



Improving Services for Young People

An economic perspective

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Foreword



Last year Catch22 launched its *Ready or Not* campaign and called for the formal recognition of young adulthood as a life stage. Within this call was the need for central and local government to respond better, within existing resource provision, in delivering services and support to those young people in greatest need as they make the transition to adulthood.

To inform the campaign, we commissioned **nef** (the new economics foundation) to measure the value of greater coherence and responsiveness in young people's services would contribute to better outcomes for these young people and the state.

The results are clear; giving young people the support they need improves their life chances and reduces the impacts that lead to multiple disadvantage in adulthood. It also has enormous financial benefits for the state.

We launched *Ready or Not* because everyday we see how difficult it is for the young people we work with to get all their needs met in a coordinated way. If a young person is homeless it is more than likely that they will need help with other things whether substance misuse, improving their education and skills or addressing their mental health needs. Problems cannot be dealt with in isolation. Catch22 works with thousands of young people every year trying to ensure that their multiple needs are addressed. But it is not easy and we need to see improvements through systemic and structural change.

We believe now is the time for decisive action to overhaul our approach to young people's transition to adulthood. We need to acknowledge that young people who lack a community network of support need a much better deal.

We want to see better coordination and organisation of existing services for young people both locally and by national government. By making the changes we are calling for not only will young people and the communities in which they live gain, but through the savings made by this new approach the economy will benefit too.

Joyce Moseley
Chief Executive, Catch22

Catch22 is a local charity with national reach. We work with young people in seemingly impossible situations. We believe that nothing is impossible and help young people to find a way out of difficult situations and a way up. Find out more about us at catch-22.org.uk

Executive summary

The period between the ages of 16 and 25 is typically one of self-exploration, experimentation and personal growth. Most young people emerge ready and equipped for adulthood. However, for a minority, this period can be turbulent – hindering rather than aiding their transition to adulthood.

Currently, public services do not deal effectively with this life stage. At the ages of 16, 17 and 18 many of the better targeted and coordinated services for children fall away, often leaving young people who lack support from their families both vulnerable and struggling. An estimated 200,000 young people find themselves locked into destructive cycles, with long-term consequences for their economic, physical and emotional wellbeing and substantial costs for the state as a result of their ill-health and their dependence on welfare.

In light of this, Catch22 launched the *Ready or Not* campaign in 2010, calling for a radical overhaul in our approach to young adulthood, through formally recognising this transition period as a life stage and making services more coherent and accessible for the 16–25 age group.

To identify and measure potential outcomes from a new and more coherent approach, Catch22 commissioned **nef** (the new economics foundation) to produce a costing study using the Social Return on Investment (SROI) cost-benefit tool.

SROI allows researchers to place monetary values on outcomes that are less tangible, such as increased confidence, while still including more conventional cost savings to the state, such as reduced spending on social benefits. Capturing a broader range of value produces a truer picture of the wider costs and benefits of adopting new policies.

In accordance with key principles of SROI, this study relied heavily on information from interviews with stakeholders from the following groups:

- young people with complex needs and experience of accessing public services
- practitioners working with young people
- key policy and government representatives.

The information from interviews helps identify what sorts of changes would bring about positive change for young people themselves, and the economic and social outcomes that would result from those changes.

nef calculated monetary values for the suggested inputs and outcomes for the three key stakeholder groups whom interviewees felt had the most to gain from an overhaul in services for 16–25 year olds:

- young people with complex needs
- young parents with complex needs
- the state.

Findings

There are three groups of findings.

1. The costs of doing nothing

The current cost of the poor outcomes for young people is high. Recent estimates suggest that youth unemployment costs the exchequer £8.1 billion a year; the cost of crime is an additional £1 billion each year. These are not just costs that have to be met today. Lost economic productivity and increasing reliance on the welfare state mean that there will also be costs into the future.

Failure to address the issues affecting vulnerable young people produces a classic 'false economy' – save money now, but pay much more later.

2. What needs to change

In our interviews, young people and practitioners consistently told us that the key to achieving better outcomes for young people was more personalised support. Young people spoke of needing someone they could go to for advice and emotional support, not unlike the role a parent might play. Practitioners emphasised that with such support young people can turn around their lives in significant ways. Previous research on the subject supports these points.

Lack of coherence between different services has also resulted in delays to treatment, frustration among young people and overlap in services. The current context of public spending cuts makes tackling such inefficiencies even more important – it is timely to redesign services both to better meet demand and to cut out waste.

3. The value of change

By giving young people with complex needs the support they need, it would be possible to improve their life chances, i.e. reduce their negative outcomes. If by supporting them, the amount that these young people cost society was no more than the cost of an 'average' 16-25 year old, then the potential value generated for the young people themselves, for young parents and their children, and for the state, would be £3.2 billion. Of this:

- for young people themselves, the value is estimated to be £1.3 billion, experienced through reductions in their drug misuse, increased employment and overall independence
- for young parents and their children, additional value is forecast to be £490 million, as a result of being better able to look after their child
- we forecast the potential value for the state at £1.4 billion over five years (the appraisal period). Value for the state comes from gains such as less money spent on putting young people in prison as offending rates are reduced, more young people having jobs and being in training, and fewer young people making demands on emergency services and mental health services. An additional gain comes from having more stable young parents and therefore fewer of their children going into care.

On top of reduced costs through better outcomes among young people with complex needs, the state makes a saving of £730 million over the five-year period from reduced duplication in services. According to our model, this money is then reinvested for more one-to-one support to ensure an improvement in the lives of young people with complex needs.

Total return on investment

In total, with the value of inputs (i.e. time) estimated at £140 million per year for increased one-to-one support plus reinvestment of the cost savings from better coordination, **this is a return on investment of £5.65 for every £1 invested.**

Recommendations and conclusions

This research points forcefully towards recommending a shift to more personalised and coordinated services for young people aged 16–25 years.

Savings made by reducing duplication in services should be reinvested into more one-to-one support. This would begin a virtuous cycle producing better futures for young people and reduced costs to the state in the medium to long term. The risk of not addressing this issue is that it can lead to a culture of dependency and greater cost to the state as these young people become adults.

We also recommend that a review on the potential extension of current provisions for children to young people is conducted.

The combination of high potential returns on investment, scope for improving the lives and wellbeing of young people, and the need to reduce costs and improve efficiency across local authority spending make reform of public services for young people rational, desirable and achievable.

1: Introduction

The Government's austerity drive marks a new era for providing public services. Local authorities are being forced to go back to the drawing board and make tough decisions on where to make cuts and which vulnerable groups to prioritise. Although the challenge for many is to maintain services while cutting costs, there is still a need to improve services for particular groups.

This report focuses on young people aged between 16–25 years old who historically have fallen into the gap between services provided for children and those provided to adults. These 16–25-year-olds are a group with distinct characteristics and needs. The lack of appropriate services makes things worse not only for individual young people but also for the community as a whole and results in considerable costs to the state.

In January 2010 Catch22 launched its *Ready or Not*¹ campaign which called for the formal recognition of young adulthood as a life stage, and for central and local government to respond better within existing resource provision to deliver services and support to young people making the transition to adulthood.

To inform this campaign, Catch22 commissioned **nef** to measure and value how greater coherence and responsiveness in young people's services would contribute to potentially better outcomes for young people and society.

Greater 'coherence' in services requires better coordination and more discussion between organisations and practitioners, as well as budgets that are pooled. The current economic context also requires practical ways to bring together back-office operations in order to avoid duplication and save costs. This report estimates the potential savings from such an approach. It also estimates what other inputs would be needed to significantly change the life outcomes of those young people most in need.

nef's research was carried out according to key principles of Social Return on Investment (SROI) methodology; this requires the research to be based on information gathered primarily through interviews with stakeholders, backed up by a review of existing research. The method ensures that those with direct experience play a central part both in determining the expected material economic and social outcomes from the proposed change to services, and in measuring and valuing them. Details of SROI can be found in Appendix D.

The report is organised as follows:

- Section 1 describes the report methodology, in particular the six stages of conducting an SROI analysis.
- Section 2 sets out information about the journey to adulthood, drawing on what young people said in our interviews.
- Section 3 summarises current policies, highlighting the challenges facing local authorities in delivering services as well as potential opportunities.
- Section 4 discusses **nef's** research findings on how better outcomes can be achieved for young people aged 16–25. It describes the 'theory of change' that underpins the measurement and valuation of outcomes in SROI analysis.

The theory of change maps not just *what* will change as a result of reforming services, but also *how* and *why* change can be expected to happen.

- Section 5 sets out how each outcome was valued, giving an overall figure for the value to young people and society of more joined-up services, and the projected return on investment from rethinking services in a way that responds better to young people's needs.

The report concludes with comments on how this study's results could support the *Ready or Not* campaign and recommends next steps.

1: Methodology

We have based our analysis on Social Return on Investment (SROI) methodology. SROI is a method for measuring and reporting on the social, environmental and economic value created by an activity or intervention. SROI builds on and also challenges traditional financial and economic tools such as cost–benefit analysis.

The foundations of SROI require researchers to find out what matters to stakeholders and to measure those factors. Such factors are often things for which no market values exist, for example, an improvement in quality of life. Because outcomes such as this can be difficult to value in a way that can be measured, more traditional analyses have tended to exclude them, preventing a fully rounded understanding of value being created or lost for society.²

SROI is a particularly useful tool for considering the benefits of more support for young people, because outcomes, such as increased confidence, are incredibly valuable to an individual young person, but can be hard to put an actual price on. We hope that by applying the SROI methodology to value a new approach to services for young people, we can arrive at a truer picture of both the costs and benefits.

