

Economic Evaluation of Link Up

Inspiring Scotland

June 2014

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Executive Summary

Matrix was commissioned to undertake a preliminary examination of the monetary value of the impact of the Link Up programme established by Inspiring Scotland. Our work does not provide a full cost benefit analysis rather, it gives an indication of the potential economic value of what is a still evolving programme.

Link Up is an Inspiring Scotland programme funded by the Scottish Government's "CashBack for Communities" initiative. The programme started in June 2011 and runs to end July 2014; however, the operational phase largely began in January 2012. Total planned investment in the programme over its life-time is estimated to be £2.19m.

Link Up is a partnership between Inspiring Scotland and local charities in 10 areas across Scotland. The areas are geographic communities that are more often defined by the problems they face. The primary goal of Link Up is to increase social connections and help to build relationships between people living in these communities. Whilst not overtly about increasing social capital, it is recognised the Link Up approach may be likely to facilitate this. Communities with higher levels of social capital are likely to have faster economic growth and happier, healthier residents than otherwise¹.

The starting point for Link Up is the assets in the area and in particular, the existing strengths of individuals, families and the community i.e. their experiences, skills, knowledge and interests. Link Up's approach is rooted in the idea of 'salutogenesis' discussed by Aaron Antonovsky² who argues that social support is one factor that can help people cope with and recover from various psychosocial stresses. Building individual and social resourcefulness and resilience can also help prevent people from defaulting into using public services as often when they encounter problems.

Rather than bringing in activities that other people have developed, Link Up is working with residents to develop their own projects. All Link Up activities aim to bring different people together, so that residents are actively participating in running the activity, benefitting from it, and helping it become a sustainable and ingrained part of community life.

Building on local strengths and interests to create these activities (e.g. cooking, gardening, sports, arts, crafts, cinema), the Link Up Workers are helping people to get to know their fellow residents and in so doing, build new and deeper social connections supporting better community integration and resilience.

The Link Up programme is unusual in that it is: a community-led intervention and not about enforcing external agendas; is established without pre-set outcomes for activities or groups;

¹ Knack, S and Keefer, P (1997): Does Social Capital Have an Economic Payoff? A Cross-Country Investigation The Quarterly Journal of Economics (1997) 112 (4):1251-1288.

² Antonovsky, A (1979): "Health, Stress and Coping", San Francisco: Jossey-Bass Publishers, 1979. In salutogenic theory, people continually battle with the effects of hardship. These ubiquitous forces are called *generalized resource deficits* (GRDs). On the other hand, there are *generalized resistance resources* (GRRs), which are all of the resources that help a person cope and are effective in avoiding or combating a range of psychosocial stressors. Examples are resources such as money, ego-strength, and social support.

and, workers are given autonomy to develop their approach to the local context using a flexible funding model. This poses challenges in estimating its economic impact. Assuming the programme increases social connectedness and this can be measured (e.g. increases in social capital), does the increase in social connectedness have an economic value in itself, or is it purely the individual outcomes (e.g. education, employment or health) that it improves that have value? There are divergent views on this issue. And how can we define and measure individual outcomes in advance when the philosophy of the approach is that individual outcomes emerge during the activities and are not imposed in advance? “How” – as it was expressed to us – “do you validate something like this without crushing it?”

Our study side-steps these issues somewhat and examines the question of the economic value of the programme slightly differently, very narrowly and conservatively. We have only attempted to put an economic value on those 11 transformational outcomes that are being recorded for individuals by Link Up workers in the 10 ventures that make up the programme. This ignores a range of additional outcomes that have been measured, largely qualitatively, around increased social interaction, improved relationships, increased self-confidence and self-efficacy, community cohesion and integration, and levels of community activity. The approach taken here does not put any value on improvements in these psychosocial factors other than increased volunteering and participation. As a result, this limited focus on transformational outcomes can only tell part of the story and cannot reasonably provide a full assessment of the economic impact of Link Up. We make some recommendations about attempting to capture this in the future.

From another perspective, our study overstates the economic benefits of the programme, as it implicitly assumes that all the outcomes recorded by the Link Up workers are attributable entirely to the programme and that they are sustained for a reasonable period of time. Consequently, we also calculated break-even values – i.e. the proportion of the outcomes actually recorded that would need to be attributable to the programme for its benefits just to exceed its costs – this proportion is described as the programme’s ‘effectiveness’ though it is not a judgement on the efficiency of the programme. No programme is ever 100% effective.

With all these caveats in mind, we have made some very tentative estimates of the economic and wellbeing benefits associated with Link Up and compared them with the programme’s costs. Our headline results are as follows:

Table 1: Summary of results

Direct costs of ventures	Programme costs	Estimated benefits excluding volunteering & participation & assuming 100% effectiveness	Break-even effectiveness required	Estimated benefits including volunteering & participation & assuming 100% effectiveness	Break-even effectiveness required
£1.33m	£0.36m	£3.64m	46%	£6.00 million	28%

- The Link Up workers have recorded 11 ‘transformational outcomes’: increased employment, increase in desire to engage with employment, increased engagement with education, additional qualifications, skills building, reduced alcohol consumption,

reduced tobacco consumption, reducing the number of medications, reduced drug taking, reduced social isolation and re-engagement with decision making structures.

- Assuming these outcomes recorded for the programme are 100% attributable to the programme, the Link Up programme is achieving benefits valued at just over £3.64m in relation to costs of £1.69m – a benefit cost ratio of 2.15:1.
- Of these £3.64m of estimated benefits, about £1.43m are in the form of ‘wellbeing’ or non-market benefits and do not enhance GDP. The rest (£2.21m), and depending on the displacement of other economic activity they create, have the potential to enhance GDP through, for example enhanced employment.
- The actual effectiveness of the programme is not currently known; the attribution of impact depends on a number of confounding factors including what would have happened in the absence of Link Up. However, it is estimated that to recover costs, the programme will need to have achieved almost 46% of the value of projected outcomes.
- It would not be unusual for a project or programme to achieve 46%; however, to be more certain that the benefits of the programme exceed the costs, it would be advisable to capture and measure wider, potentially valuable outcomes more systematically, such as increased social capital.
- In addition to the transformational outcomes recorded by Link Up workers, the programme has recorded (to December 2013), participation in Link Up activities by almost 7,400 local people, with almost 500 volunteering in some capacity. Participation and volunteering increases wellbeing; however, the value attributable to these factors is dependent upon their frequency, intensity and duration. Therefore a calculation has been made of the number of regular volunteers and participants. This enhanced wellbeing is worth an additional £2.36 million.
- In total, the benefits for the programme amount to £6.00 million and the breakeven effectiveness point is that 28% of the projected value of outcomes would be required to offset the cost.
- Securing some form of employment is the most economically valuable individual outcome for those of working age, and also enhances peoples’ wellbeing and health outcomes, so may be worth striving for more proactively.
- In terms of improving wellbeing, activities which can be demonstrated to reduce depression and anxiety – e.g. through reducing social isolation and helping people feel useful, have the highest social value. For those for whom employment is not an option, focusing on these activities would seem to be the most socially beneficial.

