



Social Impact Report 2012

Based on Blue River's end of year evaluations with service users, we have calculated that Blue River's activities in the year 2011/2012 have generated **£687335.50** worth of social value. Furthermore, we have deduced that for every £1 invested in Blue River, **£13.63** worth of social value is generated. This report will illustrate the methodology used to reach these figures.

Note on Social Return on Investment:

Social Return on Investment (SROI) is a framework for measuring the value that certain activities create or destroy. SROI uses a broader concept of value and incorporates social and environmental costs and benefits. SROI is used to calculate the value of a project by assigning monetary values to individual outcomes.

Methodology

We have used the following methodology to calculate the social value generated by Blue River's activities over the past 12 months.

Section 1: Identify the Scope and Stakeholders

Identifying scope and stakeholders is a crucial stage as it sets the range covered by the whole analysis, determines which information is useful to the analysis and informs the research to be undertaken in later stages.

For the purposes of this impact measurement, our key stakeholders are the pupils who attend our educational programmes, the Criminal Justice System and the Health Service. The figures used in the social impact calculation will be based on the gains and losses these groups experience due to our activities.

Stakeholder	How they affect or are affected by the activity	Quantity	Method of Involvement in SROI Analysis
14 – 16s not in education	<p>They return to education</p> <p>Gain accredited qualifications</p> <p>Increased probability of</p>	21	<ul style="list-style-type: none"> • Surveys before and after the project • Initial and final assessment

	higher future earnings		
Health Service	Reduction in costs incurred by young people who enter into full time education and improve their prospects, leading to improved health outcomes.	21	The Department for Education and Skills and the Kings Fund Think tank have measured the health benefits derived from gaining accredited qualifications and the consequent increase in income and quality of life.
Policing and Criminal Justice system	There are likely to be reductions in costs incurred by the criminal justice system as young people who are out of school commit more offences than those in full time education.	21	Research from the Mori Youth Survey and the British Medical Journal show that exclusions from school positively correlates with higher rates of offending. These surveys have estimated the loss to the criminal justice system that excluded pupils cause.

Section 2: Identifying Inputs and Outputs

SROI measures a ratio of benefits to costs and a key part of the cost of any activity are the inputs that are required for the activity to take place. Therefore identifying and measuring inputs is vital to accurate SROI analysis.

The most basic inputs are any financial investments that have been contributed to the project. Blue River have received the following financial inputs over the year 2011/12:

Source	Amount
Bryant Trust	1000
William A. Cadbury	2000
Plan UK	267
Building Blocks	8000
The Allan and Nesta Ferguson Charitable Trust	10000
BBC Children In Need	2803
Schools/ LEA	10000
Total	34070

In addition to the financial inputs, there exist non-monetised inputs, such as volunteer time, without which the project would be unable to run or would incur further financial expense. To have an accurate-as-possible analysis of social value, we must assign a financial value to these inputs.

Input	What do they invest	Value (£)
Administration volunteer time	Time: 20 hours a week for 38 weeks, valued at minimum wage (£6.08)	4620.80
Tutor and Mentor Volunteer time	Time: 20 hours a week for 38 weeks, valued at minimum wage	4620.80
Project Planning and Development Volunteer Time	Time: 20 hours a week for 38 weeks, valued at minimum wage	4620.80
Courses and sessions and workshops	5 sessions at £500 each	2500
Total		16362.40

Combining the financial and non-financial inputs gives a total of **£50432.40**. This is the total input received by Blue River during 2011/12.

Section 3: Identifying Outcomes and Indicators

Social Return on Investment measures the value provided by outcomes which are derived from the activity or project. For example, Blue River's main activity is the running of educational programmes for disengaged 14-16 year olds. An outcome of this activity is service users gaining accredited qualifications and consequently entering further education. This outcome can be monetised by calculating the benefits individuals derive from gaining accredited qualifications and entering further education. This can be deduced by comparing the outcomes of those who achieve accredited qualifications with those who do not.

The outcomes we will measure are:

- I. Improving Employability
- II. Improving Confidence
- III. Improving Communication skills
- IV. Achieving Qualifications
- V. Entering into further education
- VI. Increasing propensity to enter higher education
- VII. Improving health and increasing awareness on health issues

- VIII. Taking part in activities that they would not have otherwise had the opportunity to participate in
- IX. Increase community participation
- X. Feeling more like a citizen of the country
- XI. Staying away from crime and understanding the consequences of crime

A number of these outcomes are best combined into a single outcome for monetisation. For example, a large body of research shows that excluded pupils are likely to suffer under developed literacy, numeracy and communication skills and often experience low confidence and self esteem. This leads to lower qualifications, lower earnings and higher unemployment. Therefore, outcomes such as improving confidence, employability, communication skills, achieving qualifications, entering into further education and increasing propensity to enter higher education all contribute to the individual's future earnings.