The process of SROI analysis involves six stages:

- 1 Establishing scope: setting the boundaries of the research and identifying key stakeholders
- 2 Mapping outcomes: creating a theory of change
- 3 Valuing outcomes: looking for data that might help in measuring outcomes and giving the outcomes a value
- 4 Attributing impact: measuring the impact of the desired changes
- 5 Calculating the SROI
- 6 Reporting back to the stakeholders

Establishing scope

It is important to have clear boundaries for the research, deciding what it will cover, who will be involved in the process and how. In mapping out key areas of concern, **nef** focused on three questions.

- What needs to change to ensure better outcomes for young people?
- What specific outcomes will this change result in and for whom?
- What are the costs of this change and what is the value of better outcomes for key stakeholders (that is, not only the young people)?

Throughout the study these questions were the focus of both the interviews with stakeholders and the SROI analysis.

First stakeholder group: young people

The first group of stakeholders that we identified were young people with complex needs in the 16-25 age group. They included young people who are among the most vulnerable, such as young people who:

- have left local authority care
- have offended or are at risk of offending
- use drugs regularly
- are homeless

See a fuller list in Section 3. Many of these young people have a combination of needs, for example, a large proportion of those leaving care also have mental health problems.³ Most of these young people do not have a reliable adult in their lives, and require intensive support. It is difficult to be certain how many such young people there are, but a common estimate is 200,000 young people across the UK.⁴

We interviewed nine young people with complex needs from around England. While this is clearly not statistically significant, the firsthand experiences of this group of participants meant that their knowledge of the services available as well as current failures in the system provided important insights.

Second stakeholder group: the state

The second key stakeholder is the state. The state is defined here as both local and central government. It is fundamental to include both in this analysis in order to highlight how government budgets would be affected by changes in public services for 16–25-year-olds. The current climate of cuts has made this even more important, because of the need to find immediate potential savings as well as longer-term savings.

Researchers spoke to five representatives who could reflect on government costs and provisions; including one representative from central government and two from the voluntary and community sector with an expertise in services for young people. Researchers also interviewed a representative from a children's trust and a Total Place⁵ pilot area. Their experiences and the information they gave us was invaluable in building the model for our forecast.

Third stakeholder group: young people with children

At the outset, **nef** assumed that there were two stakeholder groups – the state and young people themselves. It became apparent, however, that because many young people among this group are already parents, there are notable inter-generational effects. Only two of the young people we interviewed were mothers, but other stakeholders highlighted the particular needs of this subset of young people.

We also found a lot of research evidence about the impact on infants whose parents themselves have complex needs. We therefore identified young people with children as a third key stakeholder group.

Mapping outcomes

Through interviewing stakeholders we were able to develop an impact map, or theory of change. This shows the relationship between inputs, outputs and outcomes. We consider this in the next section, and detail it in Appendix A.

Valuing outcomes

We looked for data about specific outcomes and then gave them a value.

For example, one consequence of a person feeling less depressed could be that they feel more energetic and keen to be active. It is possible to look for evidence of a person's willingness to participate in leisure activities. In SROI researchers would focus on average spending on going out with friends as an approximate measure of the value that a young person might experience as a result of reduced depression and better mental health.

Section 6 explains the specific financial values given to key outcomes and why. Appendix B provides further details of these values and where they were sourced from.

Attributing impact

Having collected evidence on outcomes and put a financial value on them, the next step is to eliminate from consideration those aspects of change that would have happened anyway or are a result of other factors. For example, reduced offending is the result not only of receiving more personalised support, but also to the young person getting a job, and so on.

This stage also involves accounting for drop-off over a five-year period. For example, in the first year, getting a young person into a job could be very much to do with them receiving a lot of personal support. But if that young person manages to stay in work into the following year and the years following that, this is probably less and less to do with that original support. The importance of the original intervention becomes gradually less significant as other factors, such as the individual's commitment, come into play.

Calculating the SROI

This stage involves adding up all the benefits, subtracting any negatives and estimating the 'social return on investment'. This is also where the sensitivity of the results can be tested. For example, it may be that some outcomes entail greater savings than others. Reducing offending, for example, is known to be particularly cost-effective, because keeping a young person in prison costs on average over £40,000 a year.

Reporting, using and embedding

This vital last step involves sharing findings with stakeholders and responding to them.

2: Background – the transition to adulthood

This section summarises the key issues facing young people making the transition to adulthood. It is the context for the rest of the report and draws on a wealth of literature, which highlights the 16–25 years period as vulnerable in a person’s life, especially when parental support is lacking.

The period of young adulthood

The group making the transition to adulthood is generally defined as young people in the 16– 25 age group, who make up around 12 per cent of the UK’s population.

This is a life stage during which most young people pursue a relatively defined path. This path may involve:

- continuing with education
- moving into a job and becoming financially independent
- working out their identity
- forming relationships with partners
- moving away from the family home.

For most young people, the transition to adulthood is cushioned by backup from their family. If things go wrong, there is a family home to go to, temporary financial support and a source of advice, from parents or other significant adults. Crucially, most young people have a continuous source of emotional and psychological support from trusted relationships with family, built over their lifetime.

Young people without a regular, reliable support system of lifelong family and friends have to fall back on a range of services from government and voluntary and community sector organisations to help them through. Becoming an adult in these circumstances can be a bewildering and lonely process.

Many young adults with multiple needs ... may also have had contact with a range of agencies and different professionals and are likely to have been frequently assessed. All this may well have been experienced without the support of a significant adult to guide them through various systems or an advocate to enable them to articulate their views and needs.⁶

At the very least, their experience of engagement with public services has an impact on their day-to-day living. Receiving responsive care and tailored support at this stage can make a difference to what happens to them throughout their adult life. The lack of it can be disastrous. Effective intervention at this point in a young person’s life is about prevention as well as cure.

Vulnerable young adults

Alongside practical and emotional stresses that might face any young person, vulnerable young people may be coping with one or more significant factors such as mental health problems, having no qualifications, being illiterate, using drugs regularly, homelessness and being involved in crime (and the consequences of getting caught). They may be people who are leaving care or escaping from unhappy family circumstances.

In particular, many vulnerable young adults are likely to have experienced a lack of continuity in their lives. They may have experienced broken relationships with family or have been moved around in the local authority care system.

Vulnerable groups among young adults include:

- care leavers
- the young homeless and those running away from home
- young people who have previously truanted or have been excluded from school
- young people who are not in education, training or employment (NEET)
- young people with mental health problems
- young offenders
- young people involved in the use of illegal drugs, alcohol and/or substance misuse
- teenage parents.

There is considerable overlap between these groups. For example, 28 per cent of care leavers are not in education, employment or training.⁷

Support services for young adults

For young people relying on support from government services, the transition to adulthood also involves moving from services targeted at children to those provided for adults. This is not just a matter of moving one set of service providers and personnel to another; young people may also find that they experience less guidance or follow-up, or are treated very differently, for example by the police, the courts, and the prison system.

There may also be gaps in the services available to them; perhaps because a young person has needs that are no longer met by any one particular service. In addition, a young person may find that they are no longer eligible for children's services but, because of their age, they do not yet qualify for benefits and support that are available for adults. A 16- or 17-year-old, for example, may be turned away by both children and adolescent mental health services (CAMHS) and by mental health services for adults.⁸ Age limits and eligibility criteria often vary from one service to another, adding to the complexity of the territory that a vulnerable young person needs to navigate.

Catch22's *Ready or Not* campaign report describes the journey into adulthood for vulnerable young people as feeling like 'dropping off a series of steep cliffs', because of the boundaries that the state requires for service and benefit entitlements. Often, because of these inflexible boundaries, young people who are not ready to be adults find that support and guidance are taken from them before they are ready for adulthood.

In its good practice guide, *Aiming Higher*, the Transition to Adulthood alliance highlighted consistency as perhaps the most important factor in helping vulnerable young people enter adulthood successfully.⁹ Yet the present system is not consistent. Services fail to provide the stability and sustained support required. These key factors need to be addressed if there are to be better outcomes. In our interviews, several young people commented on the change in tone and accessibility of public services that they encountered:

Suddenly more things were up to me, people weren't willing to help. I felt invisible.

(Young person, over 18)

When I turn 18 they're just going to leave me. I'll be on my own.
(Young person, under 18)

Outcomes – for young adults and for the UK

Outcomes for young people in the UK are often worse than outcomes in other European countries as a recent report by The Prince's Trust shows:¹⁰

- In the UK 19.1 per cent of 16–25 year-olds were unemployed in 2009.¹¹ While this level is lower than levels in several other European countries, including Spain (37.8 per cent) and Ireland (24.4 per cent), it has increased by more than 50 per cent in the past ten years – a speed that does not compare favourably with change in most comparable European countries.
- In England and Wales 3 per cent of prisoners are under 18 years of age, a proportion nearly three times as high as that in France, and ten times the proportion in Denmark.
- The proportion of prisoners who are aged between 18 and 21 was 10.6 per cent in 2008 in England and Wales. This compares with a rate of 7.3 per cent in France, 7.1 per cent in the Netherlands, and 3.2 per cent in Sweden.
- According to another report from The Prince's Trust, educational performance in UK is somewhat mixed when compared to other European countries.¹² On measures of basic attainment for numeracy and literacy, the UK performance is very weak. Twenty-two per cent of those aged 16–25 have not attained minimum basic skills levels.
- This compares with a rate of 4–8 per cent in countries such as Germany, the Netherlands and Belgium. However, for the population aged between 19 and 21 the UK fares slightly better. Twenty-eight per cent of this age group are classified as educational under-achievers. The comparable rate for Germany is 34 per cent.