1.0 Introduction and Background

1.1 Objectives and origin of the study

Following several initial discussions with the Head of Strategy for Inspiring Scotland in November 2013, and meetings with other colleagues from the charity, a proposal to estimate the net economic value of the Link Up programme was put to the Head of Public Health Division, CMO Directorate in the Scottish Government on 5 December 2013, and was accepted shortly afterwards.

Data issues featured in those initial discussions between Matrix Knowledge and Inspiring Scotland and several limitations were acknowledged at the outset. Those data limitations helped shape the scope of this brief study. We have not attempted to estimate the entire economic benefit of the Link Up programme. Instead we have tried to put values on only those outcomes of the programme that can more easily and certainly be measured and valued. Our measures almost certainly underestimate the full economic value of the programme.

As set out in the proposal:

“the objective of this research will be to monetise the type of transformational outcomes we believe Link Up is producing... the work will not provide a full cost-benefit analysis, but is a useful step until the longer-term analysis comes to fruition...It will provide an indication of the potential economic value of the programme as an interim output.”

1.2 The Link Up Programme

Link Up is an Inspiring Scotland programme funded by the Scottish Government’s ‘CashBack for Communities’ Initiative. The programme started in June 2011 and runs to the end of July 2014; however, the delivery of the programme did not get under way until January 2012. Total planned investment in the programme over its three-year lifetime is projected at £2.19m.

Link Up is a partnership between Inspiring Scotland and 10 local charities in 10 areas across Scotland (see Appendix 1). The areas are geographic communities that are more often thought of as having multiple problems. The philosophy behind Link Up however is to recognise and build on the existing assets of the area. The assets are most often in the form of the existing strengths of individuals, families and the community i.e. their experiences, skills, knowledge and interests.

Within each area, local partners, who act as Link Up Host Organisations, have employed Link Up Workers to engage and work alongside local residents to facilitate activities and projects that they would like to do. They manage a small budget to facilitate this activity. However, rather than bring in activities that other people have developed, Link Up is working with residents to develop their own projects. All Link Up activities aim to bring different people together, so that residents are actively participating in running the activity, benefitting from it, and helping it become a sustainable and ingrained part of community life.

Building on local strengths and interests to create these activities (e.g. cooking, gardening, sports, arts, crafts, cinema), the Link Up Workers are helping people to get to know their fellow residents and in so doing, build new and deeper social connections supporting better community integration and resilience. The activities thus aim to enhance the social capital of the area. Communities with higher levels of social capital are likely to have faster economic growth and happier, healthier residents than otherwise³.

Link Up's approach is rooted in the idea of 'salutogenesis' discussed by Aaron Antonovsky⁴ who argues that social support is one factor that can help people cope with and recover from various psychosocial stresses. Building individual and social resourcefulness and resilience can also help prevent people from defaulting into using public services as often when they encounter problems.

1.2.1 Programme aims and theory of change

The aims of Link Up are two-fold:

1. to enable individuals to build new trusting relationships; helping to enhance their view of themselves and the community they live in; and
2. to help individuals and communities to be more resilient and have greater capacity to address the challenges they face.

The programme's Theory of Change - or Logic Model - is shown in Appendix 2. In summary, the programme's theory is that by increasing:

- Activities – both those that increase social contact; and those that involve individuals participating and sharing or using their skills and knowledge; leads to increased:
- Outputs – e.g. number of hours of community activity or numbers of new activities which improves:
- Outcomes for Individuals – an example of this being increased and strengthened relationships with fellow community members, development of new skills, better health and wellbeing, increased resilience and self-efficacy and/or improved employment prospects; and
- Outcomes for Communities – for example improved community cohesion or improved perception of the community as a place to live.

In the longer-term, the outcomes for individuals and communities may contribute to outcomes for Society – measured in terms of reduced crime and antisocial behaviour or increased employment and skills and wellbeing etc. This is not something that would be expected to be measureable at this stage of the programme.

³ Knack, S and Keefer, P (1997): Does Social Capital Have an Economic Payoff? A Cross-Country Investigation The Quarterly Journal of Economics (1997) 112 (4):1251-1288.

⁴ Antonovsky, A (1979): "Health, Stress and Coping", San Francisco: Jossey-Bass Publishers, 1979. In salutogenic theory, people continually battle with the effects of hardship. These ubiquitous forces are called *generalized resource deficits* (GRDs). On the other hand, there are *generalized resistance resources* (GRRs), which are all of the resources that help a person cope and are effective in avoiding or combating a range of psychosocial stressors. Examples are resources such as money, ego-strength, and social support.

1.2.2 Principles and Approach

The participants themselves determine the activities established in each area. However, the local workers guide development of the programme locally using some common principles. These are that:

- residents are seen as active contributors and participants in the activity – not as recipients of services;
- engagement of all residents is actively supported - because they live in the community, not because they have specific needs;
- existing community assets and what works well in communities are valued and promoted;
- the importance of social connections both for the individual and the community are recognised;
- the importance of intangible outcomes such as self-esteem and self-efficacy are understood; and
- Individuals and communities are supported to sustain activity and connections.

Link Up gives local workers flexibility to develop the approach in line with the local context and provides local people with the opportunity to direct/inform what happens and to keep improving their capacity to do so. This is consistent with DJ Greenwood and M Levin's description of the aims of action research⁵.

1.2.3 Link Up's impact measures to date

To measure the economic and social impact of the programme requires hard data on activities and outcomes. As noted above, this is potentially difficult in a project like Link Up.

By December 2013, 7,400 local people had participated in Link Up activities (see appendix 1) with almost 500 of these volunteering in some capacity. This is commensurate with the programme's key aims of fostering, broadening and deepening social connections in the ten communities in which it is working.

Link Up workers are collecting data on 11 transformational outcomes recorded in their areas, such as re-engaging with employment; reduced drug and alcohol consumption etc. as shown below in Table 2. As of November 2013, the 7,400 participants had recorded 523 such outcomes between them – an average of 7 outcomes per 100 participants (some participants achieve more than one outcome). Many of these outcomes can bring economic benefits for individuals, communities and national government if they improve labour market earnings, reduce welfare payments and increase tax revenues. However, they can also lead to outcomes which have a social (non-market) value such as improved health and wellbeing for individuals. We have attempted to put values on these, and the methodology used to do so can be found in section 3.

