

PRO BONO ECONOMICS

**workingrite**

# Measuring the economic impact of supporting young people into employment

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A Pro Bono Economics report  
in association with Fiona  
Thom

March 2019



# 1. Overview of project

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# About Pro Bono Economics

PBE harnesses the tools and insights from economics to help charities, social enterprises and their funders first understand and then improve the impact and value of their work.

We do this by using good data, analysis and judgement, working with skilled volunteer economists who we match with charities to provide insight and advice. We then disseminate all the results of our work to extend knowledge of this area and improve practice.

Established by Andrew Haldane and Martin Brookes in 2009, our Board of Trustees is currently chaired by Lord Gus O'Donnell, with trustees including Sir Dave Ramsden, and patrons such as Bronwyn Curtis OBE, Lord John Eatwell, Dame Kate Barker and Lord Jim O'Neill. We are based in London and work with charities around the United Kingdom.





# About Working Rite

## Aims and Objectives

- Working Rite (WR) was founded as a Community Interest Company in 2008 and converted into a Charity in 2011.
- WR's mission is to support vulnerable, disadvantaged young people into sustained employment, apprenticeships or purposeful learning.
- WR delivers this mission by individually matching young people with mentored work placements in small local businesses.
- The desired outcome of the charity is to maximise the number of young people with a challenging past who go on to achieve a positive working future.
- A 'successful outcome' is defined as an individual who gains employment, further education or an apprenticeship on completion of a WR programme.
- WR uses Salesforce to capture data on participants and employers.

## WR Programmes

- Over 2017/18 WR provided support to over 200 young people across contracted programmes in nine local authority areas in Scotland covering a range of different needs – with some participants being “harder to reach” than others in terms of the barriers they face to securing work.
- Local WR Project Co-ordinators individually match each young person to a small business in their local community. WR “trainees” work with their placement employer for up to six months during which they are guided by an older mentor in the workplace.
- Both trainee and mentor are also supported by the WR Project Co-ordinator. Trainees earn a weekly training allowance and WR cover travel expenses.
- 74% of the young people engaged in 2017/18 completed their WR programme and, of these completions, 80% went on to a successful outcome (i.e. a job, apprenticeship or purposeful learning).

# Context and Project Aims

## Ask of PBE

- WR approached PBE to provide support in measuring the wider economic impacts of their work and to demonstrate the return on investment of their programmes.

## PBE initial project scope:

- Provide a framework outlining the in principal costs and economic benefits of one of WR's programmes (Pathfinder);
- Use WR data to create a baseline and identify a comparator group to measure (against an agreed Cost Benefit framework) the likely longer term net impacts of the Pathfinder programme; and,
- Indicate the relative cost benefit ratio of the Pathfinder programme over appropriate time periods.

## Revised project scope:

- PBE reviewed the current WR data collection processes, both for those trainees currently active on a programme and those who have previously completed a programme.
- It was concluded that the (current) follow up data **was too limited** in scope to feasibly measure the longer term WR impacts on the economy (i.e. there is a lack of information about trainee outcomes six months to one year post programme completion).
- Such follow up information is essential to: (a) demonstrate if there are sustained benefits from participation in WR programmes and (b) measure (any) resultant economic and exchequer benefits.
- It was consequently agreed (between PBE and WR) that the project scope should change to focus on improving current data collection processes with the longer term aim of allowing WR to measure impacts.

# The Rest of this Report

Given the importance of improving WR data collection processes in order to build robust baseline and follow up data on programme participants to support any future impact assessment, the rest of this draft report focuses on:

- **Baseline data** requirements in terms of the information points (and aggregation of this data) that WR might wish to consider when collecting participant and employer characteristics before they start a WR programme;
- **Destination data** recommendations against which – post completion – WR might wish to assess the longer term outcomes and consequently the potential impacts of their Programmes (against the baseline data above);
- **Data collection** implications relative to current WR practice if any of the suggested changes above are implemented; and,
- **Future cost benefit analysis** principles and steps that – given all the above - could be adopted by WR going forward.

## 2. Data Collection

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# Baseline Data - Overview

Baseline data is information that is collected on the characteristics of participants and employers **before** they start a WR programme.

Establishing a baseline is important for various reasons:

- Such data is essential to measure the impact of WR programmes. If information is not captured at the start of a programme it is difficult (if not impossible) to identify if any positive or negative changes (i.e. compared to the baseline) result from programme activities.
- It also provides a starting point to assess what might have happened in the absence of a programme in order to draw judgements on additionality.
- Additionality is defined as: *“the extent to which activity takes place at all, on a larger scale, earlier or within a specific designated area or target group as a result of the intervention[1]”*.
- As outlined in Section 3 (Cost Benefit analysis) there are various approaches to drawing judgements on additionality (by comparing baseline and programme impacts with alternative outcomes in the absence of a Programme).