The reasons why the UK appears to perform relatively so poorly are inevitably complex, including economic, social as well as historic factors. However, when young people in our society are consistently performing poorly compared to their peers in other countries, there is real merit in finding out what is wrong and taking steps to make things better.

The cost of failing to support young adults appropriately

It is not difficult to envisage how experiences of isolation and stress in young adulthood – especially when compounded with mental ill-health, substance abuse or getting into trouble with the law – can blight young people's confidence, self-esteem, practical achievements and long-term life chances. But besides those costs, there are avoidable costs for society – for families, communities and the taxpayer.

Costs of unemployment

It has been estimated that the costs of youth unemployment – at £155 million per week – is equivalent to £8.1 billion a year.¹³ This figure includes not only the cost of what the state pays out in the form of Job Seeker's Allowance for this group – at £22 million per week – but also the loss of their productivity to the national economy, valued at £133 million per week.

Besides these immediate costs to society, there is the cost to individuals, not only of the earnings that they are not receiving, but also in terms of their loss of self-confidence and self-esteem. It may not be just their immediate earnings that young jobless people are losing out on. Studies suggest that, depending on skills levels, not having a job when you are young can have a long-lasting impact on future employment and earnings.¹⁴

Costs of crime

The cost of youth crime (that is convictions for crime committed) by young people between 10 and 17 years old is estimated at £391 million per year. For those aged between 18 and 21 years old the estimate increases substantially to over £834

million per year.¹⁵ Based on the number of young people aged between 10 and 21 years old self-reporting acts of serious crime, the value of serious crime to society could be as high as £4.4 billion per year.¹⁶

Costs of mental illness

Using figures that calculate the cost of treatment for a range of mental health disorders, the cost of depression alone in young people in the 15–24 age group totals roughly £340 million per year. Including the cost of lost employment, (which can also be used to estimate loss of opportunity for young individuals even if they are unemployed) raises the cost to £1.5 billion per year.¹⁷

Costs of substance abuse

In the UK population as a whole, use of illegal drugs is highest among the 16–24 age group; at 22.6 per cent it is over twice the rate for adults aged 16–59 (10.1 per cent) according to a report commissioned by the Department of Health.¹⁸ Nine young people per 1,000 are described in this report as problem drug users.

A Home Office report, using data for 2003/4 found that the cost of Class A drug use per problematic user was £44,231 per year.¹⁹ These estimates, considered together, suggest a total cost of problematic drug use among young people of almost £3 billion a year. This includes the cost of drug-related crime, health service costs, social care and drug-related deaths, of which 90 per cent of the costs are crime related.

But even young recreational users of Class A drugs were found to impose economic and social costs of £52 million a year on UK society.

Blighted lives are a tragic cost to the individual but also lead to heavy costs for society – for families, communities and the taxpayer.

3: Current policy context

In 2000, in a Cabinet Office report, the previous government recognised the need for change in the way services are provided for young people aged 16–25.²⁰ However, its priority was on improving services for the early childhood years, with the setting up of Sure Start²¹ and Children's Trusts,²² both of which aimed to tackle poor outcomes in this age group.

The much needed improvements for young children only increased the gap between the quality of service provision for children and young people up to the age of 16 and the quality of services for young people over 16 years old. The coalition government has not yet made a commitment on how it will support 16–25-year-olds as a distinct group. Sweeping reforms in welfare, education, health and housing will undoubtedly have an impact on this group.

This section does not look in depth at the impact of current and forthcoming policy changes on young people. There are nevertheless two particular broad changes that are especially relevant in shaping the conclusions of our research. These are:

1. Budget cuts

The October 2010 Spending Review reduced local authority budgets by a quarter. Such a massive cut will demand greater efficiency and innovation if vital services are not to be lost and existing services are to be improved.

2. **The 'Big Society' and devolution** – the detail of what the 'Big Society' idea means on the ground are yet to become clear, but most people recognise this push as a need for increased focus on the community for service delivery, rather than the state.²³ The drive towards more community action comes coupled with an agenda of devolving more power to local authorities and communities. The October Spending Review has already reduced the amount of 'ring-fencing' around a range of funding, so that local authorities have far more autonomy on what they spend their funding on.

Budget cuts

The budget cuts have created a tough environment for local authorities to maintain and provide good-quality services to their communities. Proponents of cuts have been quick to highlight that this challenge is in fact an opportunity to redesign services for the better. One of the key examples they point to is the Total Place costings research.²⁴

Total Place was an initiative, set up in 2010, which considered how a 'whole area' approach can lead to better public services at less cost. It involved mapping the total amount of public money that was spent – by central government departments, local councils, health authorities, non-departmental public bodies, and others – in a particular local authority area in one year. Key questions were raised about the effectiveness of local authority spending, how it passed through different organisations, how and on whom it was spent and for what purpose, and how it linked with wider community objectives. Two of the 13 Total Place pilot areas had a focus on services for young people:

- In Lewisham the focus was on combined efforts to minimise reoffending and improve work and skills opportunities for young people as well as adults (see Box: The Lewisham Total Place Pilot).

- In Bradford Total Place put its efforts into improving services to support young people leaving care and young offenders leaving prison, with the aim of integrating services around the individual.

A mapping exercise revealed that significant cost savings could be found in all the pilot areas. Area evaluations helped to show how local public service agencies could better work together to deliver efficient frontline services and radically reshape and improve the quality for life of their communities. A final report on the Total Place pilot areas concludes that the current “organisational and service silos, which cause confusion to citizens, create wasteful burdens of data collection and management on the frontline, and which contribute to the poor alignment of services”, can be dramatically restructured in local authorities all over the UK.²⁵

The Big Society and devolution

What the Big Society will mean in practice is still unclear, but most people think it means a greater role for local community groups to take action and deliver services, shifting emphasis away from state-run public services. This comes coupled with a move to devolve decision-making down to local authority level. Already the Government has removed most of the ring-fencing around funding pots so that local authorities have much more flexibility and autonomy in how they deliver services. One of the Government’s stated aims is for local authorities to have much more room to be innovative in their approaches to all types of service delivery.

Box: The Lewisham Total Place Pilot²⁶

Lewisham is a local authority in south-east London with an ethnically diverse population of approximately 260,000 people. One in three of its Super Output Areas is in the 20 per cent most deprived in England and 17.8 per cent of its households are classified as lone parent households – the highest rate in London and way above the London average of 9.7 per cent.

As part of the Total Place Pilot Lewisham chose to focus on four themes: management of offenders and minimising harm; worklessness and unemployment; health and social care; and, assets and energy. Across these four areas of spending the Lewisham Strategic Partnership (LSP) mapped the organisation and design of services, paying particular attention to overlaps, duplication and information-gathering – both in services that dealt directly with clients and in so-called ‘back-office’ functions.

Mapping revealed that for the first three of these themes (management of offenders and minimising harm; worklessness and unemployment; health and social care) there was significant duplication.

An offender with complex needs, for example, received up to 11 assessments, each requiring him or her to repeat basic information. Given the number of agencies such an individual may need to see – ranging from probation officers, housing offices to drug addiction workers this number is perhaps not surprising. If, however, agencies were to adopt a common assessment framework LSP believe that approximately £250,000 could be saved each year. This is just one example of a range of savings that were found during the pilot.

The LSP developed three options for reducing cost in a non-integrated system:

1. Smarter strategic co-ordination: redesign of service boundaries so as to iron out duplication of effort and costs across agencies
2. User-directed change: giving users of services much more power, so that they can directly purchase services
3. New innovative enterprises: creating new service providers (which may be community sector enterprises, private companies or newly formed public agencies) who inject new innovation and work in a much more coordinated way.

The final report from the Lewisham Total Place Pilot project pointed out that the first two options could take significant initial investment to bring services together, or to engage service users. They have thus adopted the third option, in both health and social care, where there were fewer service providers.

In theory, this shift of power should enable the increased coordination and pooling discussed above to take place. For example, community budgets, which pool various strands of Whitehall funding to allow areas to tackle social problems around families with complex needs, are a recent announcement, connected both to devolution and tackling community problems.²⁷ This announcement has been prompted by the Total Place pilot projects, which found that a minority of families were responsible for a huge amount of spending, and that better coordination between services would result in more effective and efficient engagement between the state and these families.

The harsh economic climate and changing policy environment make reform in public services inevitable; the challenge is to find ways to cut costs while improving services for young people.

4: Findings – how to produce better outcomes for young people

How can public services improve their support for young people in the 16–25 age group? This section summarises findings from interviews with practitioners, young people and other relevant stakeholders, as well as from academic literature. A focus in SROI methodology is to develop a ‘theory of change’, based on what stakeholders say matters to them.

The theory of change describes how a different approach could support young people achieving better outcomes in their lives, and how this would increase opportunities in their children’s lives and produce savings for the state.

The story of change

Figure 1 below shows an ‘impact map’ – a visual representation of the theory of change. The map shows the links between the inputs, outputs and outcomes of the intervention or activity being considered. It describes the flow of change for vulnerable young people, and young people who have children. It describes what improvements could be achieved, but also how valuable change would be created for young people.

The remainder of this section describes in more detail the inputs to and outcomes from a more joined-up approach to young people’s services.

The inputs

Five key ingredients were identified as necessary to bringing about substantial change in outcomes for young people with complex needs. The first – more personalised support – required more individualised and dedicated support for young people; the other four were about better coordination between different services.