⁵ Greenwood DJ and Levin M (1998), *Introduction to Action Research*, Sage Publications.

The wider aims of Link Up in terms of improved individual and neighbourhood wellbeing, social connectedness, increased community activity and increased community cohesion and integration are harder to measure and if they cannot be measured, they cannot be valued. Whilst we acknowledge that Link Up workers have been recording such outcomes, this has been largely qualitative in nature. We make recommendations about how these outcomes might be measured in the future in the conclusions of the report.

It is also important to note that the act of volunteering itself has a well-evidenced wellbeing benefit, which if it can be measured in Link Up, could be valuable. We have sought to make a preliminary quantification of this benefit and an estimation of the benefit of participation for the purposes of this report and this is discussed in section 3.

Table 2 - Link Up – Transformational Outcomes Jan 2012-Nov 2013

Outcome	SE Alloa	Whitfield	Gorbals	Gallatown	Larkfield	Leith	Muirhouse	N Motherwell	NW Kilmarnock	Possil	Total
Secured employment	2	2	2	13	0	0	2	0	5	0	26
Expressed a desire to re-engage with employment but not yet secured job	20	6	6	26	6	1	5	8	3	1	82
Secured University/College Place/Traineeship	1	3	3	17	1	0	0	2	0	0	27
Attained Food Hygiene Qualification	11	9	0	19	2	0	0	14	8	2	65
Attained some other form skills/competency based qualification/award	1	0	8	51	2	7	4	13	14	2	102
Reduced alcohol consumption	12	0	4	6	0	0	3	2	0	0	27
Reduced tobacco consumption	4	3	1	9	0	0	2	2	0	0	21
Reduced or come-off some form of daily medication	1	0	0	5	0	0	7	2	0	0	15
Reduced drug taking		0	1	5		0	6	0	1	0	13
Who previously had been isolated but is beginning to engage with others	4	17	6	14	0	6	16	8	4	4	79
Re-engaged with formal decision-making structures/services (Council, NHS, etc..) following a prolonged gap	12	0	2	24	0	0	22	0	4	2	66
Totals	68	40	33	189	11	14	67	51	39	11	523

2.0 Methodology

2.1 Outline

Matrix Knowledge was commissioned to produce a model that compares the costs of the Link Up programme with the estimated monetary values of the measured outcomes for Link Up participants. The estimated values of the outcomes are distilled by Matrix from searches of the rapidly developing literature on economic and social values. Without a fuller exploration of the impact of the programme for individuals and controlled trial techniques, we cannot be certain that the outcomes recorded by the Link Up workers can be attributed wholly to the programme. Therefore, to supplement the analysis we undertook a further break-even analysis that aimed to show how effective the programme would need to be in generating benefits for the value of the programme's benefits to exceed its costs.

We undertook some sensitivity analysis on the estimated costs and estimated benefits of the programme to see how much changes affected the central estimate for the breakeven effectiveness figure.

Finally, in Section 4.0, we provide recommendations for future research and data collection that will help to provide an estimate of the effectiveness of the programme and increase the range of benefits captured in the data collected.

Below we explain in more detail our approach for:

- how the costs of the programme have been estimated;
- how the outcomes are recorded;
- how the outcomes have been converted into monetary values; and
- break-even analysis and the attribution issue.

2.2 Costs

As of December 2013, £1.33m of the projected budget for the programme had been spent on the 10 local areas, and a further £0.36m on central programme costs. We wanted to analyse the costs for each of the 10 ventures separately, since the volumes and values of the outcomes recorded in each vary widely and it would be useful to compare them. We therefore asked Inspiring Scotland to separate out the central programme costs. The central programme costs can be regarded as a cost that probably doesn't vary much with the scale of the programme and would not increase in proportion to the number of ventures.

Costs were provided to Matrix by Inspiring Scotland and are total costs per venture. A venture is a local area project of which there are 10 in operation. The direct costs are broken down by quarter and include all venture cost components including:

- local worker salary & on-costs
- project/activity costs
- engagement costs
- host management fee

- pro-rata allocation of other costs

In addition to the direct costs, a proportion of the performance advisor's salary is applied to each operating area. Performance advisor (PA) costs include salary and on-costs, expenses and training. Total PA costs for the period from the start of the programme to 31/12/13 are £353,100, but it is assumed 60% of these costs (i.e. £211,860) relate to direct support to local workers with local delivery⁶. Due to the staggered start dates for the ventures, the total level of PA time (and therefore costs) spent on each venture varies. The actual allocation of PA costs to each venture has been determined by multiplying the total PA cost allocation (£211,860) by a % based on the proportion of the number months a venture has been operational to the total number of months of venture activity (226 months).

The final cost component was external evaluation costs. The total spend on external evaluation support at 31/12/13 was £47,752. Of this £31,626 was spent on local worker support. Therefore, 10% of this cost has been allocated to each venture.

A summary of the costs estimated for each venture is shown in Table 3 below. The total costs supplied to Matrix can be found in Appendix 3.

Table 3 - Summary of direct costs of each venture to Dec 2013

L'field	NW K'nock	Leith	SE Alloa	Possil	N M'well	M'house	W'field	G'town	Gorbals	Total
£158k	£ 152k	£130k	£119k	£126k	£131k	£118k	£124k	£153k	£119k	£1.33m

2.3 Outcomes

Local Link Up workers recorded 11 transformational outcomes for the participants in each venture. There are 523 recorded outcomes among the 7,400 participants as of November 2013.

One of the challenges of this of this kind of social impact analysis is that not all outcomes are easily valued. To convert outcomes to a common metric, we need to be able to apply monetary values to their recorded levels of improvement. For some outcomes (e.g. securing employment) this is relatively easy to do – if a few assumptions about the duration of the job, any displacement that takes place, and the wage rate are made – as labour is hired in markets, and valuation of this has a well-established methodology. The market wage provides an economic value for the outcome for individuals, and provides a basis for estimating the benefits to employers and government. We have made careful use of estimates from a range of tools now in circulation, such as DWP's guidance on social cost benefit analysis (2010)⁷, and the unit costs estimates included in the Cabinet Office Centre for Social Impact Bonds Tool Box⁸.

⁶ This allocation includes set-up, hands-on support with activities and community engagement, regular catch-up meetings, evaluation support, quarterly reviews and reporting, problem resolution, recruitment of replacement workers.

