in more depth.

One outcome which was not explored in depth was the extent to which people were supported into “good” jobs, i.e. jobs that are sustainable and not detrimental to their health or family life. However, the survey did provide some indicators of client satisfaction with their current employment situation. The survey found:

- 76% of respondents were satisfied with their overall work
- 60% of respondents were satisfied with the balance between the time spent at work and on other aspects of their life
- 95% felt that they were motivated to do the best that they can in their work
- 70% felt that their work offered good prospects for progressing their career
- 25% worried that they might lose their jobs in the next six months

Overall, the respondents reported a positive employment situation, which contrasts with the initial feedback from clients who felt that previously they had been advised to take work which was not suitable.

## 3.2 Outcomes for the State

Table 4 below illustrates the indicators used to understand how client outcomes for the State. The data is taken from the clients' data from Newlon Fusion and the online survey distributed to former clients in August/September 2012.

Table 4 – Average change per outcome

Outcome	Experienced change
<b>Outcome 7: Reduced benefits</b>	
Number of clients moving into employment/ self-employment	24%
<b>Outcome 8: Increased tax (including from future earnings)</b>	
Number of clients moving into employment/ self-employment	24%
Number of clients moving into training	34%
<b>Outcome 9: Reduction in need for support services</b>	
Self-reported increase in physical health	62%
Self-reported increase in feeling relaxed	33%
Self-reported increase in dealing with problems	42%

Overall, the outcomes for the State reflect the number of clients that moved into employment or training, as a way of estimating the savings that the State may make in benefit payments and the increased tax take that will come from someone moving into employment, or gaining the skills to increase their likelihood of employment.

An assessment was made into the positive benefits that individual clients experienced and the potential impact this has on their need for local support services. As seen in section 3.1, participants experienced an increase in their peace of mind, confidence and their social contact, which contribute towards their personal and social well-being. The importance of mental well-being as a contributor to health and other policy areas has been documented by the Foresight

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report (2009)<sup>3</sup> and we use the assumption that these positive increases reduce the need for other interventions in the clients' lives.

### 3.3 Value for money

A cost benefit analysis model was used to calculate the value of the social impact generated by Newlon Fusion's employment and self-employment support programmes. The model accounts for the following considerations:

**1. Achievement of outcomes, and**

**2. Impact considerations:**

- a. deadweight (*what would have happened anyway*)
- b. attribution
- c. benefit period and drop-off rate (*how long the outcomes last and the rate at which they diminish*)
- d. value of inputs (*financial and non-financial*)

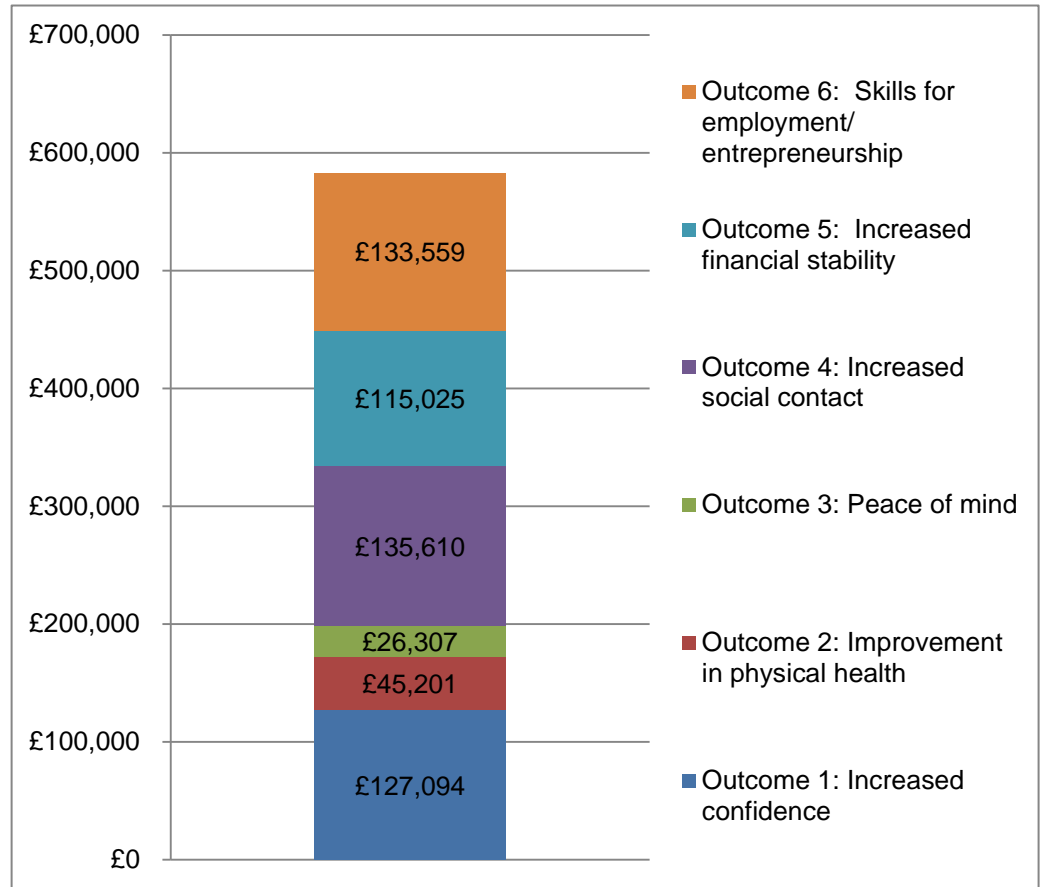
The graphs below present the social and economic value created by each of the outcomes. The tables set out the comparisons between the investment and the value created. Further detail on the methodology can be found in an accompanying document of workings.