1. More guidance and one-to-one personalised support

If there was just one person who knew what they were doing I wouldn’t have to go back and forward to all the different services. They could just tell me what I need to do and they know how to talk to people my age and they understand.

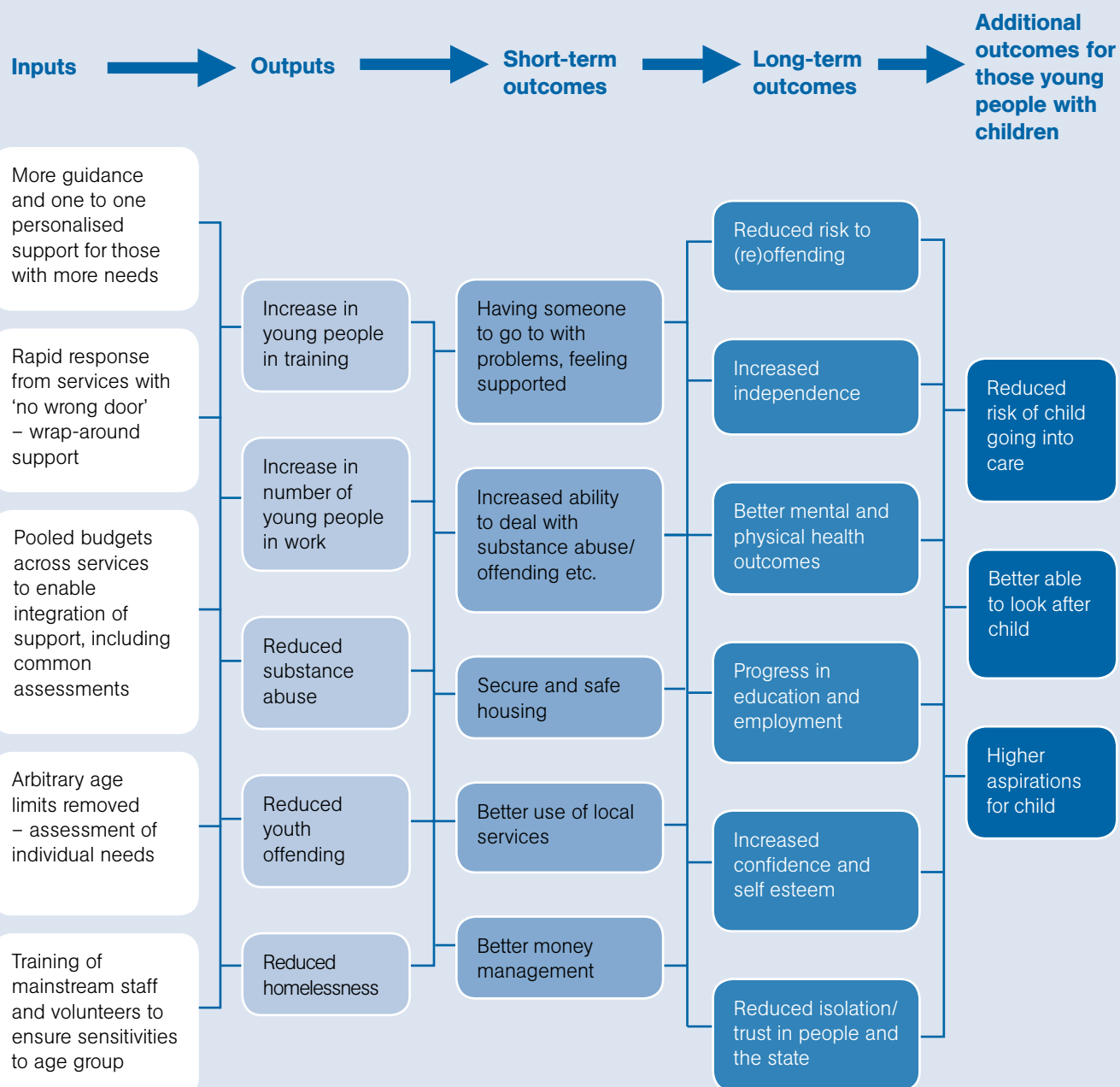
(Young person, under 18)

Just someone who acts like they care really, that makes a big difference.

(Young person, under 18)

The strongest message interviewees heard from young people was that having someone to go to whom they trusted, had a connection with and who they felt cared about them, was fundamental to achieving better outcomes in their lives. All of those who were being supported named a specific adult whom they felt had largely helped them make the significant changes in their lives. These adults were often people working for careers guidance services, housing services or the voluntary and community sector and they had provided three main types of support: Emotional; Advice and Hand-holding.

Figure 1: Impact map for young people



Emotional

Young people felt they could trust this person, they could go and talk to this person when they needed to and they would be listened to without judgement.

Advice

As young people needed different sorts of services, such as housing on one hand and counselling on the other, they used this adult to get advice and guidance on which services they should go to, who best to talk to and what to say.

Hand-holding

Young people needed more than advice: their low confidence meant that many required someone to go with them to access adult services, as well as to help them fill in forms. At the very least, staff talked of calling young people before and after appointments to remind and encourage them to go and then to check that it went well.

Given that the groups of people interviewed were unlikely to have parents to guide them, it is not surprising that they said they needed this kind of intense, generalised support.

There is a lot of research that makes a case for the effectiveness of more one-to-one support, such as a study by the New Philanthropy Capital, researching rates and determinants of youth offending. This study found that when asked about the type of service that would make a difference in their lives:

Young people unanimously identify the importance of a consistent and reliable adult 'significant other'. They do not mind who it is – social worker, YOT [youth offending team] worker, probation officer or mentor. Rather, it is the qualities of tolerance, commitment to the young person's welfare and credibility that young people say are the keys to success.²⁸

Several practitioners and researchers we spoke to expressed regret that they did not have more time to dedicate to one-to-one support.

I tried to take one of my clients to appointments, or even just give her a call to see how things went, but this isn't currently seen as my job. I think it should be. It makes a difference if the young person will go to the appointment or not.

(Practitioner)

Reports of burdensome caseloads that prevent practitioners from giving young people the support they really need are all too common, with sometimes disastrous results for young people. Young people whom we interviewed for this study, who had either not had an adult to guide them, or had lost the support of an adult they trusted because of arbitrary age limits, had experienced a period of decline – becoming homeless, returning to a drug habit, or worse.

Because I was a week from my 16th birthday social workers wouldn't help me so I started living in a tent. That's when I got raped.

(Young person, under 18)

2. Rapid response with 'no wrong door' approach

Young people reported that they were constantly sent back and forth between services, made to wait endlessly on the phone or in offices, only to be given information that turned out to be wrong. This resulted in a delay in young people getting to the services they really needed, and sometimes caused so much frustration that some young people gave up trying to seek help, feeling that it was hopeless.

I didn't want to go back. What's the point? They just make you wait for hours and hours and then tell you to go somewhere else.

(Young person, under 18)

Practitioners expressed concern at their inability to be able to get young people help when they needed it. For example, one practitioner explained:

It's hard because I see a young person and finally get them to accept they need mental health support, but then getting them on the list and having them seen quickly is really difficult. I feel like I have to lie and make their condition much worse just to make sure they get moved up the list.

(Practitioner)

3. Pooled budgets across services with common impact assessment

The idea of pooled budgets across services has received considerable attention in recent years. In particular, the push from the Every Child Matters agenda to integrate services popularised the use of this tool.²⁹ Pooled budgets require bringing together funding from two partners or more in order to combine and focus money effectively around an individual.

Those interviewed from the Children's Trusts and Total Place pilot areas were particularly keen on this input. They argued that pooling budgets resulted in

more efficient and effective delivery of services through economies of scale, integration and better decision-making. The evaluation of Children's Trusts also suggested that another outcome of pooling budgets was stronger partnerships.

Since we started bringing services together and pooling budgets we've managed to get buy in from all the key services regarding a child's case. This has made the frontline services much more efficient.

(Representative from a children's trust)

4. Removal of arbitrary age limits

Another input that people thought would improve services for young people was removing arbitrary age limits. Young people do not become fully functioning adults on their 18th birthday, and for those with acute needs it may be both more cost-effective and more convenient for the young person if they are to continue receiving support from those practitioners they know.

The next stage of children's trust that we would like to see is to keep helping some of the young people beyond 18. These young people already have established relationships with practitioners here and it seems silly to make them move on.

(Representative from a children's trust)

5. Training frontline staff and volunteers

Young people had clearly experienced difficulties in receiving services they felt they needed, because staff in those services were not sensitive to their immaturity and assumed they could be treated as confident adults.

I think it would probably cost a lot of money to train all frontline staff working across the services – it would be easier if their support worker could help them access services and prepare them to talk to people about what they needed.

(Practitioner)

Despite this particular barrier to accessing services, practitioners and young people alike believed that having a designated person to get advice and seek support could solve this problem if they could also act as a broker between services and the young person.

Stakeholders considered that combining all these factors, rather than either better coordination alone or more personalised support on its own, was the key to creating more efficient and effective services for young people in the 16–25 age group.

I don't think better coordination gives the complete answer. People need to feel valued and cared for but it's hard to do that with a high caseload.

(Practitioner)

There is evidence that more coordination can enable better one-to-one support. For example, Children's Trusts operated a system whereby each child's case is presented to a team of practitioners, ranging from psychologists to social workers. One person is given responsibility for coordinating the range of services that a child's may require, and for being the link between the team and the child and their family.³⁰

These links and costs of these inputs are discussed in depth in section 5.