Outcome Indicators

To ensure our outcome indicators are as accurate as possible, we have conducted anonymous surveys with service users asking them to indicate the outcomes they have experienced during their time at Blue River. To ensure that we have data on attribution, we have also asked them to indicate how important they feel Blue River's work was in supporting them to achieve these outcomes.

Some of the outcomes are directly measurable without further information from the service user. For example we know the number of young people we have supported to achieve an accredited qualification as these details will be in our records. However, we used our surveys to discover how much of this achievement was attributed to Blue River by the service user.

Section 4: Calculate the value of each outcome generated using credible financial proxies

The Impact on Earnings

A large body of research shows that exclusion from school greatly reduces the individual's prospects and life chances. Research carried out by New Philanthropy Capital (NPC) and documented in their 2007 report "Misspent Youth: The Costs of Truancy and Exclusion[1]" found that "Excluded children and persistent truants risk underdeveloped social skills, which can prevent them from holding down jobs and forming relationships. They frequently struggle to make and keep friends." Centrepoin, a charity that works with homeless people, found that three quarters of homeless teenagers had either been excluded from school or had been persistent truants.

NPC's research shows that excluded children gain lower qualifications and subsequently experience higher rates of unemployment and lower earnings. These poor outcomes are caused by lower literacy, numeracy, communication and language skills which also lead to lower qualifications and employment prospects.

To calculate the impact of low educational attainment on potential earnings we first use the Youth Cohort Study for England 2002 [2] which provides data on the qualifications of children at age 16 by characteristics such as gender, ethnic origin, parental occupation, and whether the child was excluded or suspended in the last two years of compulsory education.

The figures from the Youth Cohort Study England 2002 show that 52% of excluded children fail to achieve any GCSEs at grades A – C, in contrast to 21% of overall children.

The Youth Cohort Study also shows the percentage of children who are still in higher education at age 21 according to their academic attainment at age 16. This shows that only 13% of excluded children go on to higher and further education compared to 23% of all children.

The Office for National Statistics publishes data which shows average earnings per qualification level. The report by New Philanthropy Capital, “Misspent Youth” used this data with the figures from the Youth Cohort Study to compute the unemployment rates for excluded children compared to those for children who are not excluded. Noting that this was a very conservative estimate, the report found that unemployment rates for excluded children were 6.7%, compared to unemployment rates for non-excluded children of 4.9%. This means that excluded children are 37% more likely to be unemployed than their peers.

The report calculates that the effect of lower qualifications, lower earnings and higher unemployment for excluded pupils means that there is a predicted gap in earnings of **£21175** over their lifetime, compared to their peers. This includes the cost borne by the tax payer through lower income tax payments and national insurance contributions.

The Cost to the Health Service

Research published by the Department for Education and Skills in the 2003 report “Education and Skills: The Economic Benefit [3]”, shows academic attainment is positively correlated with good health. Excluded pupils are more likely to use drugs, with 50% of excluded children admitting to the usage of illegal drugs compared with 15% of their peers.

A 2012 report by the Kings Funds Thinktank found that gaining little or no qualifications is positively correlated with obesity and a shorter lifespan. The report found that those with poor qualifications live 7 years less than average because they are more likely than others to develop long-term conditions such as cancer, diabetes and cardiovascular disease earlier and to experience them more severely.

Disruptive behaviour is the most common cause of school exclusion. This behaviour is most commonly caused by conduct disorders. Children with conduct disorders incur a number of health costs during their childhood through into young adulthood. These costs have been studied and published in The British Medical Journal ‘The Financial Cost of Social Exclusion’,

which tracks the public service costs incurred by children with conduct disorders from the ages 10 to 28. According to this study, those with conduct disorders incurred an average of £1019 over the 18 years. Since Blue River works with young people from age 14 we will discount the years in which they are aged 10 – 13. This gives us a value of £792.50.

In our survey, we asked our service users how if they thought their time at Blue River had supported them to improve their health and how important Blue River’s contribution was to improving their health and empowering them with the knowledge to continue to live a healthy lifestyle. Based on their responses to these questions, the social value we calculate will differ. If the respondent indicated that Blue River has been the most important factor in their improved health and healthy living awareness, we assign 100% of the social value to Blue River. If the respondent indicates that Blue River was not important to them improving their health, or they respond that their time at Blue River did not result in improved health or health awareness, then no social value is generated.