[1] [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/378177/additionality\\_guide\\_2014\\_full.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/378177/additionality_guide_2014_full.pdf)



# Baseline data – Current Collection

- WR collects data on both participants and employers who sign up to their Programmes.
- This information is entered into the Salesforce system by Project Coordinators at the start of a participant's journey.
- Information collected includes: background on where an individual has been referred from and whether they meet the criteria (to be eligible) for any given WR programme.
- Much of the information collected is driven by particular and differing Local Authority (Programme Commissioner) requirements.
- Consequently there are a wide range of participant's characteristics and 'barriers to employment' which can be captured within the current WR Salesforce system including:
  - bereavement; care experienced; chaotic home life; criminal conviction; kinship care; lack of self awareness; language difficulty; learning difficulty; LGBTQ; living in deprived area; low academic achievement; low self esteem; mental health issue; peer/gang issue; physical health issue; poor attitude to work; alcohol misuse; substance misuse; refugee/migrant; rural isolation; social isolation; travel issue; gypsy/traveller; young parent; young carer; at risk of reoffending; and, at risk of homelessness.
- In some cases the project coordinator and participant also use a five point (Likert) scale to rank certain elements of participant characteristics over the length of any Programme to assess "before" and "after" trainee progress (e.g. 'good at timekeeping').

# Baseline Data Collection - PBE recommendations

These recommendations assume that the current Salesforce system is maintained.

1. Review each characteristic and barrier to employment currently captured: can these be minimised and/or grouped for ease of entry by Project Coordinators (see next slide)?
2. Collect the same baseline metrics across all Programmes for consistency and transparency.
3. Ensure that the minimum recommended metrics are mandatory to be input in the system at the start of each Programme.
4. Make the participant self assessment elements mandatory (five point scale). These are already built into the system and will enable WR to monitor (self and mentor) assessed changes throughout a Programme.
5. Limit the number of ad hoc requests for additional data from funders.  
i.e. if other data is requested, is there something WR already captures that can be used as a proxy instead of adding a new element to the system?
6. Limit the number of free text boxes to simplify analysis, reduce errors and ensure consistency across Programmes.

# Baseline Data – PBE Recommendations

Suggested minimum mandatory data collection required (at start of participant journey):

- Name.
- DOB.
- Address (can link to TTW area if needed).
- Reference route/organisation.
- SDS claimable.
- On welfare benefits? (Y/N):\*
  - Type (JSA, ESA, UC, Housing, Carers...) \* *tick box menu*.
  - Amount received (£p.w./p.m...?).
- Skill level – maths, english qualification level \**dropdown menu*.
- Alcohol or drug history? (Y/N).\*
- Criminal history? (Y/N) and what type of crime \* from dropdown menu.
- Reported Disability? (Y/N).\*
- Assessment by individual and PC of specific characteristics.

\*Indicates new/change to current system.

## Baseline Data Review – example groupings and actions.

### Social

- Alcohol misuse → Change to: Alcohol or Drug history (key metric).
- Substance misuse → Change to: Alcohol or Drug history (key metric).
- Criminal conviction (s) → Key metric.
- At risk of reoffending → Review: How is this answer achieved?
- Bereavement → Review: is this used for anything?
- Care experienced → Review: Change to history of care?
- Chaotic home life → Review/replace?
- At risk of homelessness → Consistent measure /scale ?
- Peer/gang issue → How defined / clarity?
- Social isolation → Review: is it clear what this means?

### Health

- Language difficulty.
- Learning difficulty.
- Mental health issue → Replace: Mental health condition.
- Physical health issue → Replace: Physical health condition.
- Reported disability → New metric (key metric).

### Personal

- LGBTQ.
- Young parent.
- Kinship care.
- Young carer.
- Low academic achievement → Replace with skill level for maths and english (key metric).
- Poor attitude to work → Replace with 5 point scale
- Lack of self awareness → Replace with 5 point scale
- Low self esteem → Replace with 5 point scale

### Housing/location

- Living in deprived area → Change to: IMD score of area?
- Gypsy/traveller → combine with below into a drop down list.
- Refugee/migrant → combine with above for a drop down list.
- Rural isolation.
- Travel issues.