How the change would make life better for young people

Better 'wrap-around' support for young people would make a profound difference to the lives of individuals.

nef looked at evidence for changes that could be expected in a number of key outputs, including reduced drug abuse, reduced risk of offending or reoffending and increased likelihood of finding work. While the impact map shown in Figure 1 lists these outputs as separate, in reality they are interlinked. For instance, increased self-confidence is likely to help young people find a job.

These outputs result in both short and longer-term outcomes for young people. For example, feeling safer, as a result of moving into a stable housing arrangement, can reduce stress, and that in turn can lead to a feeling of increased confidence. One young person explained:

Once I moved into the new place, I felt so much better. I could go back to college, take my daughter out again.

(Young parent, over 18)

Researchers identified an outcome – ‘reduced isolation/more trust in people’ – which young people said was important to them. Young interviewees suggested that having someone in their lives they could rely on, often the first such person for sometime, would help them to regain their trust in wider society and give something back to society, for example through volunteering.

I want to work with young people, give something back after the support I received. I want to be involved in society.

(Young person, under 18)

Young people who were parents said that better outcomes in their personal life had resulted in significant changes in their approach and confidence as mothers. The final column of Figure 1 highlights some of the key outcomes for young people with children. These include the ability to better look after their child, having higher aspirations for their child and, for those at risk of offending, the reduced risk of their child going into care. The chain of causation between better outcomes for individual mothers, such as increased training and employment participation, had clear implications for their aspirations as mothers.

When I did the course I realised what I'm worth – that I've got a brain, that I can be a better mum and be a role model for my daughter.

(Young parent, over 18)

The boxes in the final column in Figure 1 highlight the breaking of an inter-generational cycle, reducing the risk of the children of vulnerable young people becoming vulnerable young people themselves.

Early intervention policy often points to the need to look at the family situation, and help parents when the child is very young. We know that it is better to identify problems early and intervene effectively to prevent their escalation than to respond only when problems become acute. It is better for the children and young people as well as their families and communities. However, early intervention programmes need to be available at any age or stage when problems start to emerge and should not be confused with early years’ intervention. A 14-year-old starting to become known to the police needs an early intervention programme to stop his offending, a young person starting to lose interest in school needs an early intervention programme to re-engage with school and a parent starting to experience difficulties needs support at the time they come forward for help and this can be at any age. Our findings underline the importance of such an approach.

Whilst there is evidence to show that intervention when a child is young may be more cost effective in the long run there is also evidence to show that you can improve long term outcomes and change behaviour through working with those young people and families who have slipped through universal and preventative services.

An analysis of our interviews, alongside existing research, shows clearly that one-to-one support is key to improving the experience of accessing services for young people with complex needs. Investment in services for young people would unquestionably have a positive effect – for individual young people, the community at large and for the state.

But is the investment worth it? This is the focus of the next section.

5: The real costs of failing to support 16–25 year olds

After identifying inputs and outcomes, the next stage in SROI-based analysis is to put a price on the inputs and outcomes. We begin by estimating the costs of more one-to-one support, as well as the savings that might result from better coordinated and coherent services for young people in the 16–25 age group.

The SROI method

To cost the outcomes, we first attach indicators and monetary values to all the outcomes that can actually be priced in a straightforward way. The valuations express how much the potential changes mean for stakeholders. For some outcomes, such as for savings to the state from a reduction in youth offending, the value would be experienced as a monetary saving.

For other sorts of outcomes, such as reduced feelings of isolation for a young person, the change cannot be directly expressed as a financial gain. There is no price in our economic system for making people feel less lonely. Rather the gain is experienced as an improvement in sentiment or well-being. For these kinds of less tangible outcomes **nef** uses a process of approximation to derive values.

Reasonable 'proxy values' are as closely related to the outcome as possible. For example, a young person's reduced feelings of isolation might be represented ('proxied') by an increase in the amount of money that he or she spends each week on going out with friends. Of course we cannot put a price on ('value') such outcomes precisely, but this method of estimating allows us to include in our final valuation the more intangible effects of change, which are often those that matter most to people.

By expressing the value of all outcomes in monetary terms, SROI lets us put everything into a common, and familiar, unit of account. We can work out an overall figure of financial value from carrying out a specific proposal, and see where in society most of the benefit, or loss is going to happen.

Input costs

The prospect of every vulnerable young person being able to identify a consistent one-to-one point of contact and support immediately raises the question of freeing up enough staff time to provide such support and people having more manageable caseloads. But the mentoring role does not necessarily need to be fulfilled by a highly qualified practitioner. There may be scope for volunteers to become dedicated mentors or advocates with no additional cost to the state.

We're worried about how we'll be able to cater for different groups because of the cuts, but saving from reduced duplication and new service delivery approaches are what we'll have to depend on.

(Representative from a Total Place local authority)

As well as providing time – through volunteers and the voluntary and community sector – better coordinated services provide significant opportunities to save budgets, and the savings can be reinvested into more personalised support. For example, a study for Lewisham Total Place Pilot (see Box in Section 4), found that offenders with complex needs received 11 different assessments across various services, and estimated that reducing this to one common assessment would save £250,000 a year.³¹

Children's Trusts and voluntary and community sector organisations spoke of considerable duplication across services, especially in terms of the time that each agency takes to get to grips with the needs of a particular young person.

The government might think it will cost a lot more to provide support to young people than it actually will – mainly because time is wasted from young people going from place to place telling their story and explaining their needs. If one practitioner led on contacting other services this time could be cut.

(Representative from a voluntary and community sector organisation)

The findings from our interviews echo Catch22's *Ready or Not* report, which argued that an overhaul in services for 16–25-year-olds may not require huge fresh investment from the government, but rather an increased flexibility in approach. Practitioners told us of the need for coordination between services, and better sharing of resources; for example, back-office administrative functions could be streamlined if services are brought together.

The evaluation of Children's Trusts reported a saving of £75,000 when Connexions and youth services were brought together, through reduced need for administrative support.³² Cuts in local authority budgets have already encouraged many of them to look at ways of consolidating services. We assume consolidation of four services with the saving valued at £150,000. Given the number of services involved in one young person's life, this estimate is likely to be conservative.

Based on the Total Place and children's trust examples highlighted above, each local authority could potentially save £400,000 from bringing services together for young people. The total potential savings for all local authorities in the UK are calculated in Table 1.

Although there are opportunities for substantial cost savings from better coordination, there are nevertheless some costs in setting up joined-up systems and wrap-around support.

First, there are costs of bringing services together and getting practitioners talking to each other. As witnessed through Children's Trusts, a start-up fund was required to give services the capacity to meet each other, and for initial training to ensure a 'no wrong door' approach. Based on the government fund given to children's trust in the first year of set-up, **nef** has estimated this one-off cost to be £80,000 per local authority.

The second investment required is in order to increase one-to-one support. For this study we assumed that one out of four of the staff needed to provide vulnerable young people with dedicated support are already within the system. Our estimate of the cost of providing one-to-one support was based on an assumed ratio of one key worker/advocate per 12 vulnerable young people and assumed the figure of 200,000 young people with complex needs. We used the average salary for a health and social care worker to approximate the value of time to be provided by each mentor each year. This aggregate cost is estimated at £400 million per year. Allowing for the **nef** assumption that one in four mentors are already within the system, this reduces the additional investment required to £300 million per year.

Together, the cost savings from better coordination (£152 million per year) which **nef** assume are reinvested into more one-to-one support, minus the value of extra time required for mentoring (£300 million) and coordination start-up costs (£30.4 million) results in a net cost for providing one-to-one support of £140 million for the UK as a whole. It must be stressed again that this does not represent a direct financial cost to the government, because the time element of the investment could be met through extra volunteers, or through community funds.

Table 1: Cost per year of one-to-one support for all young people with complex needs

	Cost (£)
Increased one-to-one support time (proxy average wage of a social worker, 1:12 ratio)	300,000,000
Initial costs of bringing services together (based on children's trusts areas awarded average of £80,000 in first year for set up costs)	30,400,000
Savings from coordination (from having a common assessment, removal of duplication)	-152,000,000
Overall (averaged out over five years)	140,000,000

Value of better outcomes

The rest of this section describes the major findings of the valuation exercise, including a summary of how **nef** approached the valuation exercise through the choice of indicators; more detail on the individual indicators and values used appears in the appendixes.

Value for young people

Young people had very clear ideas as to how different outcomes had impacted on their lives, and how things could be better for them with one-to-one personalised support, for example:

- They felt that having a trusted adult to turn to would help young people with mental health problems make progress and be better able to cope. One outcome from better mental health would be greater willingness and ability to go out and interact with others, which we valued as average spending on leisure activities. Another outcome would be greater resilience to drug abuse, resulting in a decline in spending on drugs. Mental ill-health intertwines with many of the other poor outcomes young people experience, particularly getting into trouble with the law, not doing well in school and not being able to get a job.
- The value of avoiding crime was linked to being able to get on with life, through being trained or finding a job. Around a third of this group of young people are at risk of offending, three times the rate of the average population.³³ To get a fair estimation of the value young people place on this outcome, we used an average wage that people in this age group can expect to receive.
- Greater independence was seen as being better able to manage their lives and having their own space, for example sorting out their debt problems and/or having a flat. For debt, the value can be estimated as the value of average debt, as added to accrued interest payments. The average rent of a one-bedroom flat in the UK is a suitable proxy value for accommodation.

Value for young people with children

In our interviews with young people, those who were parents with children felt strongly that if they were better supported there would be additional beneficial outcomes for them and for their children. One in four of the group of young people with multiple needs is a mother under the age of 20³⁴ so the additional benefits are expected to be significant.