⁷ Fujiwara, D (2010): "The Department of Work and Pensions Social Cost Benefit Analysis Framework", DWP Working Paper Number 86.

⁸ http://data.gov.uk/sib_knowledge_box/toolkit

Outcomes that are not bought and sold in markets – e.g. reduced social isolation – are much more difficult to put a value on. HM Treasury’s ‘Green Book’ guidance on appraising projects in central government contains an updated Annex on ‘Valuing Non-Market Impacts’ that urges the use of Social Cost Benefit Analysis (SCBA). SCBA “seeks to assess the net value of a policy or project to society as a whole. The valuation of non-market impacts is a challenging but essential element of this, and should be attempted wherever feasible. The full value of goods such as health, educational success, family and community stability, and environmental assets cannot simply be inferred from market prices, but we should not neglect such important social impacts in policy making.”

There are various methods of valuing non-market impacts, in this case the outcomes recorded from each venture. Broadly, these methods fall into ‘stated preference’ techniques that rely on surveys such as Willingness-to-Pay, Willingness-to-Accept and Contingent Valuation; and ‘revealed preference’ techniques, such as Hedonic pricing. For our purposes, none of these methods are suitable, since we don’t have relevant data on which to base estimates for the Link Up outcomes and it would be disproportionate to the scale of the programme to commission bespoke surveys.

However, a new approach has been developed and is gaining currency in recent years. The ‘life satisfaction approach’ looks at the reported life satisfaction in large-scale panel surveys such as the ONS’s Integrated Household Survey, which began including questions on respondents’ subjective well-being in April 2011. The life satisfaction approach uses econometric methods to estimate the life satisfaction provided by certain non-market goods, and converts this into a monetary figure by combining it with an estimate of the effect of income on life satisfaction.

We used recently published wellbeing values from the Housing Associations’ Charitable Trust (HACT) to provide social wellbeing values for this analysis. These values are approved for use in rapid appraisal of community investment projects. Headline Wellbeing Values have been published for a whole range of outcomes from full-time employment to relief from depression and anxiety, through improvements in confidence (for young people), being a member of a social group and attending yoga or Pilates classes.

Their use and validity is subject to discussion and debate, so we have used them for illustrative purposes for this report and in order to arrive at some estimates of the wellbeing values of some of the outcomes that Link Up is working on.

Many assumptions need to be made in making these estimates of benefit. In particular, attempts to map the outcomes on which Inspiring Scotland collects data to those in the various toolkits that are available can be imprecise work. To use one example, what does ‘secured employment’ mean? Is it for a full-time or part-time job? Is the job temporary or permanent? How likely is the person to be able to keep the job for 6 months or more? These all affect the economic and wellbeing value level that should be attributed to the job. For the calculations we have assumed that half the employment is full-time and half is part-time and that the job is held for at least 6 months. Without further, and more disaggregated information about the duration or type of employment, it is impossible to know how realistic these assumptions are. Therefore it is important to bear the assumptions we have had to make in mind when appraising this work and that this work is purely indicative until more precise data can be collected.

Appendix 4 details the economic and wellbeing values used for the purposes of this exercise, including any assumptions made.

We have also included wellbeing estimations to value the benefit from both regular participation in Link Up and regular volunteering. We took a conservative estimate of the number of individuals who were considered regular participants and volunteers. Of the 7,376 individuals who have participated in Link Up in the period, we estimate that 1152, or approximately 16%, attended regularly. In terms of volunteers, there were 136 regular volunteers from a total of 487. This is equivalent to 28%.

2.4 Break-even analysis and the attribution issue

The true impact of the programme on the transformational outcomes can only be ascertained through a more in-depth investigation of the case histories and impacts for the individuals involved. Whilst it is recognised this is beyond the scope of the current programme and will require an intrusive approach that may be contrary to the Link Up ethos, we cannot be confident that the outcomes recorded are all due to the programme. It is highly likely for example that participants - even without the programme - would have experienced some of the outcomes attributed to it. We have therefore computed how effective the programme would need to be, in terms of return on investment, in order for the value created by the outcomes achieved to exceed the costs of the programme – this is known as a break-even analysis. We believe that at this point this analysis is the most that can be done with available data. The next step for research should be to set up a deeper evaluation approach –to calculate the outcomes that are primarily attributable to the Link Up ventures, which can be used to perform an effectiveness based evaluation of the scheme.

As with any analysis of this type, a number of assumptions have to be made. In the case of the Link Up programme, the critical unknowns concern the duration of outcomes. How long do participants keep their new employment, for example? Do they continue with the courses they have enrolled on and achieve a qualification? Do they sustain healthier lifestyles over the longer term? And for how long do participants need to engage with the Link Up programme for benefits to materialise? All of these questions can only be answered with fuller evaluation evidence and data collection that follows up participants over the longer term. In the absence of evidence, we have had to make assumptions that are documented in the spread-sheet tool and in this report.

To help give a more rounded picture of the breakeven effectiveness value, we carried out sensitivity analysis on key assumptions to give a likely range of values for the potential economic value of the programme. This in turn yields a range for the breakeven value of required effectiveness.

2.4.1 Outcomes not recorded

The economic literature on valuing the social and economic impacts of community investment initiatives, such as Link Up, is developing rapidly. There may be other potentially economically or socially valuable outcomes of the programme that are currently not being captured,

especially relating to social capital and to changes to the character of the neighbourhood. If Link Up helps reduce street noise, vandalism, littering and graffiti in some way, there is evidence that these outcomes also have wellbeing value for local residents. Similarly, research could usefully investigate whether there are fewer crimes and incidents to which police (or other services) are called as a result of the programme. It is possible however that such events will be comparatively rare occurrences in small neighbourhoods so changes are likely to be difficult to detect in a statistically robust way.

Outcomes such as fewer police callouts will have benefits for the public purse, but also longer-term economic benefits for the community on top of improving social wellbeing, so it would seem to be worthwhile investigating what analysis could be supported by using publicly available data from these agencies.

We also noted some activities established by Link Up may be encouraging increased participation in sports and other past-times such as gardening and cooking. These activities also increase peoples' wellbeing and there are estimates of the social value of the increases in wellbeing that result that could be brought into the valuation of the benefits of Link Up.

And finally, we have not attempted to measure or value any increase in social capital created by the ventures. We discuss this further in the conclusions section.

3.0 Results

Our analysis suggests that if the programme is 100% effective, the benefits of the programme so far are worth about £3.64m excluding the wellbeing value of volunteering and participating, or £6.00m including volunteering and participating, compared with a programme cost of £1.69m.