# Destination Data - Overview

Collecting follow up (destination) data on participants is essential to measure the longer term impact of WR support (through the cost benefit analysis outlined in Section 3):

- The immediate programme outcomes (at the end of the placement) do not allow WR to capture the full benefit of their interventions. Many of the benefits to the economy of employment, apprenticeships and training extend over many years post intervention; and,
- Collecting data on outcomes over a longer time period will enable a fuller comparison of benefits against the costs of WR Programme delivery.

Destination data will:

- Allow comparisons to be made with baseline data to identify aggregate outcomes changes (for example: changes in employment and/or benefit status);
- Offer the potential to judge the (cost) effectiveness of different WR activities in delivering output changes; and,
- Subject to sample sizes, offers the opportunity to analyse outputs by different characteristic groupings.

# Destination Data – PBE Recommendations

## Minimum mandatory data collection required:

(NB: these should align with the baseline data recommendations).

1. Status – 4 options (employed, apprenticeship, education, NEET, other):
  - If employed: Industry – SIC codes dropdown menu; Wage (range)–per week; Duration of employment since completed WR programme – dropdown menu <6, 6-12, 12+;
  - If apprenticeship: Level, Industry (SIC code), Duration (drop down menu options);
  - If in education: Course type – dropdown menu; Duration – drop down menu; Level – drop down menu; and,
  - If other: What status (free text).
2. Receive benefits – Y/N?
  - Type – drop down JSA/ESA/UC; and,
  - Amount received- p.w/p.m. (tbc).
3. Disability declared – Y/N?
4. SDS claimable – (and whatever WR organisation requirements for this group should also be collected).



# Destination Data - PBE recommendations



1. Review the current process for follow up data collection: why has it been limited to date? What can be done to improve this follow up?
  - Consider how best to communicate the new requirements for destination data with project coordinators/those who gather and input the data;
  - Communicate with new participants at the start of a programme the process for follow up and what benefits there could be for participants themselves; and,
  - Hold focus groups with a sample of current participants to identify the best ways to communicate with them after the programme e.g. email, text, phone call to individual or through employer, college etc.
2. Seek legal/GDPR advice in relation to any new data/collection processes.
3. Collect data at 6, 12 months and 24 months post intervention where possible.
4. Ensure consistent follow up across all of the programmes.
5. Review the method of collecting follow up participant data:
  - When collecting baseline information tell individuals about the follow up collection. Potentially ask them to sign up to this process as part of their “contract”;
  - Post intervention – contact individual (use findings from focus groups above to design this to achieve the biggest response rate); and,
  - If not contactable examine the potential to call employer they were matched with.

# Data collection Process – Further Considerations

Outwith the scope of this project PBE and WR also discussed potential improvements and efficiencies to the wider data and analysis functions of the charity:

- Is Salesforce providing the right outputs to meet WR needs? Can WR get more out of this system?; and,
- Are there other charity organisations that can support/advise WR in using this system (e.g. Data4Good).

In addition it may be beneficial to consider:

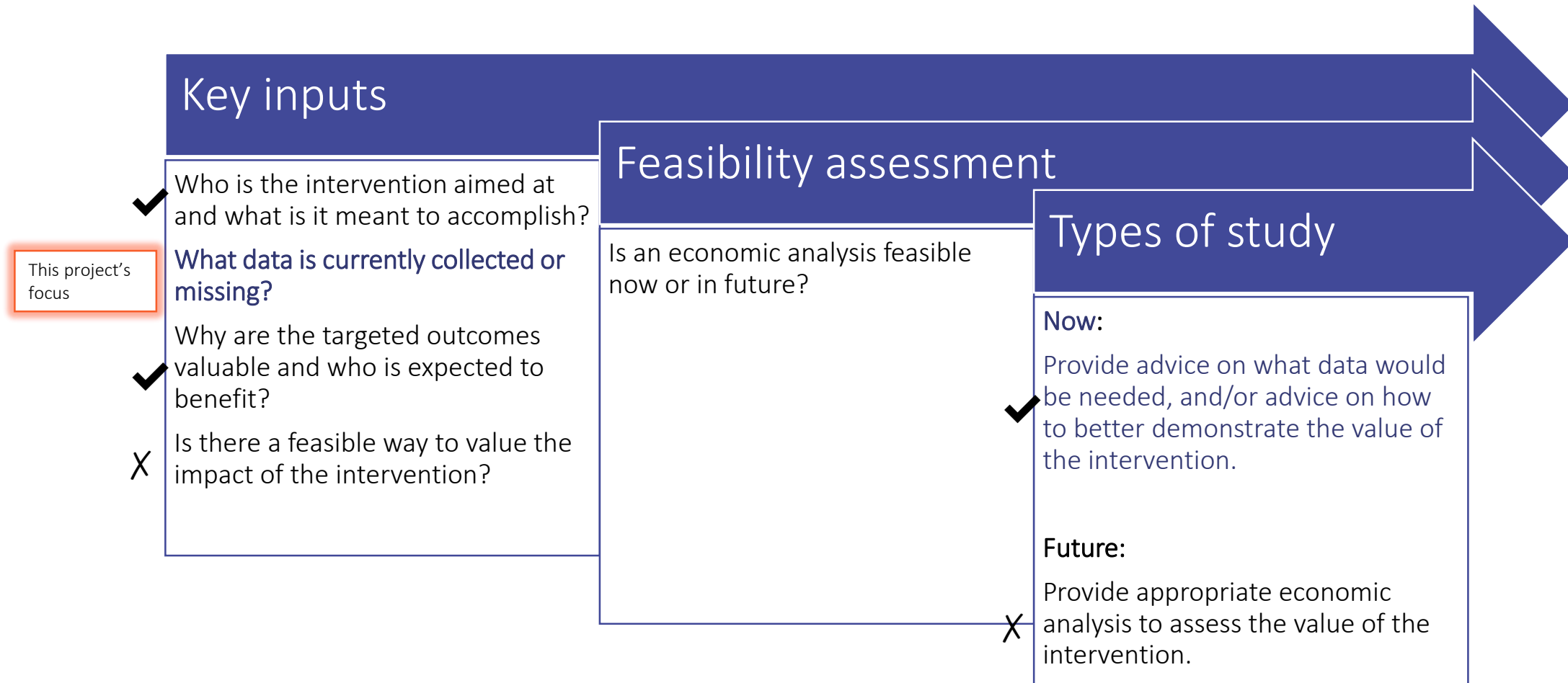
- The cost of inputting data per participant over the year (time per entry) by project coordinators. Can this be streamlined/more efficiently processed (e.g. cost vs. benefits of having an administrator who enters all data into the system vs. each project coordinator doing this)?;
- Putting in place a knowledge management system of how to use the key functions within Salesforce, and up skilling other members of the team;
- Identifying peak periods of data collection across the year to help plan support for staff who enter information; and,
- Could a reminder/communication process for following up with participants be put in place in the system to remind staff to do this?

### 3. Future Cost Benefit Analysis

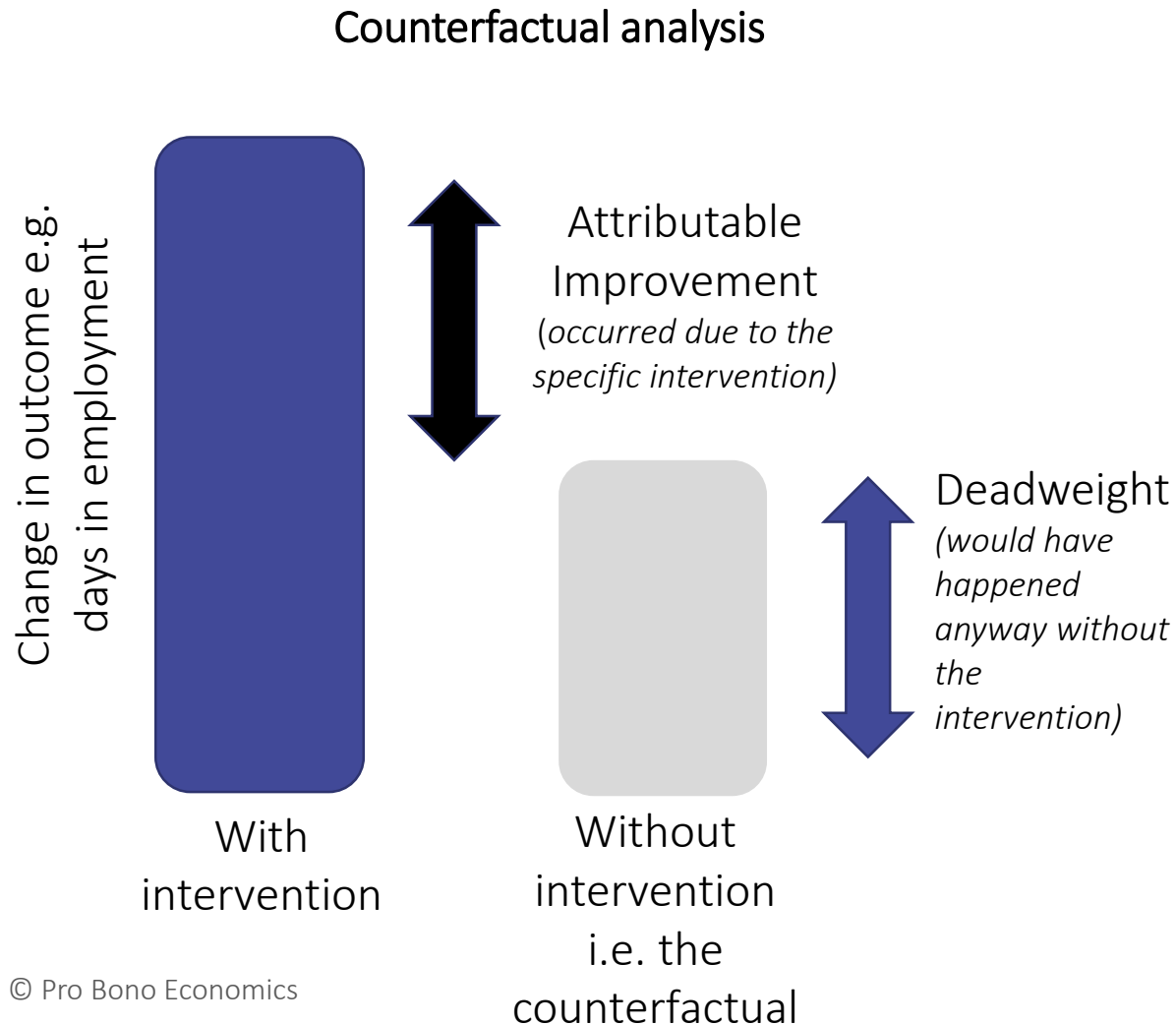
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# Measuring economic impact - stages