- 1 Young people felt they would be better equipped to look after their child with greater support. They felt they would have a better chance of getting all the benefits to which they were entitled. We calculated the value of family entitlements they would receive. Young parents also felt that better support would make them more aware of and better able to meet their child's health

needs, such as getting them immunised at the right time and buying healthy food. To obtain an approximate value for increased responsiveness to their child's needs, we looked at the additional spending required to deliver a healthy diet, including sufficient fruit and vegetables.

- 2 Young people believed that it would be possible for them as parents to maintain higher aspirations for their child. For pre-school children this could be expressed by spending time reading to their child and ensuring there were books available. The value here was expressed by a combination of a small sum spent on books per week along with a time-value for parents reading to their child.
- 3 If young parents with complex needs received better support to help them stay out of crime there would be a range of benefits for their children. A reduction in reoffending is associated with other positive benefits for the individual, such as reduced drug use and improved mental health, all of which would have a positive impact on their children.³⁵

Avoiding a prison sentence would reduce the risk of a child being taken into care. For this **nef** assumed that the value to the parent and child of reducing the risk of going into care could be approximated by the cost of local authority fostering. Research also suggests that the children of offenders are three times as likely to develop mental illness, which has implications on that child's future opportunities and potential life chances. For valuation purposes, researchers looked at the lifetime cost of a child becoming NEET (not in education, employment, or training) in adolescence, as a result of their parent's offending.

Value for the state

The value to wider society from young people being better supported in the journey to adulthood would derive from the savings that would occur if there were less drug use, less mental ill-health, as well as less crime and anti-social behaviour; such reductions have the potential to save huge sums for the taxpayer in the future. This is without considering the cost savings for families and communities if they did not have to bear the consequences of current rates of poor outcomes for young people.

The exchequer would also gain from having to pay out less in benefits payments and from possible increased tax revenues – from higher rates of employment among the group of vulnerable young people. Governments very clearly recognise this, as their strong emphasis on getting people back to work shows.

Calculating the SROI

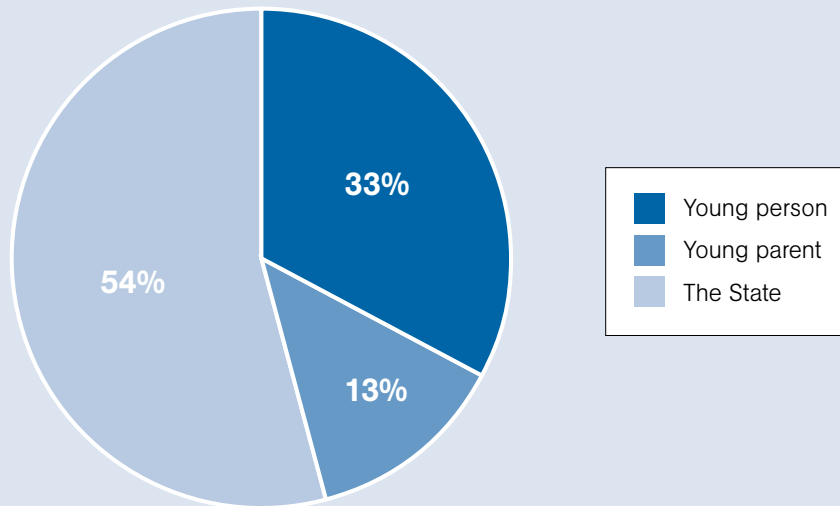
Our modelling exercise shows that there is potential to generate substantial value for all three stakeholders from developing wrap-around services and one-to-one advocacy and support for vulnerable young adults.

nef assumes that negative outcomes for young people with complex needs can be reduced to the levels that are average among this age group in the population. That means, for instance, that the incidence of mental health problems that they encounter will be no higher (or lower) than those of average 16–25-year-olds. We did not assume that all negative outcomes measures here can be reduced to zero; young people with complex needs have significant needs and it would be over-optimistic to believe that these can be eradicated completely.

The overall potential value that could be generated for all stakeholders is calculated to be £3.2 billion over the five years of the appraisal period. With the value of inputs (time) estimated at £140 million per year for increased one-to-one support on top of the reinvestment of the cost savings from better coordination (see Table 1), this produces a return on investment of £5.65 for every £1 invested.

A breakdown of the value by stakeholder over five years is given below and illustrated in Figure 2.

Figure 2: Breakdown of £3.2 billion value by stakeholder, over five years



- The potential value of better support for young people themselves is estimated to be £1.3 billion, this is gained through reductions in drug misuse, increased employment and independence.
- For young parents and their children, additional value is forecast to be £490 million, both because young parents are better able to look after their child and because, in turn, that child is less likely to offend.
- The potential value for the state is forecast at £1.4 billion. Value for the state is generated through cost savings as offending rates are reduced, more young people are in employment and training and fewer young people are accessing emergency and mental health services. Furthermore, more stable young parents results in fewer children going into care. The state also makes an overall saving of £730 million over the five-year period from reduced duplication in services. According to our model, this money is then reinvested for more one-to-one support to ensure an improvement in young people's lives. This results in an overall return of £2.83 for every £1 invested by the state.

The chart shows the state would gain more than half the potential value that could be generated by the changes we have proposed. The value in focus includes both cost savings from better outcomes among young people and better coordination of services to the state. If the value is limited to the value of better outcomes for young people, the state's share would drop to 44 per cent. In calculating this figure, the value of potential gains from reducing duplication was the most significant. The second most significant was the cost of putting young people in prison.

The gain for young people without children makes up a third of the final value, and those with children gain a further 13 per cent on top (a total of £1.8 billion over the five years). While the benefits to young parents were valued using indicators that reflect a better ability to cope with parenthood and ultimately be better parents, some of this value will be passed on to the next generation.

6: Conclusions and recommendations

This analysis has focused on the many ways in which some young people's transition to adult life can be complicated and compromised. Using available data, as well as feedback from primary research, it has revealed the very high cost to individuals and society of failing to support vulnerable young people to do the best they can.

Three clear conclusions can be drawn from the research.

1 The need for more one-to-one support

The overwhelming finding from our interviews with stakeholders, together with a wealth of research, is that the single factor that makes the most difference in vulnerable 16–25-year-olds' successful transition to adulthood is reliable, one-to-one, dedicated and responsive support. This means someone who will listen, who will take on a coordinating role that puts the young person's needs first, and who will demonstrate to the young person that they care. It is essentially filling in a gap in parenting as best as it is possible to do, which by definition means a personalised, deeply human approach.

2 There are potential cost savings from bringing services together for this age group

Tools that could be used to ensure greater coordination between services, such as common assessments, have huge potential, not only to save costs but also leading to more efficient and joined-up delivery of services. We heard from several sources that there is significant duplication. Therefore, **nef** made a working assumption, based on available data, that cost savings alone could cover more than half of the extra time needed to supply one-to-one support.

3 An overhaul in services for young people is more than worth the investment

nef has found that investment of time, achieved by reinvesting the savings gained from coordination of public services, and the use of volunteer/community resources, would deliver benefits over five times the size of the investment needed to deliver them.

Taking the state's costs and benefits alone, **nef** has found that that investment in supporting 16–25-year-olds with complex needs would mean a three-fold gain to the taxpayer through cost savings, for instance through money saved on courts and prisons, to take just one item.

Besides these returns, which are in themselves considerable, our estimates take no account of the benefits for wider local communities. And we have only touched on the potential inter-generational benefits. Positive returns for the state are likely to mount up over the longer term, as investment in young people today will result in considerably improved outcomes for individuals and society, both now and in future generations.

Recommendations

Following on from these results and drawing on what key stakeholders told us, **nef** recommends the following.

- **Central government provides leadership to set up the change required in services for young people.** Our evidence underlines the need to overhaul the approach in services for young people in the 16–25 age group. In particular, more one-to-one support is vital.
- **Local authorities use the current process of cutting costs to bring services for young people together.** As local authorities look for ways to consolidate and cut back-office operations, they must ensure that these consolidations help bring the right teams together to support complex needs among young people. Also, although budgets are tight, they consider how savings from consolidation can be reinvested to provide more personalised support to young people with complex needs.
- **That a review on the potential extension of current provisions for children to young people is conducted.** Given the urgency in tackling the litany of social and economic problems among young people with complex needs, the Cabinet Office should lead a cross-governmental review on removing arbitrary age limits on services that are currently only provided up to the age of 18. A change of this kind would enable those young people most in need to continue to receive support in a more coherent and personalised way.