Table 4 – Breakdown of benefit

	Economic benefit	Wellbeing benefit	Total benefit
Transformational	£2.21 million	£1.43 million	£3.64 million
Participation	-	£2.04 million	£2.04 million
Volunteering	-	£0.32 million	£0.32 million
TOTAL	£2.21 million	£3.79 million	£6.00 million

Table 5 – Summary of results

Direct Costs of ventures	Programme costs	Estimated benefits excluding volunteering & participation & assuming 100% effectiveness	Break-even effectiveness required	Estimated benefits including volunteering & participation & assuming 100% effectiveness	Break-even effectiveness required
£1.33m	£0.36m	£3.64m	46%	£6.00 million	28%

The results show that 46% of the value of the projected benefits excluding the value of volunteering and participation would cover the costs of the programme and 28% of the projected benefit would need to be attributable to the programme if the estimated value of

volunteering and participation is counted in. These are not unusual fractions for the programme to be able to demonstrate. In our experience of a range of programmes, once control groups are included to net off any impact not due to the programme, the benefits are quite typically scaled down to less than half of the gross benefits. However, without some sort of controlled evaluation study, we cannot know how much to net off in the case of this programme.

It needs to be borne in mind that we have only attempted to put a value on a limited set of relatively hard transformational outcomes and the impact of volunteering and participation. There are various reasons why these outcome measures may be understating the economic value of the programme:

- Under-recording of outcomes by Link-up workers as they only record what they notice
- We have made no attempt to quantify and therefore value different kinds of participation (e.g. sports activities, gardening etc.), all of which have differing wellbeing values
- We have not attempted to measure or value any increase in social capital
- We have not attempted to measure or value any neighbourhood benefits

However, the benefits we have been able to value are probably – as already explained – an overstatement, because not all of them will be attributable to the programme. To achieve greater certainty about the full economic benefits of the programme, more data collection is needed. We recognise that this is a challenge in the case of a programme where the participants themselves are defining the outcomes.

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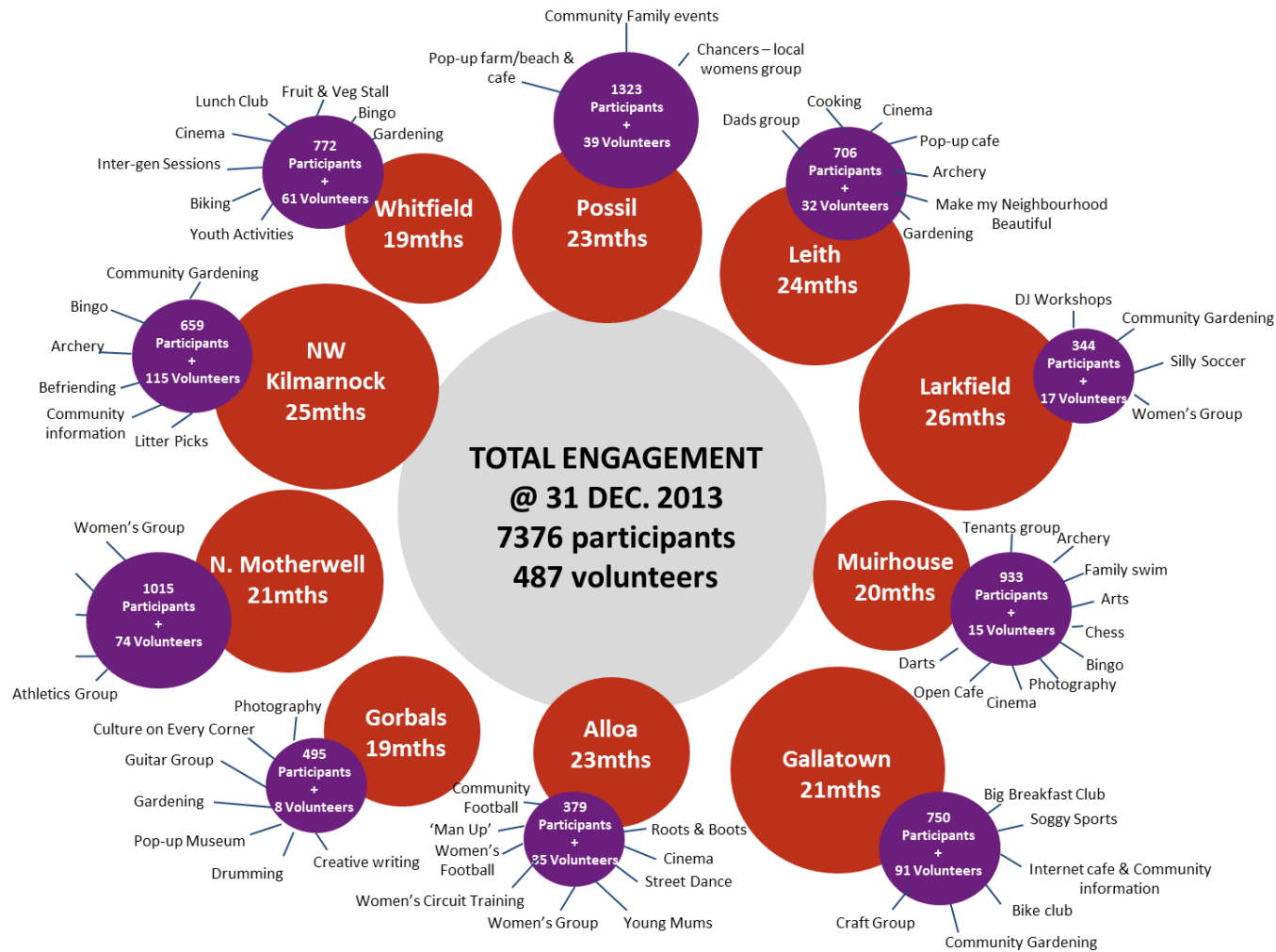
4.0 Recommendations

Our recommendations largely concern the identified issues for future research in this field, evaluation methods and guidance for improving data collection:

