



Perth & District YMCA  
Helping Young People Build A Future



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# Perth YMCA Get Ready for Work Programme Social Return on Investment Report

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## **Executive Summary**

This is a Social Return on Investment report on the Get Ready for Work programme run by Perth YMCA.

Perth YMCA is part of the international YMCA movement, and develops youth work services in Perth and the surrounding area.

It runs a number of youth work services for excluded and disadvantaged young people in Perth, including Get Ready for Work and Project Scotland programmes, which are the subject of this study.

The analysis 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. This report explores how the investment made in the establishment of the programme compares to the social value that has been created and the savings that have been experienced by stakeholders.

The period over which Social Return on Investment was measured was December 2006 to November 2007, and the methodology used followed the global framework for SROI as adapted for use in the UK.

### **Stakeholders**

The stakeholders of Perth YMCA range from internal ones - the participants, the staff and youth workers involved - to external funders and government, Perth College, participants' families, public services such as the police, local employers who take young people through Perth YMCA, and wider society.

The Get Ready for Work programme has been funded by Scottish Enterprise Tayside through Perth College, and the Project Scotland programme is funded by that organisation, with funding from the Scottish Executive.

### **The impacts of Get Ready for Work**

The impact map constructed for Perth YMCA's Get Ready for Work programme showed that a range of impacts were being created, which included:

- Improved health and well-being of participants and greater family stability
- Better employment and training outcomes
- Better life chances of young people who are or who are at risk of becoming NEET
- Reduced crime and drug-taking
- Resolving personal issues and barriers to personal development and relationship building.

10 financial indicators were used in the study to measure these impacts:

1	Savings on unit costs of GRfW
2	Welfare benefits savings from GRfW and PS
3	Welfare benefits savings from employment
4	New tax income from employment
5	Increased income of participants on GRfW and PS
6	Increased income of employees
7	Increases in employability
8	Value of volunteering
9	Avoided costs of being NEET
10	Employer's recruitment benefits

The study was unable to explore some aspects of value creation, such as some softer outcomes, involvement in anti-social behaviour and the criminal justice system and the impact on families. Anecdotal evidence suggests that there will be savings on the cost of crime, as Perth YMCA is diverting its participants away from anti-social behaviour, drug taking and other involvement in crime. Thus the value created by Perth YMCA will be higher than that calculated in this study.

## Results

**Overall, the results suggest that for every £1 that has been invested in the Perth YMCA Get Ready for Work and Project Scotland programmes, a social return on investment of £4.35 has been realised.**

The added value per participant was just over £14,000.

This is a considerable achievement, given the nature of the client group Perth YMCA works with.

The analysis suggests that Perth YMCA is meeting the aims, objectives and outcomes expected of it by its stakeholders, and by working intensively with disadvantaged young people it is creating a range of outcomes over and above those being invested in.

It is supporting young people who are NEET or at risk of becoming NEET to engage in programmes which lead to employment, further education and training and volunteering.

The theory of change being adopted by Perth YMCA seems to work. It is outperforming Get Ready for Work nationally both on outcomes delivered and value for money.

## Recommendations

Recommendations to Perth YMCA for future work arising from this study include:

- Follow up the Project Scotland leavers for six months or more after the end of their involvement to determine the level of employment outcomes
- Capture more in-depth information on participants' barriers and issues when they join, to demonstrate the distance to be travelled towards the labour market by each individual
- More mapping of the role other support agencies play in creating participant outcomes
- Demonstrate the hard to reach nature of the young people and collect more in-depth information on the softer outcomes being experienced by participants which will be creating value for other stakeholders, such as health and social work services and the police.

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## Introduction

### Purpose

This report is part of a series produced by way of a joint project between the EU EQUAL programme and Communities Scotland's Social Economy Unit<sup>1</sup> to research, develop and test new approaches which could have the potential to strengthen the social economy sector. The SROI pilot has been managed by Forth Sector.

The purpose of the pilot was to ascertain the extent to which the Social Return on Investment (SROI) model could be used within Scotland to measure and communicate impact and value creation within the social economy sector.

### Approach

Social Return on Investment is a process and 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 estimates a value for these in the same language, and using the same accounting and investment appraisal methods, as are used to determine financial value.

SROI analysis assigns a monetary value to the social and environmental benefit that has been created by an organisation by identifying indicators of value which can be financialised. Comparing this value to the investment required to achieve that impact produces an SROI ratio. It takes standard financial measures of economic return a step further by capturing social as well as financial value.

SROI was developed in the USA, but has been extended and adapted for a European and UK context.<sup>2</sup> By developing an understanding of the organisation, how it meets its objectives, and how it works with its stakeholders, an organisation can create its own impact map, or impact value chain, which links inputs and outputs through to outcomes and impacts.

The SROI analysis has been a collaborative effort between the researcher in the Equal pilot project and staff working within Perth YMCA with participants in the Get Ready for Work and Project Scotland programmes.

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<sup>1</sup> The Unit is now part of the Scottish Government's Directorate General for Economy

<sup>2</sup> The researcher is a founder member of the European SROI Network, established in 2003.



Somewhere to go,  
Something to do, Someone to Talk To.

## Background

Perth YMCA is an independent organisation, but is part of a Scottish national and international network. YMCAs aim to work with young people, to serve their physical, mental and spiritual needs. These three elements are represented by the YMCA's internationally recognised symbol of the red triangle, and are evident through the work of all local associations. YMCA believes that the Christian ethos of the organisation is a strength to be celebrated rather than a barrier to youth work.

Perth YMCA develops youth work services in Perth and the surrounding area. It runs a number of services for young people:

- Perth's only City Centre Youth Drop-In - the 'Y' Centre, for which the organisation is currently seeking development funding in order to install a climbing wall, café, conference suite and children's play area
- 'Smart Young People' - work in local schools for those who find school difficult
- Street Youth Work in peripheral housing estates
- A Mobile Youth Drop-In
- Get Ready for Work programme to prepare young people for educational and employment opportunities
- Project Scotland programme which helps young disadvantaged people volunteer in their community.

The 'Y' Centre development proposal is intended to develop a more sustainable source of income for the organisation to sustain their youth work programme, and as such will follow a social enterprise model.

### Theory of change

Perth YMCA believes that relationships make the difference: 'building relationships is what we do at YMCA in Perth'.

Their belief is that only by creating the context for young people to build positive relationships with caring adults and with each other can they be allowed to flourish and become confident individuals. Only then can young people learn and achieve their potential. If young people with complex needs are to succeed, the personal and social issues which are stifling their potential must be addressed, and this is best achieved by putting time and energy into making good relationships happen for young people and with young people.

Many of the young people with whom Perth YMCA works need support through their adolescence, giving them the opportunity to develop their self-confidence, communication skills, and ability to work with others.

By building trusting relationships with the young people, staff can openly help them address their issues and manage change. It is vital that sufficient time is allowed for this process to happen and that young people are not forced in to a 6 week programme of “quick fix solutions” when their needs are much more complex than this.

### Main aims

The main aims of the organisation are to:

- Create a physical setting attractive to young people encouraging their mental physical and spiritual development.
- Sustain youth work which creates more mature, balanced young adults who will make a more positive contribution to the life of their wider community.
- Create a context for encouraging family life, creating better equipped parents as well as more balanced young people.

Perth YMCA focuses especially on those who are disadvantaged by economic position and related environmental circumstances.

### Programme delivery

A participant on the Get Ready for Work (GRfW) programme can be on one of three “strands” of the programme - Life Skills, Vocational Skills or Personal Development. All strands are for young people 16 - 18 and only in very exceptional circumstances can someone join over the age of 18.

The young people on Life Skills are the ones who are “furthest from employment” i.e. with the lowest skills base, self confidence etc and with the highest level of need issues which may be related to family, substance misuse, criminal record etc.

Theoretically there is no time limit on how long a young person can stay on the Life Skills strand of the programme although it is difficult in practice to offer participants much more than six months on the programme.

The young people on the Personal Development or Vocational Skills strands are considered to be closer to employment. Their time on GRfW is limited to six months.