The Cost to the Policing and Criminal Justice Systems

School exclusion is linked with higher rates of crime. A wide range of studies, including the Mori Youth Survey 2004 and Stevens and Gladstone “Learning, not Offending” (2000) found that excluded children have an offending rate of 60% compared to 26% of all children. The British Medical Journal Study, ‘The Financial Cost of Social Exclusion’ found that children with conduct disorders were three times more likely than other children to have been convicted of a crime by age 18 and 12 times more likely to have been imprisoned. The study also found that children with conduct disorders commit crimes incurring £891 per year more than other children between the ages of 10 – 28. Since Blue River works with young people from the age of 14, we calculate the cost of crime from that age. This gives a value of **£12,474.**

Overall Cost of Exclusion per Service User:

	Value (£)
Lost Earnings	21175
Health	792.50
Crime	12474
Total Cost of Exclusion	34441.50

Section 5: Calculating the Social Value Generated by Blue River

Attribution

To reach a true representation of social value, we need to account for the outcomes that may have been achieved through the involvement of other organisations. To capture this data, we asked our service users how responsible they felt Blue River was for the changes they had identified.

		Very Important (100%)	Important (50%)	Mildly Important (25%)	Not Important (0%)
1	How important has your time at Blue River been in helping you to get a job in the future?	12	9		
2	How important has your time at Blue River been to improving your confidence?	6	13	2	
3	How important has your time at Blue River been to improving your communication skills?	9	12		
4	How important has your time at Blue River been to helping you achieve qualifications?	14	7		
5	How important has your time at Blue River been to helping you progress into further education?	8	12	1	
6	How important has your time at Blue River been to helping you stay healthy, improve your health, or increase your awareness about how to stay healthy?	12	5	2	2
7	How important has your time at Blue River been in introducing you to enjoyable activities that you would not have otherwise had the opportunity to participate in?	8	10	3	
10	How important has your time at Blue River been in: a) helping you to get more involved in the community, b) Supporting you to feel more like a citizen of the country and c) Helping you to understand public institutions and day to day life in the UK	6	13	1	1
11	How important has your time at Blue River been in raising your awareness about the consequences of crime and helping you to stay away from crime?	16	5		
		Yes	No		

12	Do you think you are more likely to go to university or other higher education as a result of your time at Blue River?	19	2		
----	--	----	---	--	--

Earnings:

We know that pupils excluded from school are likely to experience an earning gap of £21,175 over a lifetime due to the combined effect of the effect of lower levels of qualifications and consequently lower earnings and higher unemployment (refer to Section 4 for details). Blue River alleviates this effect by supporting our service users back into education where they achieve accredited qualifications and enter further education. We used the responses to Question 1 to calculate attribution in this case.

“How important has your time at Blue River been in helping you to get a job in the future?”

12 respondents indicated “Very Important” and 9 respondents indicated “Important”

$$12 \times 21175 = 254100$$

$$9 \times (21175 \times 0.5) = 190579.5$$

Therefore £444679.50 is generated through the increase earnings of service users and a reduced burden on the taxpayer.

Health:

Exclusion from school is negatively correlated with good health in both the short and long term (refer to Section 4 for details). Blue River support service users to improve their health through cycling events, heart health workshop delivered in partnership with British Heart Foundation, participation in a local football league and regular physical education lessons.

We measured attribution in this aspect using the responses to the following question:

“How important has your time at Blue River been to helping you stay healthy, improve your health, or increase your awareness about how to stay healthy?”

12 respondents indicated “Very Important”, 5 respondents indicated “Important”, 2 respondents indicated “Mildly Important” and 2 respondents indicated “Not Important”.

$$12 \times 792.50 = 9510$$

$$5 \times (792.50 \times 0.5) = 1981.25$$

$$2 \times (792.50 \times 0.25) = 396.25$$

$$2 \times (1019 \times 0) = 0$$

Crime

As discussed in section 4, school exclusion is linked with higher rates of crime. The cost incurred by society through crime committed by an excluded pupil is equal to **£12,474** between the ages of 14 and 28. We used the responses to Question 11 to measure attribution.

“How important has your time at Blue River been in raising your awareness about the consequences of crime and helping you to stay away from crime?”

16 respondents indicated “Very Important” and 5 respondents indicated “Important”.

$$16 \times 12474 = 199584$$

$$5 \times (12474 \times 0.5) = 31185$$

Total Social Value= 687335.50

Income 2011 – 2012: 50432.40

Social Return on Investment Calculation = $687335.50 / 50432.40$

SROI = 13.63

This indicates that Blue River Academy generates £13.63 of social value per £1 of funding we receive.