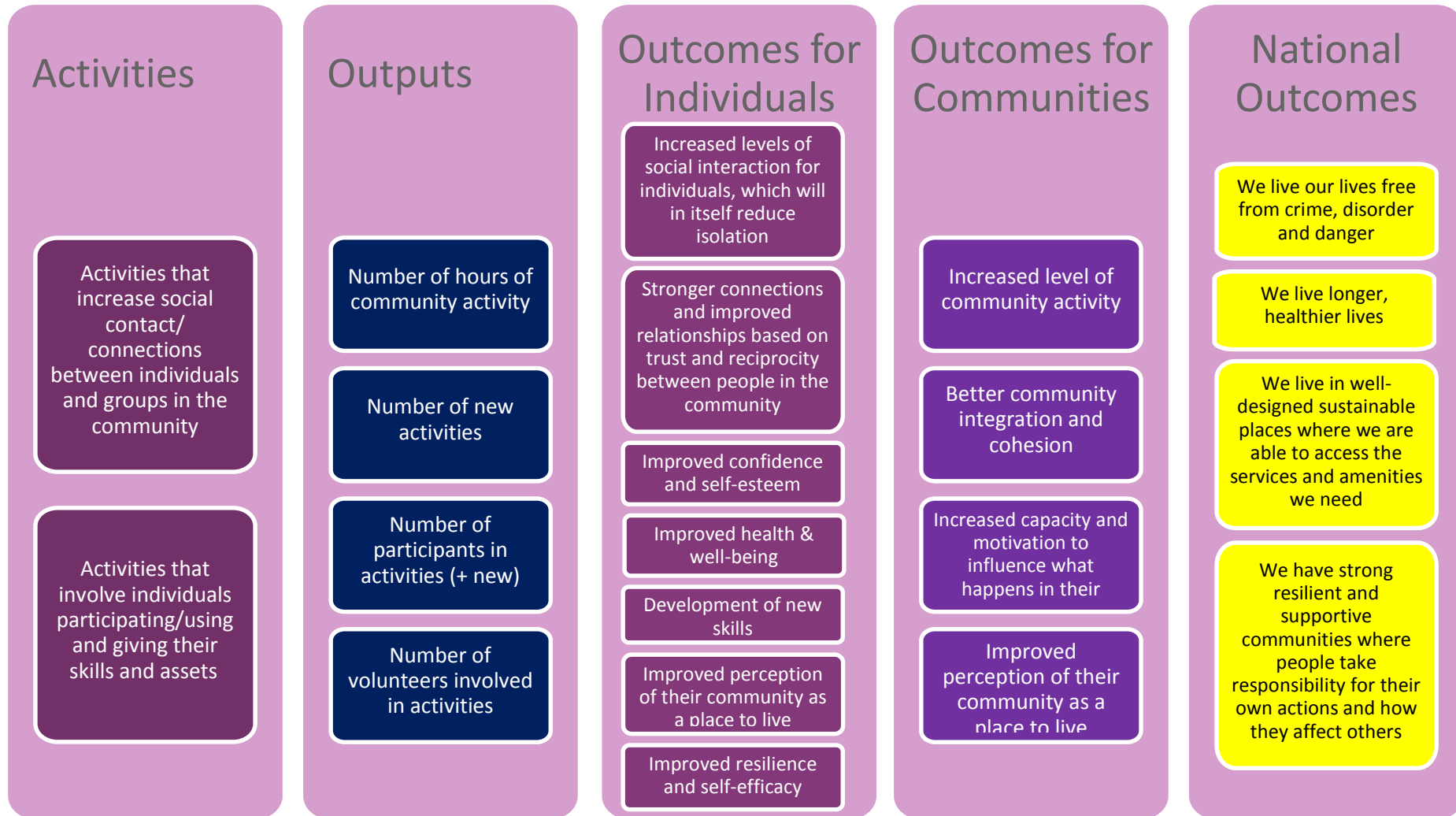
- Set up an evaluation of the impact of the programme on transformational higher-order outcomes compared with outcomes achieved by similar individuals who do not participate.
- Collect longer-term outcome data for participants. We suggest at a minimum following participants up after 3 and 6 months, as this is the sustained employment outcome measure used for DWP employment programmes.
- Modify outcome measures collected slightly to provide a more accurate set of values for the benefits of the programme. For example, record whether employment gained is full or part-time; record finer detail on qualification aims of further study.
- Collect more information on the pre-participation status and characteristics of the participants, e.g. Last employment; whether being treated for anxiety, depression, alcohol or drug addiction etc.; and basic demographic data such as age, gender, numbers of children, highest educational level attained etc.
- Investigate whether publicly- available small neighbourhood data on recorded crimes and police activity can detect any differential effect in Link Up neighbourhoods.

- Record participation in volunteering and ideally frequency and intensity of volunteering as an outcome measure.
- Investigate the feasibility of measuring social capital before and after rolling out the ventures into new areas. Many studies measure social capital using questionnaires that include questions such as ‘do you trust others in your area’? However, there is no widely-held consensus on how to measure social capital so this is an issue for further investigation.

5.0 Appendix 1 – Link Up Portfolio At 31 December 2013



6.0 Appendix 2 – Link Up Theory of Change Model



7.0 Appendix 3 – Cost breakdown

Table 7.1 – Direct costs

Quarter	Larkfield	NW Kilmarnock	Leith	SE Alloa	Possil	N Motherwell	Muirhouse	Whitfield	Gallatown	Gorbals
Q2 2011	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Q3 2011	£12,338	£8,921	£9,071	£1,500	£ -	£ -	£ -	£ -	£ -	£ -
Q4 2011	£9,438	£12,637	£8,000	£10,650	£12,139	£4,932	£4,850	£4,750	£10,746	£ -
Q1 2012	£15,957	£18,229	£11,185	£9,350	£8,461	£13,377	£10,100	£12,700	£15,335	£8,400
Q2 2012	£23,421	£12,824	£6,390	£6,630	£13,448	£10,860	£8,290	£7,540	£10,145	£9,485
Q3 2012	£7,708	£14,364	£16,335	£10,300	£16,303	£12,760	£14,231	£11,290	£15,128	£10,140
Q4 2012	£17,072	£16,788	£16,220	£17,311	£12,180	£21,860	£13,835	£13,800	£26,691	£20,935
Q1 2013	£16,596	£16,723	£10,280	£12,130	£16,731	£14,230	£19,100	£16,640	£19,024	£21,645
Q2 2013	£14,350	£13,301	£15,270	£15,750	£11,557	£14,246	£12,715	£21,680	£15,087	£19,550
Q3 2013	£13,110	£11,578	£11,703	£10,113	£10,213	£15,144	£12,498	£13,688	£17,438	£7,893
Total	£129,990	£125,365	£104,454	£93,734	£101,032	£107,409	£95,619	£102,088	£129,594	£98,048