Appendix A: Outcomes data collection

Table A.1: Outcome indicators for young people with complex needs (n=200,000)

Outcome	Indicators *	Outcome incidence	Data source
Improved mental health	Reduction in number of young people using Class A drugs	11,400	nef calculation. National average = 4 per cent – see Roe S, Man L (2006) <i>Drug misuse declared: Findings from the 2005/06 British Crime Survey</i> , Home Office Statistical Bulletin. London: Home Office. Levels among those leaving care = 10 per cent – see Ward J, Henderson Z and Pearson G (2003) <i>One problem among many: Drug use among care leavers in transition to independent living</i> . London: HMSO.
	Reduction in number of young people with depression	60,000	nef calculation. National average = 20 per cent – see Social Exclusion Unit (2005) <i>Transitions: Young adults with complex needs</i> . London: ODPM. Levels among those leaving care = 50 per cent – see Meltzer H (2003) <i>The mental health of young people looked after by local authorities in England</i> . London: HMSO
Reduction in offending	Number of young people no longer offending	40,000	nef calculation based on data.
Improved confidence and self-esteem	Number of young people having increased confidence levels	200,000	Given the impact of more one-to-one support, nef estimates that all young people with complex needs would see some increase in their confidence levels.
Progress in education and employment	Increase in the number of young people in training	18,812	nef calculation. NEET National average for 18-year-olds = 16 per cent , taken as average for the 16–25 age group, as data not available beyond 18 years. See Department for Education (2010) NEET statistics – Quarterly brief. London: DfE. NEET levels among those leaving care = 37 per cent – see DCSF (2009) <i>Statistical release for 2008/09: Children looked after in England (including adoption and care leavers) year ending 31 March 2009</i> . London: DCSF.
	Increase in the number of young people finding employment	9,406	nef calculation. Youth unemployment (16–25) = 16 per cent . See ONS (2010) Labour Market Release August 2010. Published online. Levels among those leaving care = 30 per cent – see DCSF (2009) <i>Statistical release for 2008/09: Children looked after in England (including adoption and care leavers) year ending 31 March 2009</i> . London: DCSF.
Increased independence	Increase in the number of young people getting their own flat	20,000	nef calculation. Homelessness among young people (16–25) = 1 per cent , See Catch22 (2010) <i>Ready or not</i> (London: Catch22) Homelessness among those leaving care = 11 per cent – based on Shelter data for Scotland. See Bailie, T (2005) Practitioners Article: <i>Young people leaving care and homelessness legislation</i> . (Available online from Shelter website.)

* All indicators, apart from for 'improved confidence', were calculated to reflect the number of young people with complex needs achieving the outcome if current levels increased or decreased to the national average. Levels of drug misuse, and so on, for young people with complex needs were aligned to those reported for young people leaving care, unless other information existed.

	Increase in the number of young people able to reduce their debt	38,649	nef calculation. Percentage of young people in debt = 1 per cent serious enough to accessing Citizen Advice help, see Citizen Advice Bureau, (2009) <i>Citizens Advice launches online debt management campaign for young people</i> . Press release, 19 June 2009. Available at http://www.citizensadvice.org.uk/press_20090612 [last accessed 19 November 2010] Among young people with complex needs = Assume 20 per cent – same as those on lowest incomes, see The Poverty Site, <i>UK: In debt with arrears</i> , Available at http://www.poverty.org.uk/10a/index.shtml [last accessed 19 November 2010]
Reduced isolation/increased trust in people	Higher rate of volunteering among young people	22,000	nef calculation. Percentage of young people volunteering nationally = 24 per cent – see Communities and Local Government (2010) <i>2008-09 Citizenship Survey: Volunteering and charitable giving topic report</i> . London: CLG. Among young people with complex needs = High correlation between volunteering and low levels of social support found in Communities and Local Government (2010) <i>2008-09 Citizenship Survey: Volunteering and charitable giving topic report</i> . London: CLG. Levels of social support assumed to be at least half of average young person, so assumed 12 per cent currently volunteering.

Table A.2: Outcome indicators for young people with complex needs and with children (n=50,000 – based on evidence to show one quarter of all those leaving care mothers before the age of 20)

Outcome	Indicators *	Outcome incidence	Data source
Better able to look after child	All young parents accessing full benefits	50,000	Young people in care/ left care: 25 per cent, see Dixon J et al. (2006) <i>Young people leaving care: A study of costs and outcomes</i> . A report to the Department for Education and Skills. York: University of York.
	All young parents responding better to their child's health needs	50,000	Young people in care/left care: 25 per cent, see Dixon, J. et al. (2006) <i>Young people leaving care: A study of costs and outcomes</i> . A report to the Department for Education and Skills. York: University of York.
Reduction in offending	Reduced risk of children going into care	10,000	nef estimate. Percentage of young people put in care: Assume that 40,000 committing serious offences and hence at risk of going into prison (based on New Philanthropy Capital, <i>Trial and Error</i> report (see reduced offending outcome in Table 1.3). * As this is 'risk' from the young parent's point of view, we use the possible number of children that could be put into care, rather than actual proportion that are (see in 'savings from young parents' outcome' Table A.3).
	Reduced risk of child becoming NEET	6,000	Child of offenders three times more likely to be NEET (Lawlor, E. [2008] <i>Unlocking Value</i> . London: nef).
Higher aspiration for their child	All young parents with complex needs	50,000	Young people in care/left care: 25 per cent, see Dixon, J. et al. (2006) <i>Young people leaving care: A study of costs and outcomes</i> . A report to the Department for Education and Skills. York: University of York.

* All indicators, apart from for 'improved confidence', were calculated to reflect the number of young people with complex needs achieving the outcome if current levels increased or decreased to the national average. Levels of drug misuse etc. for young people with complex needs were aligned to those reported for young people leaving care, unless other information existed.

Table A.3: Outcome indicators for the state

Outcome	Indicators *	Outcome incidence	Data source
Health saving from lower substance misuse	Decline in number of young people with complex needs using drugs	11,400	nef calculation. National average = 4 per cent – see Roe S, Man L. (2006) <i>Drug misuse declared: Findings from the 2005/06 British Crime Survey</i> , Home Office Statistical Bulletin. London: HO. Levels among those leaving care = 10 per cent – see Ward, J, Henderson Z and Pearson G (2003) <i>One problem among many: Drug use among care leavers in transition to independent living</i> . London: HMSO.
Reduced costs of depression	Reduction in number of young people with depression	60,000	nef calculation. National average = 20 per cent – see Social Exclusion Unit (2005) <i>Transitions: Young adults with complex needs</i> . London: ODPM. Levels among those leaving care = 50 per cent – see Meltzer H (2003) <i>The mental health of young people looked after by local authorities in England</i> . London: HMSO.
Savings from reduced crime	Reduced number of young people in prison	12,162	nef estimate. Assume half of those committing serious offences go to prison. Average levels of young people committing serious offence = 10 per cent – see van Poortvilet M, Joy I, Nevill C (2010) <i>Trial and error: children and young people in trouble with the law, a guide for charities and funders</i> . London: New Philanthropy Capital. Young people with complex needs = 30 per cent – Assume three times average levels.
	Reduction in crime	168,000	nef estimate of reduction of repeat offences among young people with complex needs to average levels. Those repeat offences (6 or more): 7 per cent of all young people. Young people with complex needs: 21 per cent – assume three times average rate.
Avoiding the use of emergency services	Reduced homelessness	15,000	nef estimate. Number of young people approaching Shelter for emergency housing.
Reduction in benefits payments	Increase in the number of young people finding employment	9,406	nef calculation. Youth unemployment (16–25) = 16 per cent. See ONS (2010) Labour Market Release August 2010. Published online. Levels among those leaving care = 30 per cent – see DCSF (2009): <i>Children looked after in England (including adoption and care leavers) year ending 31 March 2009</i> . Statistical release for 2008/09. London: DCSF.
Increase in tax receipts	Increase in the number of young people finding employment	9,406	nef calculation. Youth unemployment (16–25) = 16 per cent. See ONS (2010) Labour Market Release August 2010. Published online. Levels among those leaving care = 30 per cent – see DCSF (2009) Statistical release for 2008/09: <i>Children looked after in England (including adoption and care leavers) year ending 31 March 2009</i> . London: DCSF.

Savings from young parents	Reduced pregnancy	24,000	Young people = 13 per cent . See ONS data live births by age of mother. Young people in care/left care: 25 per cent become mothers by the age of 20. See Dixon J et al (2006) <i>Young people leaving care: A study of costs and outcomes</i> . A report to the Department for Education and Skills. York: University of York.
	Reduction in number of children in care	640	Mothers in prison with children in prison = 8 per cent (assumption of number of female parents with complex needs is 8000), based on percentage of young females in prison, see Lawlor, E (et al) op. cit.
Greater social cohesion	Reduction in number of young people with anti-social behaviour	86,400	nef calculation. Anti-social behaviour among young people: http://rds.homeoffice.gov.uk/rds/pdfs04/dpr26.pdf

* All indicators, apart from for 'improved confidence', were calculated to reflect the number of young people with complex needs achieving the outcome if current levels increased or decreased to the national average. Levels of drug misuse, and so on, for young people with complex needs, were aligned to those reported for young people leaving care, unless other information existed.