For more insight into the activities that the young people undertake, see Appendix 1 for a review of participant’s views on the programmes.



## Staff and resources

Perth YMCA has a dedicated full-time member of staff funded through the Life Skills programme of GRfW to work with a maximum initially of 4 of these young people at any one time, which went up to 6 during the year under consideration.

In addition, the organisation has four full-time professional staff who deliver their other youth work services.

The organisation has its main base in the centre of Perth, where GRfW is delivered. This is a large converted church, which requires extensive upgrading, for which Perth YMCA is currently seeking funds to refurbish.

## Partners and referrals

YMCA have a GRfW contract with Perth College, who in turn are funded through Scottish Enterprise to deliver GRfW. Perth College receives a management fee of 10% per participant.

The main referral agents are Careers Scotland, in their role as supporting the transition between school and adult working life. Many young people however refer themselves, as they have friends or family who have previously been involved with the organisation's wider youth work services.

Perth YMCA also develops many of its projects with the support of local churches and their congregations.

## Funding

The funding for the Personal Development or Vocational Skills strands is done on a simple per capita basis i.e. YMCA receive a flat payment of £50/week per person.

Perth YMCA feels this sum does not cover the cost of giving participants the support they need. In reality Perth YMCA reckons that to provide the level and quality of support that the young person needs they need staffing at a level which would cost £100/wk to provide.

Funding for the Life Skills programme is to cover the salary of a full-time member of staff. Again, there is a difference between funding and costs, in this case a shortfall of £3,250: £500 on actual salary and on-costs, plus the payment for holiday entitlement which is not covered by the contract.

Perth YMCA makes up the difference from other sources of funding and because they are able to can integrate what they do with GRfW participants with some of the other activities they provide.

### Outcome payments

There is additional funding which is output-related. For anyone leaving the programme to a job, to training or to further education YMCA receives an outcome payment. These payments are: £400 for a job or training and £250 if the participant goes on to Further Education. Perth College also receives a 10% payment in addition to these fees as a management fee.

The young person has to remain in the job for 15 hours or more per week for a minimum of seven calendar days or 60 hours over a four week period. The employment has to have started within 26 weeks of leaving the programme. Perth YMCA have to obtain signed documentation from the employer to this effect.

### Participant allowances

Participants receive £55 per week as an allowance. The participants would have received £35.65 in benefit payments, but in the experience of Perth YMCA, the vast majority are not claiming any benefits when they start on the programmes.

Travel can also be claimed by the young people individually for bus fares to attend the programme. Generally speaking the young people are from within Perth and buy a week ticket for £5.75 of which they have to pay the first £3 themselves so they receive £2.75 from the government.

### Progression routes

The Get Ready for Work programme only recognises certain progression routes as valid “outcomes” i.e. training, employment or further education. Perth YMCA believes that involvement in other things like volunteering are important indications of change and progress.

YMCA in Perth has a well established relationship with Project Scotland at a national level.

Project Scotland is a national volunteering scheme where young people aged 16 - 25 can volunteer for 30 hours a week and receive £55/wk plus travel plus a training allowance.

The great advantage of this provision is that a young person can be on it for up to 12 months with no great pressure to find a job in a short period of time. Project Scotland gives participants time and space to grow without pressure. In the medium and long term, Perth YMCA believe the Project Scotland type approach will give society a much more rounded, stable, active citizen than other approaches.

Perth YMCA has developed a way of working with Get Ready for Work and Project Scotland together which they are convinced works for the young people they are trying to serve.

Get Ready for Work can give a structure to the young people to sort out their basic feelings and skills gaps. They then move on Project Scotland where they can 'grow in to new skin' that they have found for themselves and eventually move on to be active citizens in their community. Equally sometimes after a period on Project Scotland a young person then has the personal stability to join Get Ready for Work and address the remaining issues which allow them to progress to employment.

Project Scotland as a progression route is important as it establishes a willingness on the part of the young person to volunteer in a wider sense and that can only be good for the community at large. While they are getting some financial recompense for "volunteering" young people are still giving all their time and energy to voluntary work in the community and that is no small thing either in terms of the financial value of that to the community or in terms of the long term habits established in that young person.

### Outputs

The outputs that Perth YMCA is being funded to deliver through GRfW are:

<b>Output targets</b>
12 places filled on Get Ready for Work
41.3% overall progression to employment, education or the Skillseekers programme as a percentage of leavers, which is the national benchmark
15.2% progression for Life Skills participants as a percentage of leavers which is the national benchmark

### Outcomes

The outcomes expected of Perth YMCA by its funders are primarily:

- Better employment and training outcomes
- Better life chances of NEET young people



## Policy Context

The GRfW programme addresses two of the Government's five strategic priorities for economic growth, through its work with excluded young people:

- Learning, Skills and Wellbeing
- Equity

These are also key objectives in the Perth and Kinross Community Plan for 2006-2010.<sup>3</sup>

### Learning, skills and well-being

The objectives in respect of the NEET group<sup>4</sup> are pursued further through local initiatives in parallel with the Scottish Executive's Workforce Plus programme, and are being delivered in 7 'NEET Hotspot areas.'<sup>5</sup>

In Perth, in 2004, there were 600 NEET young people.<sup>6</sup> The aim of the Perth and Kinross Community Plan is to reduce this number to 350 by 2010, and down to 100 by 2020. The proportion of NEET young people is lower than the average for Scotland. Although Perth is not one of the 'NEET hotspot' areas, the government's strategy calls for concerted action by partners across Scotland.

Scotland has a poor record in terms of young people leaving school and going into employment or further education and training. 13.5% of young people between the ages of 16 and 19 are 'NEET': not in education, employment or training<sup>7</sup>, which amounts to some 35,000 people. Scotland has the highest proportion of 16-19 year olds who are NEET in the OECD.<sup>8</sup>

<sup>3</sup> <http://www.pkc.gov.uk/NR/rdonlyres/3F3628A7-2ABA-4404-8617-94B9B9A8EA82/0/CommunityPlan2006to2020.pdf>

<sup>4</sup> Now called young people who need more choices and chances, but the NEET 'tag' has been used here

<sup>5</sup> 'More Choices, More Chances', 2006, Scottish Executive, at <http://www.scotland.gov.uk/Publications/2006/06/13100205/0>

<sup>6</sup> Perth and Kinross Community Plan 2006 - 2010

<sup>7</sup> 'More Choices, More Chances', 2006, Scottish Executive

<sup>8</sup> Employability Framework NEET Workstream Report, 2005, Scottish Executive at [www.scotland.gov.uk/Resource/Doc/57346/0017057.pdf](http://www.scotland.gov.uk/Resource/Doc/57346/0017057.pdf)

8% of 16-24 year olds are economically inactive.<sup>9</sup> 39% of the NEET group have never worked, 80% have low qualifications,<sup>10</sup> 26% have no qualifications and 62% are claiming key benefits.<sup>11</sup>

While for some in this group, being NEET represents a choice arising from better financial and family circumstances (e.g. having a 'gap year' before entering university), there are a large number of young people who are underachieving, and whose potential is at risk of being wasted. 57% of the NEET group are estimated to need additional help to enter the labour market.<sup>12</sup> The proportion of NEET young people in Scotland has not changed much since the 1990's.

There is a core group of young people who have been NEET for some time, and a dynamic group where individuals constantly change over time. Young people who are NEET for a prolonged period are most likely to encounter consistent problems later in life.<sup>13</sup>

The Employability Framework's NEET workstream report identified three main groups of NEET people:

- The hardest to help young people who have complex needs and who need intensive support
- An intermediate group who are 'quietly disaffected' and who have issues around motivation, confidence and soft skills and who need more limited support
- The transitions/gap year group who are taking time out before going on to clearly defined FE or HE opportunities

Participants on the Perth YMCA's GRfW programme fall into the first two categories.

There are two main factors identified which increase the risk of a person becoming NEET: educational underachievement and disaffection, and family disadvantage and poverty.<sup>14</sup> Table 1 below shows the range of factors that can affect NEET young people and lead to their social exclusion and poor life chances.