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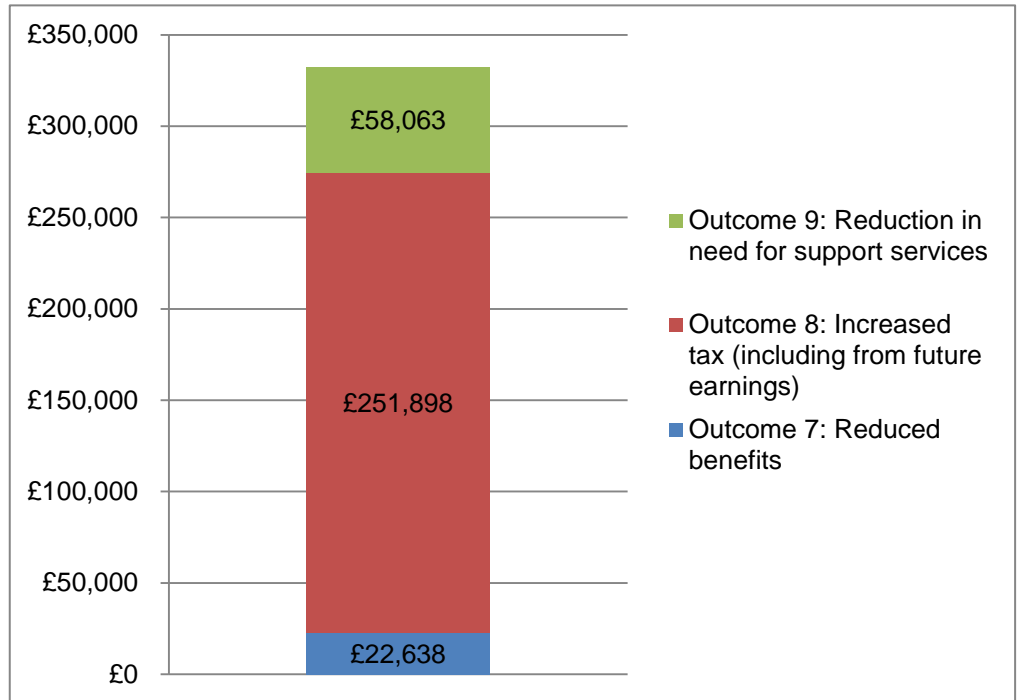
<sup>3</sup> "Mental wellbeing ...is a dynamic state, in which the individual is able to develop their potential, work productively and creatively, build strong and positive relationships with others, and contribute to their community."

Foresight (2009) *Foresight Mental Capital and Wellbeing Project (2008). Final Project report*. London: The Government Office for Science. (available: [http://www.foresight.gov.uk/Mental%20Capital/Mental\\_capital\\_&\\_wellbeing\\_Exec\\_Sum.pdf](http://www.foresight.gov.uk/Mental%20Capital/Mental_capital_&_wellbeing_Exec_Sum.pdf) , page 10)

**Graph 1: Social and economic outcomes for individuals**



**Graph 2: Social and economic outcomes for the State**



**Table 5: Investment ratio - based on best estimate assumptions**

Middle

Investment Ratio
1: 2.96

**Table 6 and 7: Range of Investment ratio - based on upper and lower bounds of assumptions**

High

Investment Ratio
1: 3.78

Low

Investment Ratio
1: 1.90

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## 4. Conclusions

This chapter sets out the conclusions of the study, based on our social valuation analysis. We also present our recommendations for future data collection and analysis to inform on-going evidence of the wider benefits of the support, both to the clients and wider society.

### 4.1 Recommendations

The study presented an opportunity to review the wider progress of individuals across the support programmes that Newlon Fusion offer and better understand the change that happens during and after the support. In order to inform future measurement of impact, we would recommend:

- Improve existing data collection systems to measure and compare a broader range of changes for individuals, over and above their attendance and destination.
- Consideration of whether distance travelled measures could support a better understanding of the soft outcomes that are created over time. A distance travelled measure is used at two time points to better understand the magnitude of change for an individual, taking into account their starting point. The use of well-being questions, such as those used in the ONS wellbeing survey can help to provide a useful benchmark for results.
- Updating the analysis in this study to include the 2012/13 cohort in due course, to understand the impact created over time.

### 4.2 Conclusions

The process of undertaking the Theory of Change highlighted the breadth of obstacles facing unemployed residents, and set out the support mechanisms that are in place through Newlon Fusion to help them to understand and realise their potential. This exercise alone helped to identify some of the underlying challenges that residents face, in terms of their confidence, ability to navigate through the employment market and welfare support system, and the need for support networks.

The personal, social and economic impact as a result of individuals accessing support, which through our analysis shows a healthy return on Newlon Fusion's investment of 1:2.96.

The greatest value to the individual came across the three outcome areas of confidence, increased social contact and the skills for employment/ self-employment that the programme focuses on. In addition, there is value to the individual in improved physical and

“I really appreciated the support that [Newlon Fusion] has provided for me and my daughter.”

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mental well-being (through peace of mind), even though this is not an explicit goal of Newlon Fusion's programme of getting people into work.

The wider returns to society are presented as cost savings and the result of preventative measures, with the greatest value coming from what individuals are able to "give back" to society through the tax system. This reflects the feedback from clients of the focus group who expressed their desire to work and to participate in the labour market.