This PBE project has focussed on improving data collection processes to build a robust baseline and follow up data on programme participants. Using this information WR can then consider the next steps and other key inputs required to measure the economic impact of their programmes.



# Stage 1: How to measure whether a WR intervention has caused a change in outcomes.



Ideally, WR would like to compare outcomes with and without their interventions for the **same** individuals and all other factors remaining the same.

In the real world, this is not possible, so the 'without intervention' outcome must be inferred from data on outcomes for a group of **different** individuals who **did not receive** the intervention.

Care is needed to ensure that the comparison between these two groups is reliable i.e. the comparator (without) group should be closely matched to the treatment (with) group, with any differences controlled for in the analysis.

**Selection bias** commonly arises where the intervention is not randomly allocated (including due to unobservable differences between individuals (e.g. re. ability/motivation) and the severity and implications of this must be considered.

# The key to robust estimates is having the right counterfactual.

- This was discussed as part of the initial project scope and will need to be carefully considered.
- The aim is to measure the *net additional impact* of a WR Programme/s.
- The counterfactual (through the selection of an appropriate local or national comparison group) aims to represent what would (have) happen(ed) if there was no WR programme available in the area.
- Need to consider: what is feasible, what best reflects the 'without intervention' scenario and what data could be gathered to represent a similar group of individuals who do not/did not have access to the WR programme.
- The destination data collected will be the key input for this analysis.
- In the absence of randomised control trials, PBE and WR discussed the potential of a "mixed evaluation" approach involving:
  - Evidence on the impact past Working Rite programmes (of a similar nature);
  - Benchmarking against other Scottish NEET programmes;
  - Identifying at ward level the current unemployment rates of older similar cohorts that have not had the benefit of this programme (with appropriate caveats around external factors and other programmes etc) ; and, potentially
  - An e-survey of existing participants asking them what other routes they might have taken (and what improvements they would suggest to the Programme itself).



# Stage 2: Use a Cost Benefit framework to quantify impact in terms of NPSV or BCR.

Additional (compared to counterfactual of no pathfinder)

## Benefits

- GVA output
- Exchequer: increased tax receipts, reduction in benefits.
- Employer: reduction in hire time
- Type 1 multiplier effects

Wider:

- Health improvement
- Wellbeing
- Reduction in crime

**Net Present Social Value (NPSV):** estimate of the present value of social benefits less the present value of costs. This provides a measure of the net social value of the relevant intervention relative to the counterfactual no intervention scenario.

**Benefit-Cost Ratio (BCR):** estimate of the ratio of the present value of benefits to the present value of costs (e.g. £4 benefit per £1 invested).

## Costs

- Operational costs: Admin and programme
- Other related costs

Net  
Present  
Social  
Benefit

a) 3.5% discount rate

**Gross value added (GVA):** the value of output less the value of intermediate consumption; it is a measure of the contribution to GDP made by an individual producer, industry or sector. (OECD definition)[1]

[1]Care is needed when combining GVA and exchequer benefits to avoid double counting.

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