Young people in the core NEET group are more likely to:

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<sup>9</sup> From the Labour Force Survey, July to September 2006, in L. Burgess, 2006, 'Employability and NEET', Scottish Parliament Information Centre

<sup>10</sup> SVQ Level 2 or below

<sup>11</sup> Job Seekers Allowance, Incapacity Benefit and Income Support. Reported in the Employability Framework for Scotland NEET Workstream Report

<sup>12</sup> Burgess, op cit

<sup>13</sup> Social Exclusion Unit, 1999, 'Bridging the gap: new opportunities for 16-18 year olds not in education, employment or training' at [www.socialexclusionunit.gov.uk](http://www.socialexclusionunit.gov.uk)

<sup>14</sup> Social Exclusion Unit, op cit

- Have not passed Standard Grade above grades 1-2
- Have been regular truants
- Have a strong belief that external factors control and influence them rather than they are in control of their own destiny.

Conversely, predictors of the NEET population are school attendance and exclusion rates and school leavers' destinations. Being NEET can be both a consequence, and an indicator of, future social and educational disadvantage.<sup>15</sup>

**Table 1 Influences found in the NEET Group**

<b>Lifestyle</b>	<b>Characteristics</b>	<b>Environment</b>	<b>Other</b>
Teenage parents Young offenders Truancy School exclusion Drug/substance misuse Poor educational achievement	Additional support needs Long term limited illnesses Black minority ethnics Asylum seekers Emotional behaviour problems	Carers Homeless/temporary housing Parents with drug/substance problems Workless households, especially second/third generation Young care leavers Community deprivation Financial constraints Local labour market Traumatic events	Bullying Stigma

The groups of young people most at risk are young carers, people in care or care leavers, teenage parents, homeless people, people with a health or disability issue, people who misuse drugs or alcohol or those involved in offending. Males are more likely to be NEET than females.

Care leavers are a particularly vulnerable group of young people. Yet evidence of what happens to care leavers after they leave care is lacking, and therefore it is difficult to ascertain what works in helping to improve the life chances of these young people.<sup>16</sup>

The economic and social costs of NEET to the state are considerable.<sup>17</sup> The costs to the individual are arguably even more significant as there is a high probability that they will experience persistent worklessness and social exclusion, leading to enduring disadvantage in adulthood.<sup>18</sup> People who have fallen into the NEET group during their lifetime can expect to earn 8 to 10%

<sup>15</sup> D. Raffe, 2003, 'Young people not in education, employment or training', University of Edinburgh Centre for Educational Sociology, Edinburgh.

<sup>16</sup> Stein M. 'What works in Leaving Care?' Barnardo's (1997)

<sup>17</sup> The Princes Trust, 2007, "The Cost of Exclusion: Counting the cost of youth disadvantage in the UK"

<sup>18</sup> More Choices Report - Ibid.

less than their peers by the age of 42, and as much as 12% to 14% less if they continue to experience repeat incidences of unemployment, which they often do.<sup>19</sup>

The NEET group are also at greater risk of poor health, offending and substance abuse.<sup>20</sup>

These are all issues for the young people recruited through Perth YMCA.

## Equality

Perth and Kinross does not suffer from the same level of disadvantage as other areas in Scotland, however, it does have some small areas with high level of deprivation.

In Perth, 3 areas fall within the 15% most deprived data zones in Scotland as defined in the Scottish Index of Multiple Deprivation: Muirton, Fairfield and Rattray. The former two areas are in Perth, and Perth YMCA reports that it has a high proportion of its participants from these two areas. In addition, Letham/Hillyland, which again is in Perth, is just above the definition of the worst 15% deprived areas, but has been given the same status in the current Community Plan in order to prevent further decline.

Thus the outcomes from GRfW will therefore contribute to achievement of a number of national Scottish outcomes:<sup>21</sup>

- We realise our full economic potential with more and better employment opportunities for people
- We are better educated, more skilled and more successful
- Our young people are successful learners, confident individuals, effective contributors and responsible citizens
- We live longer, healthier lives
- We have tackled the significant inequalities in Scottish society
- We have improved the life chances for children, young people and families at risk
- We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others
- We live our lives safe from crime, disorder and danger
- Our public services are high quality, continually improving, efficient and responsive to local people's needs.

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<sup>19</sup> Gregg and Tominey "The Wage Scar from Youth Unemployment" (2004)

<sup>20</sup> More Choices Report - Ibid.

<sup>21</sup> As set out in the Scottish Government's Economic Strategy 2007

## Case studies of Perth YMCA participants

Perth YMCA establishes close relationships with its participants, and has a wealth of anecdotal information about the situation and life experiences of the young people, which is shared with staff once the young people begin to trust them.

For the 39 participants on GRfW, Perth YMCA provided some indication of the personal and situational issues being faced by their young people:

- 4 people were coping with mental ill health
- 5 had a history of offending
- 4 were homeless and another 4 had domestic difficulties
- 5 had problems with substance misuse
- 6 had emotional or behavioural problems.

The following case studies and anecdotes were gathered by Perth YMCA for this study, and demonstrate the challenging nature of the barriers these young people have to overcome, and the journeys they have made. The names have been changed.

Janette had been coming to youth drop ins and other activities around YMCA for a few years. She was excluded from school 72 times in secondary school and effectively didn't attend for the final two years. She was using alcohol and cannabis in substantial quantities. She had been a young carer for her mother for some years and suffered substantial abuse from her father throughout her childhood and adolescence. She was well known to local police, although there had been little in the way of formal proceedings against her. She could be violent when under the influence of drugs or alcohol as that was very much the family model of life, both parents had an alcohol dependency and her mother had significant mental health issues having been regularly admitted to psychiatric care over a number of years after the death of a child.

Janette joined Get Ready for Work and engaged reasonably well for a while. She left the programme without a job or College outcome but kept in touch with YMCA staff who by this time had established a good relationship with her mother having spent time in the home and having the confidence of the mother. Janette asked to join a different but similar programme at YMCA in Project Scotland and she remained on this for the maximum period of 12 months after which she joined YMCA full time as a trainee youth worker.

During that time she began distance learning studies with a view to accessing professional youth work training once she had acquired the equivalent of Highers by distance learning. She had no formal qualifications on leaving school. She has since moved on to work full time in a residential outdoor education centre for young people.

While this development follows Janette over a period much longer than she was on the Get Ready for Work programme when she tells her own story she talks sincerely about the impact that being on that programme had on her.

Sally has been with YMCA again for some time although she only joined Get Ready for Work relatively recently. For some time before that she was with the Project Scotland project. Sally has a significant issue with substance misuse which emerged after some time of building trust and relationship with her on the part of YMCA staff. After a while on Project Scotland she had a part time job in a local retail which she enjoyed but was laid off because of lack of work in the business. Her confidence levels were low but they have now increased significantly. She is currently participating in a pilot project offering her additional support using the technique of Primary Social Motivation Profiling which has been helpful. It aims allows staff to spend individual time with her identifying her particular personal strengths and interests. This has been good for her confidence. We have had relatively little contact with her family.



Jimmy has been “looked after” by the Local Authority intermittently over a period of years. His people skills are well refined in some respects but he struggles with sustaining open relationships and with managing finances. As a result of the latter in particular YMCA have arranged to pay his “board” money direct to his mum with whom he is currently living again. The remainder is paid in cash to Jimmy each week and one member of staff is allocated specifically to assist him with managing it.

Jack’s family are well known to YMCA over several years, three of his siblings have been involved in programmes at YMCA, two in Get Ready for Work. Jack had issues about confronting people and not managing situations of conflict well - it wasn’t anger management so much as self assertion and reasoning issues. He had a tendency to hit a self destruct button. YMCA know the family a bit - they are supportive in many ways but the children live fairly erratic lives moving very quickly from one interest/job/ relationship to the next. Jack spent 11 weeks on the programme and left to work for a baker, his father is predominantly employed in the hospitality business. Jack didn’t stay with that job for long but has been in employment, mainly in the hospitality business, fairly consistently since leaving the programme. While YMCA were not aware of any formal charges being brought against Jack he was certainly well known to the police locally and warned regularly by them. He left school with minimal formal qualifications.