Table 7.2 – Performance Advisor Costs

	Larkfield	NW Kilmarnock	Leith	SE Alloa	Possil	N Motherwell	Muirhouse	Whitfield	Gallatown	Gorbals
Total PA costs	£211,860	£211,860	£211,860	£211,860	£211,860	£211,860	£211,860	£211,860	£211,860	£211,860
Months Operational	27	25	24	24	23	22	20	20	22	19
Pro-rata % Allocation Total PA Costs available	12%	11%	11%	11%	10%	10%	9%	9%	10%	8%
Actual Allocation of PA Costs to Venture	£25,311	£23,436	£22,498	£22,498	£21,561	£20,624	£18,749	£18,749	£20,624	£17,811
Allocation of evaluation costs to Venture	£3,163	£3,163	£3,163	£3,163	£3,163	£3,163	£3,163	£3,163	£3,163	£3,163
Total Cost Allocation to Venture	£158,464	£151,964	£130,115	£119,395	£125,756	£131,196	£117,531	£124,000	£153,381	£119,022

8.0 Appendix 4 – Data Sources & Assumptions

	Who benefits?	Source of benefits	Est. Average Economic Value (in 2012-13 prices)	Wellbeing values*	Totals	Time-period	Source	Comments and assumptions
EMPLOYMENT OUTCOMES								
Secured employment	Individual	Post-tax Wage returns to employment+ wellbeing benefits of being in employment (net of displacement) and securing a job	£11,560	£18,032	£29,592	Per year of employment	Data taken from the Matrix model from the evaluation of the RtC: http://odi.dwp.gov.uk/odi-projects/right-to-control-trailblazers/research-and-statistics.php	Weighted average of part and full time employment Scottish weekly wage x 52, zero displacement assumed. Income tax and NI netted-off using HMRC calculators + Wellbeing calculated as £12034 for 'Secure job' plus assume 50% FT (@ £10767) and 50% PT (@£1229) = £5998

	Who benefits?	Source of benefits	Est. Average Economic Value (in 2012-13 prices)	Wellbeing values*	Totals	Time-period	Source	Comments and assumptions
	Employers	Additional profit on additional output created by additional workers	£4,067		£4,067	Per year of employment	Corporate profits are about 19% of GDP and wages about 54% (Source: ONS).	Additional profit calculated as 0.19/0.54 * wage increase (again, assuming zero displacement)
	Government	Reduced JSA and increased income tax and NI receipts from workers + reduced health care costs	£9,800		£9,800	Per year of employment	New Economy Manchester Unit Cost Database: http://data.gov.uk/sib_knowledge_box/toolkit	This is the fiscal benefit from a Job Seekers' Allowance claimant entering work. It comprises savings in benefits payments accruing to the DWP's Annually Managed Expenditure / HM Treasury), and savings to the NHS related to a reduction in health care costs associated with being out of work. They include saved admin costs to JCP from processing claims and interviewing costs. They assume entry to employment is for a 12 month continuous period. Not all individuals entering employment will stay in a job indefinitely, and therefore an assessment of the length of employment should be included when calculating the impact of an intervention.
Total for secured employment				£18,032.00	£43,459	Per year of employment		

	Who benefits?	Source of benefits	Est. Average Economic Value (in 2012-13 prices)	Wellbeing values*	Totals	Time-period	Source	Comments and assumptions
Expressed a desire to re-engage with employment but not yet secured job	Individual, government		£0				https://www.gov.uk/jobseekers-allowance	While the individual remains on JSA, this is a cost to government. We assume that expressing a desire, whilst it is a positive step towards employment, cannot be counted as a benefit until employment - some other definite step, e.g. going on a training course - is secured. However, there could be a wellbeing benefit, as this expression of a desire may be a symptom of reduced depression.
EDUCATION, TRAINING AND SKILLS OUTCOMES								
Secured University/College Place/Traineeship	Individual	Ultimate benefits depend on qualification obtained. Higher quals (e.g. degrees) earn higher returns. But this category covers a very wide potential range of qualifications and there will	£1,972	£807	£2,779	Per year of earning while learning. Lifetime returns will be higher depending on employment outcome.	https://www.gov.uk/national-minimum-wage-rates	Assume no returns for first 3 or 4 years. In short term, some people will be earning while learning. We have valued this as apprenticeship minimum wage x 16 hrs. a week, times (say) 46 weeks a year. For the wellbeing value, we have assumed the lowest of the range of values found for training - i.e. £807 for employment training. Other possible values include £1,567 for general training for a job; £1,124 for vocational training; £1,747 for Apprenticeships and £9,447 for a government training scheme. So our assumption is conservative.

	Who benefits?	Source of benefits	Est. Average Economic Value (in 2012-13 prices)	Wellbeing values*	Totals	Time-period	Source	Comments and assumptions
		be drop-out. Also the benefits won't start until the person secures employment						
	Government	There will eventually be benefits to Exchequer that vary with qualification and labour market outcome obtained. While on the course however, there will be a fiscal cost from the public subsidy to education.	£3,378		£3,378	per year of learning	New Economy Manchester Unit Cost Database: http://data.gov.uk/sib_knowledge_box/toolkit	Assume no benefits to government for first 3 or 4 years except for fiscal savings from non-employment off-flow. We have assumed this is the same as the fiscal benefit of no longer being NEET as this is at the lower end of the estimates of fiscal benefit. Assume cost to public purse is the average public cost of an FE place per year (from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32318/10-1035-independent-review-fees-co-funding-fe-england-summary.pdf)

	Who benefits?	Source of benefits	Est. Average Economic Value (in 2012-13 prices)	Wellbeing values*	Totals	Time-period	Source	Comments and assumptions
		But there will also be savings in JSA etc as this is a non-employment off-flow						
Total for secured Univesity etc place				£807.00	£6,158	per year of learning		
Attained Food Hygiene Qualification	Individual			£807	£807	per individual		There is also the possibility that people could increase their chances of employment/self-employment through having this qualification. But those chances will be very small. Main benefit is likely to be to self-confidence and wellbeing. Have used the wellbeing value for employment training - a conservative assumption.