Appendix B: Financial proxies

Table B.1: Financial proxies for outcome indicators for young people with complex needs

Outcome	Indicators *	Financial proxies (for a year)	Source of proxy
Improved mental health	Change in number of young people using Class A drugs	£16,500	Average cost of Class A drugs for a year supply – see Bennet Trevor, <i>Drugs and Crime</i> , Research Study 205, Home Office, 2000, cited in Wilkinson Francis, <i>Heroin: The failure of Prohibition and What to do now</i> , Paper No. 24, Centre for Reform, 2001, p. 11.
	Reduction in number of young people with depression	£2,038	Leisure spend for low-income single person – Household and Family Expenditure Survey 2009, Office of National Statistics
Reduction in offending	Number of young people no longer offending	£5,200	Mean of average wage for young person without skills and with low level skills. See Grundy S and Jamieson L (2008) <i>Demography: 18–24 year olds in the population. Orientation of young men and women to citizenship and European identity</i> , Work Package No.4.
Improved confidence and self-esteem	Number of young people having increased confidence levels	£1,195	Cost of confidence and assertiveness training, see IDA Academy http://www.emagister.co.uk/self_confidence_and_assertiveness_courses-ec170022955.htm (last accessed 19 November).
Progress in education and employment	Increase in the number of young people in training	£393.93	Difference in income between level 2 qualification and level 3 qualification. Sianesi B (2003) <i>Returns to Education: A Non-Technical Summary of CEE Work and Policy Discussion</i> . Institute for Fiscal Studies and the Centre for the Economics of Education. Sianesi reported a 3.1 per cent differential for men and 4.2 per cent for women from having a Level 3 qualification as opposed to no qualifications, making an average of 3.65 per cent for a mixed group
	Number of young people finding employment	£7,280	Mean of average wage for young person without skills and with low-level skills. See Grundy S and Jamieson L (2008) <i>Demography: 18–24 year olds in the population. Orientation of young men and women to citizenship and European identity</i> , Work Package No.4.
Increased independence	Number of young people getting their own flat	£3,600	Average rent for a one-bedroom in house/ flat, information constantly updated at rentright.com – this information was extracted in August 2010.
	Number of young people able to reduce their debt	£3,175	Average value of debt for a UK citizen. Based on Datamonitor research, see BBC online 27 September 2006 'UK debt double Europe average'. Available at http://news.bbc.co.uk/1/hi/business/5380718.stm (last accessed 19 November 2010).
Reduced isolation/ increased trust in people	Higher rate of volunteering among young people	£250.64	If each new volunteer did just one hour of voluntary work per week, valued at minimum wage for those under 18.

* All indicators, apart from for 'improved confidence', were calculated to reflect the number of young people with complex needs achieving the outcome if current levels increased or decreased to the national average. Levels of drug misuse etc. for young people with complex needs were aligned to those reported for young people leaving care, unless other information existed.

Table B.2: Financial proxies for outcome indicators for young people with children

Outcome	Indicators*	Financial proxies	Source of proxy
Better able to look after child	Number of young parents accessing full benefits	£5,154	Income from child benefit, child tax credit and difference between Income Support and JSA.
	Young parents responding better to their child's health needs	£1,248	Difference in spending on food and non-alcoholic drinks between top and bottom income deciles – derived from the Household and Family Expenditure Survey.
Reduction in offending	Reduced risk of children going into care (for 6 months)	£12,000	Cost for local authority when putting child into care (2004/5 prices). Taken from The Fostering Network (2010) Update to the cost of foster care report, London: The Fostering Network.
	Reduced risk of child becoming NEET	£3,333	Lifetime cost of being NEET, see Coles, B et al. (2010) <i>Estimating the life-time cost of NEET: 16–18 year olds not in Education, Employment or Training</i> . York: University of York.
Higher aspiration for their child	Estimate of annual hours done by STR workers	£1,191.65	nef estimate. Spending on books – assumed buy one a week and reading bedtime story every day (cost of time at minimum wage).

* All indicators, apart from for 'improved confidence', were calculated to reflect the number of young people with complex needs achieving the outcome if current levels increased or decreased to the national average. Levels of drug misuse etc. for young people with complex needs were aligned to those reported for young people leaving care, unless other information existed.

Table B.3: Financial proxies for outcome indicators for the state

Outcome	Indicators*	Financial proxies	Source of proxy
Health saving from lower substance misuse	Decline in number of young people with complex needs using drugs	£8,488	Cost to NHS of drug users, plus costs to all other services. See Godfrey C, Hutton S, Bradshaw, J, Coles B, Craig G and Johnson J (2002) <i>Estimating the cost of being 'not in education, employment or training' at age 16–18</i> . London: DfES.
Savings from reduced crime	Reduced number of young people in prison	£43,000	Cheapest assumption, see Knuutila A.(2010) <i>Punishing Costs: How locking up children is making Britain less safe</i> . London: nef .
	Reduction in crime	£652	nef calculation, based on the difference between the total cost of common assault (£1,440) and the social cost to the victim (£788) as calculated by the Home Office. Dubourg R et al (2005) <i>The economic and social costs of crime against individuals and households 2003/04</i> . Home Office: London.
Avoiding the use of emergency services	Reduced need for emergency housing	£6,750	Cost of a 1st stage hostel; St. Mungos (2007) <i>Briefing: Moving on from homelessness – getting a job</i> . London: St Mungos.
Reduction in benefits payments	Number of young people finding employment	£2,696	Job seekers allowance rates for 18–25 year olds.
Increase in tax receipts	Number of young people finding employment	£3,279	Average tax take for those in bottom wage deciles
Savings from parents' reduced crime	Reduction in number of children in care	£24,000	Cost for local authority when putting child into care (2004/5 prices). Taken from BAAF (2010) <i>The Cost of Foster Care</i> . London: BAAF.
Greater social cohesion	Reduction in number of young people with anti-social behaviour	£252	The cost of anti social behaviour incidents to agencies. See Home Office (2004) <i>Defining and measuring anti-social behaviour</i> Development and Practice Report 26. London: Home Office.

* All indicators, apart from for 'improved confidence', were calculated to reflect the number of young people with complex needs achieving the outcome if current levels increased or decreased to the national average. Levels of drug misuse and so on, for young people with complex needs were aligned to those reported for young people leaving care, unless other information existed.

Appendix C: Attribution, deadweight, and displacement

Tables C.1 to C.3 provide an illustration of the attribution and deadweight considerations used in assigning values

Table C.1. Deadweight

Category	Assigned deadweight (%)
1. The outcome would not have occurred without changes in services for young people aged between 16-15 years old	100
2. The outcome would have occurred but only to a limited extent	75
3. There is an approximately 50 per cent chance that the outcome would have occurred anyway	50
4. The outcome was likely to have occurred in a significant part any way	25
5. The outcome would have definitely occurred in totality anyway either as a background effect	0

Table C.2. Attribution

Category	Assigned attribution (%)
1. The outcome is completely a result of the changes in services for young people aged between 16-15 years old	100
2. The outcome is in small part due to other people or organisations	75
3. Other organisations and people have a significant role to play in generating the outcome but it was unclear as to the extent of their responsibility	50
4. The outcome is mostly due to other people or organisation	25
5. The outcome is completely as a result of other people or organisations	0

Table C.3. Displacement

Category	Assigned attribution (%)
1. There is no displacement effect.	100
2. There is a very small displacement effect	75
3. There is a significant displacement effect	50
4. There is a large displacement effect	25
5. The outcome will be fully displaced	0

Appendix D: Focus Box: Social Return on Investment (SROI)

Focus Box: Social return on investment (SROI)

SROI is a method for measuring and reporting on the social, environmental and economic value created by an activity or intervention. Although based on traditional financial and economic tools such as cost-benefit analysis, SROI builds on and challenges these. It includes a formal approach to identifying and measuring the things that matter to stakeholders. These are often outcomes for which no market values exist, for example an improvement in quality of life. Because such outcomes can be difficult to quantify, they have tended to be excluded from more traditional analyses, preventing a full understanding of value being created or lost for society.

Carrying out an SROI analysis involves six stages:

- 1** Establishing scope and identifying key stakeholders. It is important to have clear boundaries about what your SROI analysis will cover, who will be involved in the process and how.
- 2** Mapping outcomes. Through engaging with your stakeholders you will develop an impact map, or theory of change, which shows the relationship between inputs, outputs and outcomes.
- 3** Evidencing outcomes and giving them a value. This stage involves finding data to show whether outcomes have happened and then valuing them.
- 4** Establishing impact. Having collected evidence on outcomes and monetised them, those aspects of change that would have happened anyway or are a result of other factors are eliminated from consideration.
- 5** Calculating the SROI. This stage involves adding up all the benefits, subtracting any negatives and comparing the result to the investment. This is also where the sensitivity of the results can be tested.
- 6** Reporting, using and embedding. Easily forgotten, this vital last step involves sharing findings with stakeholders and responding to them, embedding good outcomes processes and verification of the report.

Further guidance on the practice of SROI is available from A Guide to Social Return on Investment, co-written by **nef** and published by the Cabinet Office (<http://www.neweconomics.org/publications/guide-social-return-investment>)

Endnotes

- 1 Catch22. (2010). *Ready or Not*. Available at www.catch-22.org.uk/ready-or-not-campaign
- 2 For further guidance on the practice of SROI, see *A guide to Social Return on Investment*, co-written by **nef** and published by the Cabinet Office (2009). Available at: <http://www.neweconomics.org/publications/guide-social-return-investment>
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- 5 The Total Place initiative looks at how a 'whole area' approach to public services can lead to better services at less cost. It seeks to identify and avoid overlap and duplication between organisations, aiming to deliver improvements in service delivery and efficiency at local and Whitehall levels.
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- 9 Transition to Adulthood. (2010). *op. cit.*
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- 19 Singleton, N., Murray, R., Tinsley, L., (eds). (2006). *Measuring different aspects of problem drug use: methodological developments*. Home Office Online Report 16/06. London: Home Office. Available at: <http://rds.homeoffice.gov.uk/rds/pdfs06/rdsolr1606.pdf>
- 20 Cabinet Office. (2000). *Policy Action Team 12 Report: Young people*. London: The Cabinet Office.
- 21 Sure Start is a government programme which provides services for pre-school children and their families. It works to bring together early education, childcare, health and family support. Services provided include advice on health care and child development, play schemes, parenting classes, family outreach support and adult education and advice.
- 22 Children's Trusts are local partnerships which bring together the organisations responsible for services for children, young people and families.
- 23 For more details see Coote, A. (2010). *Cutting it: The 'Big Society' and the new austerity*. London: **nef**.
- 24 Total Place evaluations can be found here: <http://www.localleadership.gov.uk/totalplace/news/pilots-final-reports/> (last accessed 16 November 2010).
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