While David was only on the programme for two weeks he had been on Project Scotland with YMCA in Perth for some months prior to joining Get Ready for Work and had been involved in our informal youth work in the community off and on over the years. David identified early in his time with YMCA that he had anger management issues and specifically asked for help and support in addressing this. He received that help and settled down. He established a relationship with a young girl and she became pregnant. David wanted to go on Get Ready for Work and to get a job partly to take his responsibility as an expectant father more seriously. He wanted to work in construction so YMCA were able to refer him to a training programme in the construction industry where he has been offered an apprenticeship following the training programme. An interesting thing has happened since he joined the firm on the building site. His baby has now been born and the other men on the site with him give him a few pounds a week each on pay day every week to help him provide for his child.

Elaine was on the programme for 12 weeks and then went on to Project Scotland. She developed her social and personal skills considerably in her time on the programme, she tended to move through conflict scenarios on a regular basis with her peers but has gradually learned to manage this by talking it through with YMCA staff and being given the tools and mechanisms both to understand relationships and manage them better. Elaine went to College for a short time to do child care but decided this was not for her partly because of the social context of college. She came back to YMCA and asked to join Project Scotland. After a period on Project Scotland she secured a part time job at Tesco and then a full time job which she currently has.

Billy came to YMCA to join Get Ready for Work straight from school which is unusual but along with a couple of his friends he decided in his fifth year that school was no longer for him. He spent some time on the programme developing his confidence and clarifying his own interests and skills. He then joined Project Scotland where he has flourished. In the Autumn of 2007, along with a number of the other young people at YMCA, he attended a number of training sessions for volunteer youth workers being run by Perth and Kinross Council. As a result he is one of a group of the young people now pursuing an SVQ in youth work at YMCA with the support of trained staff here.

## 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.

It is important to stress that the model and method used to calculate the SROI for Perth YMCA's Get Ready for Work and Project Scotland's programmes is part of a pilot and is likely to undergo further development. However, the experience of the analysis and the others being undertaken in the SROI project are likely to inform the shape of a future SROI model in the 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      |
| ▪ Testing             | Sensitivity analysis                      |
| ▪ Present             | Results                                   |
| ▪ Verification        | Peer review                               |

### Outputs

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

## 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, with any deadweight, drop off, attribution or displacement effects taken into account.

## 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. in the situation of a project that supports disadvantaged people into employment, a proportion of people will drop out of employment soon after getting a job, which means that a proportion of the value created through the project by producing employment outcomes is not sustained, and therefore should reduce the lasting value created by the project. Benchmarking this project against other projects' employment outcomes may be one way of estimating how to take drop off into account.

## 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 additional value created 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 outcome, or to represent the value of that outcome e.g. an improvement to mental health (which 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 the relevant area in order to derive a financial value in respect of the impact of the intervention upon an individual's mental health.

## **Exploration of Perth YMCA Get Ready for Work**

### **Boundaries**

The starting point for SROI is to establish the scope and boundaries of the analysis. It is clear that the Project Scotland programme and the Get Ready for Work programmes interlink considerably, in terms of working with the same young people to create a sustainable personal journey. It was decided to include these two programmes in the analysis, but to exclude the other youth work and activities offered by the organisation.

### **Stakeholder Analysis**

Table 1 below contains the stakeholder analysis for the Get Ready for Work programme, constructed with the staff of Perth YMCA and verified with some of the key stakeholders (see below). This table is capturing information obtained during the first two stages of the SROI analysis. It is used to identify the key stakeholders associated with the project and provides the starting point for the identification of indicators upon which to model impact.

### **Impact Map**

Table 2 below contains the impact map for the Get Ready for Work programme, which illustrates the relationship between stakeholders' aims and objectives and the indicators and proxies that were chosen to represent social value.

### **Value not included**

In some areas, information could not be readily obtained to verify or explore all the outcomes identified. The areas not included were:

- Increased future earnings potential from engaging in FE. Qualifications are known to increase an individual's chances of obtaining employment and also increase their ability to command higher salaries.
- Detailed examination of the softer outcomes for participants such as reduced drug taking, mental health and physical improvements and increased social inclusion
- Detailed examination of the impact on the family of having a young person with improved life chances
- Examination of the impact of Perth YMCA on anti-social behaviour and involvement with the criminal justice system of their participants.

Thus this analysis is likely to underestimate the social value being created by Perth YMCA.

**Table 1 Stakeholder analysis**

Stakeholders	Inputs	Outputs	Outcomes (overall aims and objectives)
YMCA	Staff time Apportioned overheads	12 participants on GRFW Project Scotland volunteers (flexible number) New youth work staff recruited from volunteer pool Opportunities for student placements	Building relationships with young vulnerable people through project activity Developing life skills in young people Developing employability Moving young people into local labour market
Participants	Time	Job Improved skills Social contacts	Job exits Improved life chances and quality of life
Perth College	Contract payments: £50 per participant per week plus outcome payment of £400 per job exit	Job exits FE exits	Developing life skills in young people Developing employability More young people involved in FE Move into local labour market
Careers Scotland	Referrals Supervision of young people and action planning	Job exits FE exits	Developing life skills in young people Developing employability More young people involved in FE Move into local labour market
Scottish Enterprise Tayside	Funding GRFW	Job exits FE exits	Developing life skills in young people Developing employability More young people involved in FE Move into local labour market
Parents	Personal support	Saving social work/support worker time	Employment for their young person Reduced family stress
Employers	Small amount of time	Saving recruitment costs	Recruitment of young people
UK Government	Funding through GRFW	Job exits FE exits	Reduced benefit dependency and economic inactivity
Scottish Executive (Communities Scotland, Project Scotland, Youth Justice)	Project Scotland funding	Volunteer posts within Perth YMCA Reduced local offending	Increased numbers of young people involved in volunteering Reduced numbers of NEET young people Reduced offending and anti-social behaviour amongst young vulnerable people
Perth and Kinross Community Planning Partnership	N/a		Developing safe, healthy and inclusive communities Nurtured and supported people

Stakeholder	Desired outcome	Indicator	Financial Proxy used	Source of information	Attribution	Deadweight	Displacement or drop off
YMCA	1. Building relationships with young vulnerable people through project activity 2. Developing life skills in young people  3. Developing employability  4. Moving young people into local labour market	1. Additional participants volunteering in YMCA 2. Equivalent programme costs  3. Improved employability  4. Increased personal income	1. Value of volunteer hours  2. Difference between national costs and YMCA costs for same outcomes 3. Project method for those not going into employment  4. Salary	1. Project records and YMCA staff salary rates 2. National evaluation  3. Project survey  4. Project records and participants on exit	1. Shared with Scottish Executive and Project Scotland 2. Ask participants plus shared with college, CS and SET 3. Ask participants plus shared with college, CS and SET 4. Ask participants plus shared with college, CS and SET	1. National volunteering rates  2. NEET research  3. National outflow stats  3. National outflow stats	1. Survey of ex-leavers  2. Survey of ex-leavers  3. Survey of ex-leavers  3. Survey of ex-leavers
Participants	1. Job exits  2. Waged income for PSD/VS participants  3. Improved quality of life	1. Increased personal income  2. Increased personal income  3. Increased hours in positive activity	1. Net salary less benefits  2. Net allowance less benefits  3. Annual income on benefits converted to hours	1. Project records and participants on exit 2. Project records and participants 3. Project tool	1. Shared with YMCA, PC, CS, SET  2. Shared with YMCA, PC, CS, SET 3. Ask participants	1. National outflow statistics  2. National outflow statistics 3. Survey of ex-leavers	1. Exit interview  2. Less early leavers  3. Survey of ex-leavers