	Who benefits?	Source of benefits	Est. Average Economic Value (in 2012-13 prices)	Wellbeing values*	Totals	Time-period	Source	Comments and assumptions
	Society		£0		£0	per catering worker per year	Food Standards Agency; and Scharff, R. L. (2012). Economic burden from health losses due to foodborne illness in the United States. <i>Journal of Food Protection</i> ®, 75(1), 123-131.	£907 is Value of health benefit of food hygiene certificate if it prevents one case of food poisoning. This is a potential, not proven benefit, as evaluations of FHC haven't been able to establish this link. Conversion from US\$ done on xe.com. Around 4.2 million people in the UK per year believe that their food poisoning was caused by food eaten outside the home. In the UK food handlers do not have to hold a food hygiene certificate to prepare or sell food, although many food businesses will prefer that they do. The necessary skills may be obtained through on-the-job training, self-study or relevant prior experience. The certificates have no expiry date. Given the large number of customers someone working in catering industry will serve each year, the benefit attributable to an extra food safety certificate will be vanishingly small.
Total for attained food hygiene qualification				£807	£807			

	Who benefits?	Source of benefits	Est. Average Economic Value (in 2012-13 prices)	Wellbeing values*	Totals	Time-period	Source	Comments and assumptions
Attained some other form skills/competency based qualification/award	Individual	Assuming a cautious 25% probability that the individual secures a job as a result and there is zero displacement, these are the expected wage benefits, net of taxes	£289	£807	£1,096	per individual gaining qualification	McIntosh, S. (2006). Further Analysis of the Returns to Academic and Vocational Qualifications*. <i>Oxford bulletin of economics and statistics</i> , 68(2), 225-251. Wellbeing value is the headline value for 'Employment Training'	There is wide variation, but an average 10% increase in wages from completing a vocational qualification (such a city and guilds or HSC/HND). This excludes the increased probability of finding a job and the participants in Link-up will be mainly unemployed. An additional qualification increases the chances of finding a (better) job. We have assumed that there is a 25% increase in that probability.

	Who benefits?	Source of benefits	Est. Average Economic Value (in 2012-13 prices)	Wellbeing values*	Totals	Time-period	Source	Comments and assumptions
	Employers	Additional profit on additional output created by more productive additional workers	£102		£102	per individual gaining qualification	<p>Additional profit on additional output created by more productive additional workers</p> <p>Corporate profits are about 19% of GDP and wages about 54% (Source: ONS).</p>	Additional profit calculated as 0.19/0.54 * expected wage increase (again, assuming zero displacement)
	Government	Reduced JSA and increased income tax and NI receipts from workers + reduced health care costs* assumed 25% probability of securing a job	£2,450		£2,450	per individual gaining qualification	<p>Reduced JSA and increased income tax and NI receipts from workers + reduced health care costs* assumed 25% probability of securing a job</p> <p>New Economy Manchester Unit Cost Database: http://data.gov.uk/sib_knowledge_box/toolkit</p>	This is the fiscal benefit from a Job Seekers' Allowance claimant entering work. it comprises savings in benefits payments accruing to the DWP's Annually Managed Expenditure / HM Treasury), and savings to the NHS related to a reduction in health care costs associated with being out of work. They include saved admin costs to JCP from processing claims and interviewing costs. They assume entry to employment is for a 12 month continuous period. Not all individuals entering employment will stay in a job indefinitely, and therefore an assessment of the length of employment should be included when calculating the impact of an intervention.
Total for attained some other form of qualification				£807.00	£3,648	per individual gaining qualification		

	Who benefits?	Source of benefits	Est. Average Economic Value (in 2012-13 prices)	Wellbeing values*	Totals	Time-period	Source	Comments and assumptions
HEALTHIER LIFESTYLE OUTCOMES								
Reduced alcohol consumption - health	Individual		£436	£4,354	£4,790		NICE ROI Tools analysis	Lifetime health gains from a person reducing their drinking below the higher and increasing drinking threshold long enough to generate health gains, no specific timeframe. Plus value of increased wellbeing for (relief from) drug or alcohol problems. Assume that the relief is temporary (say 2 months) to be cautious.
Reduced alcohol consumption - accidents (excluding gains from preventing pedestrian traffic accidents)	Individual				£44,094		NICE ROI Tools analysis	Monetary benefit associated with the prevention of accidents and injuries attributed to alcohol use (excluding gains from preventing pedestrian traffic accidents).
Reduced alcohol consumption - productivity	Individual		£1,547		£1,547		NICE ROI Tools analysis	Gains in hours and increased employment from reducing drinking below the higher and increasing drinking threshold
Reduced alcohol consumption - crime	Society		£226		£226		NICE ROI Tools analysis	Gain to society of prevented crimes

	Who benefits?	Source of benefits	Est. Average Economic Value (in 2012-13 prices)	Wellbeing values*	Totals	Time-period	Source	Comments and assumptions
Total for reduced alcohol consumption (excluding gains from pedestrian traffic accident injuries)			£2,209	£4,354	£50,657		New Economy Manchester Unit Cost Database: http://data.gov.uk/sib_knowledge_box/toolkit	
Reduced tobacco consumption - health savings	Individual		£0	£2,005	£2,005		PH48 (Data from Matrix model)	PH48 has no short term health gains from quitting smoking. Wellbeing value assumes quitting smoking, not reducing. Cannot assume all stopped so take 50% of wellbeing benefit of £4,010
Reduced tobacco consumption - productivity savings	Employers		£1,121		£1,121		PH48 (Data from Matrix model)	Gain in hours from fewer smoking breaks and less time off sick. Cannot claim all in employment so take 50% of economic benefit of £2242
Total for reduced tobacco consumption				£2,005	£3,126			

	Who benefits?	Source of benefits	Est. Average Economic Value (in 2012-13 prices)	Wellbeing values*	Totals	Time-period	Source	Comments and assumptions
Reduced or come-off some form of daily medication	Individual		£94		£94	per year	https://www.gov.uk/government/news/nhs-charges-from-april-2013-announced	Assuming interventions causes people to come off one monthly prescription
Reduced drug taking	Individual, society		£3,631	£13,062	£16,693		New Economy Manchester Unit Cost Database: http://data.gov.uk/sib_knowledge_box/toolkit	Net saving of drug treatment against no treatment, including health, social care and crime costs. Have scaled back wellbeing benefit of relief from drug and alcohol problems to one-half.
SOCIAL INCLUSION OUTCOMES								

	Who benefits?	Source of benefits	Est. Average Economic Value (in 2012-13 prices)	Wellbeing values*	Totals	Time-period	Source	Comments and assumptions
Who previously had been isolated but is beginning to engage with others	Individual, society		£778	£3,677	£4,455		Social Finance Social Isolation model (2012) - unpublished	Total health benefits from people reducing their social isolation in healthcare resource use and QALYs gained. A significant proportion of those claiming reduced isolation also display relief from anxiety and depression. Therefore, take 10% of total Wellbeing benefit associated with 'Relief from depression/anxiety' at £36,766.
Re-engaged with formal decision-making structures/services (Council, NHS, etc..) following a prolonged gap	Individual, government		£3,065	£4,058	£7,123		http://scotland.shelter.org.uk/housing_policy/key_statistics/the_facts_about_scotlands_housing	Assuming that re-engaging with council means people gain all the benefits they are entitled to. Using housing benefit as a proxy of this. Would be useful to know what other benefits might be applicable. Wellbeing value of being active in a tenants group is high at £8,116. People will choose different levels of involvement, so we have scaled this down to half.

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