Perth College	Developing employability More young people involved in FE Move into local labour market	As YMCA					
Careers Scotland	Developing employability More young people involved in FE Move into local labour market	AS YMCA					
Scottish Enterprise Tayside	Developing employability More young people involved in FE Move into local labour market	AS YMCA					
Parents	1. Employment for their young person  2. Reduced stress	1. Increased financial contribution to household  2. Increased positive parental activity	1. Contribution to household income - need to deduct from participant earnings increase 2. Value of hours of increased positive activity	1. Parent survey  2. Parent survey, social networks unit value	1. Shared with participant  2. Parent survey	1. Parent survey  2. Parent survey	1. Parent survey  2. Parent survey
Employers	Improved recruitment of young people	1a. Reduced recruitment costs  1b. More productive employee faster	1a. Decrease in advertising costs from previous year 1b. Increase in sales turnover	1a. Employer survey  1b. Employer survey	1a. Employer survey  1b. Employer survey	1a. Employer survey  1b. Employer survey	1a. Employer survey  1b. Employer survey
UK Government	Reduced benefit dependency and economic inactivity	Reduced welfare spending	Net reduction in benefits	DWP and project records/participants		Benefits off-flow for group	Survey of ex-leavers

<p>Scottish Executive (Communities Scotland, Project Scotland, Youth Justice)</p>	<p>1. Increased numbers of young people involved in volunteering  2. Improved community support services  3. Reduced offending and anti-social behaviour amongst young vulnerable people from areas of deprivation</p>	<p>1. As YMCA  2. Additional participants volunteering in YMCA  3. Reduced criminal complaints, referrals or proceedings brought against participants</p>	<p>2. Value of volunteer hours  3. Unit costs of reduced criminal behaviour as per 2005 study</p>	<p>2. Project records and YMCA staff salary rates  3. Participant survey</p>	<p>2. Shared with YMCA  3. Participant survey</p>	<p>2. National volunteering rates  3. National and local crime statistics</p>	<p>2. Survey of ex-leavers  3. National and local crime statistics</p>
<p>Perth and Kinross Community Planning Partnership</p>	<p>Developing safe, healthy and inclusive communities</p>	<p>As YMCA</p>					



## 6. Data Collection

### Primary Research

Perth YMCA provided the records of participants and their outcomes and the results of a review with young people. The staff also supported the participants to undertake an online employability survey.

The time allocated to produce the SROI analysis did not prove sufficient to undertake interviews with all stakeholders. Stakeholders not consulted were the police and the participants' families, although Perth YMCA has much anecdotal evidence about the impact of their programmes on families and in terms of police involvement which reduces as a result of their interventions with young people (see case studies).

### Secondary Research

#### 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. It is particularly useful for finding the deadweight figures for employment outcomes.

#### 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.

#### Scottish Executive/Scottish Government

Where possible, the study has used references and costs that are based on information from within Scotland. The evidence base used by the Scottish Executive and now the Scottish Government for the main policy areas relevant to this study have been used wherever possible.

#### Audit Scotland

Some of the costs and benchmarking information used in calculating impacts were taken from reports completed by Audit Scotland.

#### NHS Costs Book 2006 and 2007

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.



## Analysis

The achievements of Get Ready for Work during the period December 2006 to November 2007 show that the project meets and exceeds national benchmarking data on outcomes, with employment outcomes for participants on the Life Skills component exceeding national benchmarking by some considerable margin:

**Table 3 Outcomes from Perth YMCA**

Output target	Actual output	Remarks
12 places filled	39 young people on the programme	10 on Life Skills 9 on Vocational Skills 9 on Personal Skills 10 participants continuing beyond November 2007
	28 leavers	The basis for calculating national benchmarking of outcomes
	18 positive outcomes	No target set that includes other forms of progression
41.3% overall progression to employment, education or the Skillseekers programme as a percentage of leavers	7 gaining employment 6 into FE or training, representing 46% of programme leavers	National benchmark from 2005/06 evaluation <sup>22</sup>
15.2% progression for Life Skills participants as a percentage of leavers	5 gaining employment or training outcomes, representing 50% of leavers from Life Skills	National benchmark from 2005/06 evaluation <sup>23</sup>
Volunteers	5 into volunteering from GRfW 37 Project Scotland volunteers in total during the year	Only an output for Project Scotland, not GRfW Perth YMCA achieves the same level of positive outcomes as Project Scotland nationally, whereas nationally, volunteers also include young people in a gap year, or others who are not disadvantaged.

<sup>22</sup> Get Ready for Work Programme Evaluation, 2006, Smart Consultancy and Eddy Adams Consultancy for Scottish Enterprise, at [http://www.scottish-enterprise.com/publications/get\\_ready\\_for\\_work\\_evaluation\\_2006.pdf](http://www.scottish-enterprise.com/publications/get_ready_for_work_evaluation_2006.pdf)

<sup>23</sup> Get Ready for Work Programme Evaluation, 2006, Smart Consultancy and Eddy Adams Consultancy for Scottish Enterprise, at [http://www.scottish-enterprise.com/publications/get\\_ready\\_for\\_work\\_evaluation\\_2006.pdf](http://www.scottish-enterprise.com/publications/get_ready_for_work_evaluation_2006.pdf)

The outcomes, particularly the high achievements in respect of participants on the Life Skills programme, suggest that Perth YMCA's theory of change and model of working with young people is making a significant difference to the outcomes from GRfW.

**The SROI analysis suggests that for every £1 invested in Perth YMCA during the period, there was a social return on investment of £4.30.**

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

### **The areas of value creation explored**

Based on the stakeholder analysis and the impact map presented above, the 10 impacts investigated and financialised were;

**Table 4 Impacts that have been financialised**

1	Savings on unit costs of GRfW
2	Welfare benefits savings from GRfW and PS
3	Increased income of participants on GRfW and PS
4	Welfare benefits savings from employment outcomes
5	New tax income from employment
6	Increased income of those entering employment
7	Increases in employability for those not getting jobs
8	Value of volunteering
9	Avoided costs of being NEET
10	Employer's recruitment benefits

Each impact or set of impacts will now be discussed in detail, including the deadweight, drop off and benchmarking data used in financialisation, as these vary depending on the indicator or proxy used. The figure used for employment deadweight and drop off however were common to some of the indicators, and are explained here.

#### Deadweight

Deadweight is the proportion of outcomes that would have been achieved anyway, which in the case of GRfW, is the number of young people who would have achieved positive outcomes of employment anyway, without the programme's intervention. This information can be found in the NOMIS database, for flows off benefits for young people aged 19 and less, who have been unemployed for 6 months or more, which in Perth & Kinross is 8.35%.

#### Drop off

Drop off is used to measure the impacts that are not sustained. With many intangible or soft outcomes, there is little data to give a figure derived from evidence. In these cases, the actual drop off in the sample and in the project itself has been estimated.

There are many ways in which this could be calculated.

The picture is complicated by the fact that young people leaving GRfW will continue to use Perth YMCA's services, such as the drop in, and remain in contact with youth workers and other staff. Thus, even if they leave the programme early - what we might understand as the commonsense definition of drop off - they may still sustain some of the value created by engaging in GRfW, even though they are not on the programme.

9 participants left the project early for non-positive outcomes. As a percentage of the total number of leavers, this represents 32%, but drop off is more realistically calculated using the whole population of participants, as those yet to leave at the end of the period may sustain their outcomes when they leave. This suggests a drop off of 23%. If drop off is calculated however as the percentage of people who left the programme early with no known outcome, and with whom Perth YMCA has no contact, then the drop off is 5.5%.

It should be noted that 58% of leavers nationally from GRfW do not leave for positive outcomes.

The drop off figure for GRfW used in this analysis is 23%, but the impact of using the other figures has been explored in the sensitivity analysis.

The drop off for values created through the Project Scotland project were calculated separately. 4 out of 37 participants dropped out of the project, giving a drop off rate of 11%.

### Attribution

Attribution is where other agencies help create the value calculated in the SROI analysis.

Perth YMCA does work in partnership with other voluntary sector organisations in terms of the project activities, but it is their organisation and funding of these activities that creates the value, which would not have otherwise occurred.

Some of the young people and their families receive social work support, support from transition agencies such as Careers Scotland, and intervention from police bodies, and may be accessing other services in the community.

Without evidence of the impact of these other agencies in the participant's lives, it is difficult to get an estimate of attribution. From the researcher's perspective, from sharing information about participants and their case studies, and from understanding their way of working with young people, the impression is that the value created belongs to Perth YMCA and there is little attribution elsewhere.

This assumption is explored further in the sensitivity analysis.

## Displacement

Displacement is where positive outcomes for stakeholders are gained at the expense of negative outcomes for others. In this situation, the only negative outcome that could be identified was the competition with Jobcentre Plus or other GRfW providers, to place young people with employers. Since these bodies have aims and objectives to support young disadvantaged people to move off benefits, the work of Perth YMCA should not be seen as a negative outcome for them.

Displacement may occur with other GRfW providers. Perth College, as the main sub-contractor in the area for the GRfW contract does not wish to award its contract elsewhere, nor does it wish to provide the service itself.

### 1. Savings on alternative provision of GRfW

The national evaluation of GRfW included data on the average costs of the programme:

*'Costs per outcome are consequently calculated net of trainee costs to enable a fairer comparison with other related SEN interventions. On this basis, in 2005/6 cost per positive outcome on the mainstream strands of GRFW was £3,483, and for Lifeskills £22,911. When progressions to other GRFW strands are included this latter figure falls to £9,829.'*<sup>24</sup>

Costs per positive outcome from Perth YMCA's GRfW programmes were found to be

**Table 5 Cost per positive outcome for Perth YMCA**

Cost per positive outcome for mainstream GRfW	£2,104
Cost per positive outcome for Life Skills	£9,036

Thus Perth YMCA is highly cost effective compared to the national costs for GRfW, especially in terms of their Life Skills programme, which costs significantly less to achieve the same outcome. Thus, there is a value to stakeholders in terms of the cost per place provided by Perth YMCA:

**Table 6 Cost effectiveness savings**

Value saved	
Mainstream GRfW	£17,929
Life Skills	£69,375
Total saved	£79,054
Deadweight	0
Drop off	0
Net value	£87,304

<sup>24</sup> Get Ready for Work Programme Evaluation, 2006, Smart Consultancy and Eddy Adams Consultancy for Scottish Enterprise, at [http://www.scottish-enterprise.com/publications/get\\_ready\\_for\\_work\\_evaluation\\_2006.pdf](http://www.scottish-enterprise.com/publications/get_ready_for_work_evaluation_2006.pdf)

Deadweight is 0, since the value calculated is the difference between national benchmarks and unit costs for Perth YMCA. Drop off would only be relevant if Perth YMCA lost its contract.

## 2. Welfare benefits savings from GRfW and Project Scotland

Participants on GRfW, and Project Scotland volunteers, receive an allowance of £55 per week, which is higher than their income on benefits.

Perth YMCA however report that the majority of participants are not claiming benefits, presumably as they are still living at home. It has been assumed that 60% are not claiming benefits when they start with Perth YMCA, and this is considered a conservative figure.<sup>25</sup> Benefit rates for this age group were £35.65 per week. For the purposes of this analysis, Housing Benefit, Child Benefit and Working Tax Credit have all been ignored.

This results in savings to the state on welfare spend, as well as an increase in personal income for participants (explored in 5 below):

**Table 7 Welfare savings**

Value	£41,390
Deadweight	£3,456
Drop off	£24,834
Net value	£13,100

Deadweight is the 8.35% calculated from NOMIS data, and the drop off is the 23% project rate described above.

## 3. Increased income of participants on GRfW and Project Scotland

In addition to fiscal savings, participants have slightly more disposable income than while on benefits. The difference between benefits and allowances per week is £19.35. In total, Perth YMCA recorded 1,161 participant weeks during the period under study, resulting in increased income of:

**Table 8 Increased income of participants on programmes**

Increased income on GRfW/PS for 40% on benefits	£8,986
Increased income on GRfW/PS for 60% not on benefits	£24,834
Value	£33,820
Deadweight	£2,824
Drop off	£7,779
Net value	£23,217

Deadweight and drop off are 8.35% and 23% as above.

<sup>25</sup> The figure resulting from national research was 62% claiming benefits. Reported in the Employability Framework for Scotland NEET Workstream Report

#### 4. Welfare benefits savings from employment outcomes

From the group of GRfW participants 7 gained jobs.<sup>26</sup>

Perth YMCA do not keep detailed records of job outcomes for Project Scotland volunteers, however in a recent sample of volunteers, it was found that 30% of volunteers had gained jobs and 15% went on to FE, making an overall rate of positive outcomes of 45%. The national rate for Project Scotland is 46.7%.<sup>27</sup>

Assuming these outcomes rates hold across all Project Scotland volunteers, this suggests that 11 individuals on the Project Scotland programme have entered employment, making 18 employment outcomes in total.

If it is assumed (very conservatively) that all jobs gained are at the National Minimum Wage level for this age group, £4.60 per hour, and that jobs are for 30 hours, the value of employment outcomes in terms of reduced welfare spend is:

**Table 9 Welfare savings from employment outcomes**

Value	£33,368
Deadweight	£2,786
Drop off	£2,669
Net value	£27,913

Deadweight is 8.35% as above, but 8% for drop off, which is a weighted average between 0 for GRfW participants (as all were known to have sustained jobs) and 11% drop off for Project Scotland participants.

#### 5. New tax income from employment

Assuming the above wages for employment, and using NIC and tax tables for calculation of tax income when people get a job, the new income to the state is calculated as:

**Table 10 Increased tax income from employment**

Value	£17,384
deadweight	£1,452
Drop off	£1,391
Net value	£14,542

Deadweight is 8.35% as above, but 8% for drop off as above.

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<sup>26</sup> Perth YMCA, in order to get outcome funding, have to provide certificated evidence from employers of job outcomes, and their sustainability

<sup>27</sup> Roger Tyms et al, 2007, Project Scotland Economic Impact Assessment

## 6. Increased income of those entering employment

Assuming the above calculations which give pay net of tax and NIC, and deducting previous income on benefits for those assumed to be claiming benefits, the additional personal income of participants who get a job is:

**Table 11 Increased income of those entering employment**

Value	£103,599
Deadweight	£8,651
Drop off	£8,288
Net value	£86,661

Deadweight is 8.35% as above, but 8% for drop off as above.

## 7. Increases in employability for those not getting jobs

For those participants who do not enter employment, there may be improvements in employability, and distance is travelled towards the labour market even though a job outcome is not achieved.

Organisations in the SROI pilot have used different methods to measure the increases in employability.

In the case of the Wise Group, it uses its own Employability Index, based on a questionnaire which was developed through a project with the University of Strathclyde, and which the Wise Group started using in 2005. In the case of the Impact Arts Fab Pad project, the questionnaire used asked participants to report the number of barriers that they thought they had that would prevent them getting a job. There were 23 barriers that participants could judge themselves against.

In the SROI pilot, a new questionnaire was developed, based on an approach similar to the Wise Group, which was also referenced to the literature on definitions of employability.

The questionnaire asks questions designed to assess personal assets and skills in the following areas:

- Educational attainment
- Communication skills
- Problem solving skills
- Employment goals
- Barriers to work
- Emotional and attitudinal attitudes to work.



A Likert scale of 0-10 was used for each question, and there were 50 of them to answer. The participants completed the survey online at Survey Monkey.<sup>28</sup>

The survey was completed by participants at two points in time, four months apart. Questionnaire responses were analysed, and showed a 30% increase in employability scores between the two points in time and an increase in scores of 94 out of 500.

Placing a value on this improvement has used the concept of 'willingness to pay', but this time, the willingness of government to fund the achievement of a transition from economic inactivity to a job. The hypothesis is that the whole of this journey has a value, and that steps along this journey will therefore have a value in proportion to the total value of the journey.

Thus if it was accepted that the participant's journey towards employment has 500 steps in it represented by the scores from the questionnaire, and that only by eradicating all barriers can people move into employment, then an increase in the score of one point is worth 1/500 of the entire journey.

This is a crude measure, and is only a proxy, but it at least is a starting point for valuing employability development. This method may in fact underestimate the value of employability development. People will not have to score the maximum and remove all possible barriers before they are employable and can find a job.

A number of costs for the whole journey can be found. A survey was made of published unit costs of job outcomes from different studies, which were updated in accordance with the Retail Price Index since publication, and then averaged. Some studies quoted a cost per place, some a cost per job. Where a cost per place was quoted, this has been converted into a cost per job achieved, using the percentage of job outcomes generated by the project or programme.

It was decided not to include the figure from the Intermediate Labour Market study in the calculation as it was significantly higher than the other unit costs. This gave a current figure representing the 'value' of the employability journey as £7,900:

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<sup>28</sup> A blank survey can be accessed at [http://www.surveymonkey.com/s.aspx?sm=zUZY2\\_2bnzSXg5ifUJBNwPeA\\_3d\\_3d](http://www.surveymonkey.com/s.aspx?sm=zUZY2_2bnzSXg5ifUJBNwPeA_3d_3d)

**Table 12 Unit costs per job outcome achieved updated to current figures**

Year of publication	LGA <sup>29</sup>	ILM <sup>30</sup>	LSE <sup>31</sup>	NAO <sup>32</sup>	Deal Me In <sup>33</sup>	TfW <sup>34</sup>	ND Task Force <sup>35</sup>
1997			6000				
1998	6000		6340				
1999	6150		6490				
2000	6450	13860	6790				
2001	6630	14040	6970		7285	5775	6250
2002	6800	14210	7140	6500	7455	5945	6420
2003	7090	14500	7430	6790	7745	6235	6710
2004	7390	14800	7730	7090	8045	6535	7010
2005	7670	15080	8010	7370	8325	6815	7290
2006	7990	15400	8330	7690	8645	7135	7610

When the results of the Perth YMCA participants' questionnaire replies were analysed, the estimated value of employability development of participants who do not exit for a job is:

**Table 13 Improved employability**

Value	£102,635
Deadweight	£8,570
Drop off	£23,606
Net value	£70,459

## 8. Value of volunteering

Project Scotland volunteers within Perth YMCA are involved with a number of activities, including youth work and community services, and their activities create an economic value. Volunteering has been assessed for its economic impact in a number of studies.<sup>36</sup>

<sup>29</sup> Local Government Association,

<http://www.lga.gov.uk/Briefing.asp?Section=0&id=SXAF28-A77F7916>

<sup>30</sup> Marshall B and Macfarlane R, 2000, The Intermediate Labour Market, JRF, at

<http://www.jrf.org.uk/knowledge/findings/socialpolicy/970.asp>

<sup>31</sup> Gardiner K, 1997, Bridges from Benefit to Work, London School of Economics for the Joseph Rowntree Foundation, at

<http://www.jrf.org.uk/knowledge/findings/socialpolicy/sp130.asp#top>

<sup>32</sup> The New Deal for Young People, 2002, National Audit Office,

[http://www.nao.org.uk/publications/nao\\_reports/01-02/0102639.pdf](http://www.nao.org.uk/publications/nao_reports/01-02/0102639.pdf)

<sup>33</sup> Mackaskill S, 2001, 'Deal Me In Evaluation' at

[http://download.edinburgh.gov.uk/Deal\\_Me\\_In/05\\_DMI\\_Section4.pdf](http://download.edinburgh.gov.uk/Deal_Me_In/05_DMI_Section4.pdf)

<sup>34</sup> Reported in Macaskill op cit

<sup>35</sup> Reported in Macaskill op cit

<sup>36</sup> Eg Volunteer England, at

<http://www.volunteering.org.uk/WhatWeDo/Projects+and+initiatives/Employer+Supported+Volunteering/Brokers/A+toolkit+for+Volunteer+Centres/ESV+value.htm> and the Tymes report quoted above for Project Scotland at <http://www.projectscotland.co.uk/Documents/PDFs/ProjectScotland%20Economic%20Impact%20Study.pdf>

The guidance from volunteer agencies is to use a proxy of £12.66 per hour, based on the Annual Survey of Hours and Earnings. If this is applied to the number of volunteering hours recorded by Perth YMCA,<sup>37</sup> the value of volunteering is calculated as:

**Table 14 The value of volunteering**

Value	£297,763
Deadweight	£14,888
Drop off	£32,754
Net value	£250,121

Deadweight is assumed to be 5%, which is purely an estimate. Young excluded people do not have a high level of volunteering, and from discussing this with Perth YMCA, they feel very few of the volunteers would have otherwise volunteered. Drop off is the 11% rate calculated above for Project Scotland.

## 9. Avoided costs of becoming NEET

In the context section, it is clear that the consequences of NEET status go far beyond economic inactivity. They increase the risk of substance abuse, mental health problems, reduced educational attainment, restrict future earnings potential and can be associated with involvement in crime. These outcomes have implications for public finance, in providing remedial services, and for resources, in terms of lost productivity and contribution arising from being NEET.<sup>38</sup>

The 2002 study by Godfrey et al estimated resources costs per NEET person at £5,300 and public finance costs at £5,500. They included health and social factors, as well as the cost of economic inactivity and lost opportunity costs.

The provision of GRfW in itself helps avoid NEET status, as young people are taken off benefits and are involved in a process that would lead to some factors being addressed. Perth YMCA however aims to proactively intervene, and prevent young people becoming NEET a second time.

Perth YMCA collect some information about outcomes such as reduced drug taking, improved mental and physical well-being, and reduced involvement in crime amongst their participant group. They do not however collect detailed monitoring information that would evidence the nature and extent of these outcomes, in common with most of the organisations studied in this Equal SROI pilot. If such a collection system were put in place, then a more accurate value could be placed on these outcomes from Perth YMCA.

<sup>37</sup> All Project Scotland volunteers undertake a minimum of 30 hours per week volunteering

<sup>38</sup> Godfrey C, Hutton S, Bradshaw J, Coles B, Craig G and Johnson J, 2002, 'Estimating the cost of being 'Not in Education, Employment and Training' at age 16-18, Social Policy Research Unit, University of York

The value of avoiding becoming NEET however can be calculated using the above study findings, less the benefits cost calculated here. The avoided cost for every person not becoming NEET can be estimated as £10,719: <sup>39</sup>

**Table 15 Avoided costs of being NEET**

Value	£733,152
Deadweight	£73,315
Drop off	£168,625
Net value	£491,212

Deadweight is 10%, the national rate for young people who leave school to become NEET. <sup>40</sup> Drop off is the 23% project drop off rate.

## 10. Outcomes for employers

Perth YMCA had intended to undertake a survey of the benefits experienced by local employers as a result of their work with them. The organisation tries to place people with employers where possible for work trials and is developing a new model based on pilot projects elsewhere in Scotland, which strengthen ties with local employers. <sup>41</sup>

The proxy that could be identified was savings for employers in recruitment costs. Based on the numbers of GRfW participants who had got jobs, and local advertising costs provided by Perth YMCA, the savings to employers are estimated as:

**Table 16 Employers recruitment benefits**

Value	£954
Deadweight	£0
Drop off	£0
Net value	£954

Deadweight is not appropriate in this situation, and drop off is known to be 0 for GRfW participants.

<sup>39</sup> The benefit cost of £1,854 pa has been deducted from the public finance costs, and both this and the resource costs had been uprated to 2006 using the RPI

<sup>40</sup> '19 in 2005 Scotland's Young People Findings from the Scottish School Leavers Survey', 2005, Scottish Executive

<sup>41</sup> Such as the TOIL Project organised through Port of Leith Housing Association

<http://www.polha.co.uk/community/toil.html>

## Results

The figures above are used to estimate the social added value created by Perth YMCA through the Get Ready for Work and Project Scotland programmes for young people, and to evaluate the level of return this represents in relation to investment in the service.

The SROI analysis predicts the end value created by the investment in 2006 and calculates the returns over, in this case, 3 years. In the USA, SROI returns are calculated to infinity, which seems unreasonable. In Europe, SROI has generally been calculated over 5 years. In the Equal pilot, in order not to overclaim value, and to offer conservative estimates of social added value, the research team decided to calculate value over 3 years.

Values for the 12 months are discounted to Net Present Values, as would be the case when calculating the financial return on investment in a commercial setting.

The agreed convention for SROI is to use a discount rate of 3.5%, which is the HM Treasury social time preference discount rate. 'Social time preference' is the value society attaches to present as opposed to future consumption.

The real value of the impact created by Perth YMCA will be less in future years, and current values are therefore discounted to allow for risk factors, and for the fact that investment in Perth YMCA does not allow for investment elsewhere and the investor may therefore forgo interest on their capital by investing.

The resulting SROI ratio represents the rate of return in respect of any investment during that three year period.

The summary of assumptions made for deadweight and drop off are:

**Table 17 Summary of deadweight and drop off assumptions**

Item	Deadweight	Drop off
Savings on unit costs of GRfW	0	0
Welfare benefits savings from GRfW and PS	8.35%	23%
Increased income of participants on GRfW and PS	8.35%	23%
Welfare benefits savings from employment outcomes	8.35%	8%
New tax income from employment	8.35%	8%
Increased income of those entering employment	8.35%	8%
Increases in employability for those not getting jobs	8.35%	23%
Value of volunteering	5%	11%
Avoided costs of being NEET	10%	23%
Employer's recruitment benefits	0	0

The summary of the values calculated or estimated for Perth YMCA is: <sup>42</sup>

**Table 18 Summary of values for 2006/07**

Item	Value
Savings on unit costs of GRfW	£87,304
Welfare benefits savings from GRfW and PS	£13,100
Increased income of participants on GRfW and PS	£27,913
Welfare benefits savings from employment outcomes	£14,542
New tax income from employment	£23,217
Increased income of those entering employment	£86,661
Increases in employability for those not getting jobs	£70,459
Value of volunteering	£250,121
Avoided costs of being NEET	£491,212
Employer's recruitment benefits	£954
<b>Total</b>	<b>£1,065,482</b>

The values have then been discounted over three years, using a calculator of NPV's.

**Table 19 Summary of projected values and Net Present Values over three years**

	Year 1 2006/07	Year 2 2007/08	Year 3 2008/09	Three year end value
Total net value	£1,065,482	£1,065,482	£1,065,482	£3,196,446
NPV's of value	£1,029,451	£994,639	£961,004	£2,985,093

The social value created per participant has been:

**Table 20 Added Value per individual client**

Savings on unit costs of GRfW	£1,149
Welfare benefits savings from GRfW and PS	£172
Increased income of participants on GRfW and PS	£367
Welfare benefits savings from employment outcomes	£191
New tax income from employment	£305
Increased income of those entering employment	£1,140
Increases in employability for those not getting jobs	£927
Value of volunteering	£3,291
Avoided costs of being NEET	£6,463
Employer's recruitment benefits	£13
<b>Total</b>	<b>£14,019</b>

The investment in Perth YMCA for 2006/07 was composed of a number of items:

- Participant allowances (£55 per week per participant)
- Travel expenses (from project records)
- Project fees to Perth YMCA (£50 and £100 per participant per week for GRfW and Project Scotland respectively)
- Direct grant to cover Life Skills staff member (£28,000 from management accounts)

<sup>42</sup> NB there will be small rounding errors in the total figures quoted

- Investment by Perth YMCA in unmet costs (£6,615 from management accounts).

**Table 21 Summary of investment in Perth YMCA**

	Year 1 2006/07	Year 2 2007/08	Year 3 2008/09	Year 3 end value
Total investment	£199,335	£199,335	£199,335	£598,005
GRfW	£72,530			
Project Scotland	£126,805			
NPV's of investment	£192,595	£186,082	£179,789	£558,465

The social added value of the project in 2006/07 - the value created less the cost of creating that value - is £866,147.

The SROI index is calculated by dividing the added value by the value of the investment.

This provides a ratio of 1 :4.35. That is to say, for every £1 invested in Perth YMCA's GRfW and Project Scotland programmes, £4.35 is returned in social value, to stakeholders and wider society.

## Sensitivity analysis

The purpose of a sensitivity analysis is to vary the assumptions which have the most power to affect the results, and see what happens to the SROI index.

In the analysis, the main (or material) factors identified were:

1. Changing the drop off figure of 23% to 32% and 5.5%
2. Attribution
3. Reducing the assumption of Project Scotland employment outcomes from 30% to 20%.

### 1. Drop off

If the drop off figure is changed to that percentage of those with non-positive outcomes as a proportion of leavers, i.e. 32%, the SROI index reduces to 1:3.86, which is not a major difference.

If the drop off is changed to 5.5%, then the index changes to 1:5.28, which is a significant change.

### 2. Attribution

Attribution to Perth YMCA would have to reduce to 38% only before the SROI index fell below 1:1. This scenario is considered unrealistic.

At a level of 15% attribution of value elsewhere, the SROI index reduces to 1:3.54.

### 3. Employment outcomes

If rather than 30% of volunteers getting into jobs, a rate of 20% (which is less than half the national rate for Project Scotland was used) then the SROI reduces to 1:4.12.

Thus although changing the assumptions will reduce the SROI index, reductions would have to be unrealistically high before the SROI index is significantly reduced. In none of the alternative scenarios would it drop below 1:1, which is the threshold for a positive return.





## Conclusions and recommendations

Any SROI index of 1:1 is considered positive.<sup>43</sup>

The analysis suggests that Perth YMCA is meeting the aims, objectives and outcomes expected of it by its stakeholders, and by working intensively with disadvantaged young people it is creating a range of outcomes over and above those being invested in.

It is supporting young people who are NEET or at risk of becoming NEET to engage in programmes which lead to employment, further education and training and volunteering.

The theory of change being adopted by Perth YMCA seems to work. It is outperforming Get Ready for Work nationally both on outcomes delivered and value for money.

Recommendations to Perth YMCA for future work arising from this study include:

- Follow up the Project Scotland leavers for six months or more after the end of their involvement to determine the level of employment outcomes
- Capture more in-depth information on participants' barriers and issues when they join, to demonstrate the distance to be travelled towards the labour market by each individual
- More mapping of the role other support agencies play in creating participant outcomes
- Demonstrate the hard to reach nature of the young people and collect more in-depth information on the softer outcomes being experienced by participants which will be creating value for other stakeholders, such as health and social work services.

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<sup>43</sup> D. Aeron-Thomas, 2004, 'Social Return On Investment – valuing what matters', NEF

## **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 or members of the aforementioned organisations is liable for any use that may be made of the information here or 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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# Appendix 1

## Perth and District YMCA Young Peoples Review

The following are the points given by the young people in a review of their experience of the service at YMCA.

### 1. What were your first impressions of YMCA

Easy to get to know people  
Very welcoming  
Well structured  
Hectic  
Thrown in at the deep end  
Unsure what to do  
Hard to mix people  
Treated like adults

### 2. What were the best / most beneficial sessions

Shown how to act and what to say  
Slavery project good  
Work on Racism  
John Muir Awards good  
Problem Solving stuff good  
Healthy Lifestyle good - keeping active/fit - good for bonding  
Radio project helped with confidence  
Street sport for all project developed responsibility and confidence  
Music good  
Different perspectives, influence, cultures, lifestyle discussion good fun  
Team activities  
Personal skills and confidence helped.  
Acoustic Café - gave chance for first hand experience of youth work and led some young people to pursue SVQ2 in youth work.

### 3. Which things were less positive

Unprepared sessions not good  
Some not relevant - not everyone enjoyed the healthy living sessions  
Friday sessions repetitive and not always well planned  
If a participant arrived late staff should all deal with situation the same

### 4. What could YMCA do better

Better organised sessions  
Lack of communication  
Heating  
Pool tables  
Acoustic Café should be weekly  
Preparation for sessions imp - participants beginning to lead sessions realised how much preparation was needed for a session  
Participants want a contract that they all sign defining acceptable behaviour.  
People should stick to their word  
Maintain IT equipment

### 5. What would you like to see more of

Outings - park / team building  
Attitude imp - racism

More activities  
Discipline for participants who shirk their responsibilities  
Opportunities to work on employability skills  
More Street Sports for All  
Communication skill building  
More SVQ opportunities  
No black and white sessions/movies  
Good staff / funny

7. Main things you are learning.

Confidence  
Communication  
Residential  
Team building  
Be honest  
All together as one  
Associations  
No stereotype groups  
New opportunities given