The value created by social outcomes contracts in the UK – updated analysis and report

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Contents

Introduction and acknowledgements

This report was produced by ATQ consultants (ATQ) for Better Society Capital and provides an assessment of the total value so far created in the UK by social outcomes contracts. It is an update of a report first published in June 2022.

ATQ supports the achievement, measurement and evaluation of social impact, by:

- managing, monitoring and evaluating projects and programmes which achieve social impact;
- supporting social sector organisations to measure and improve their social impact; and
- helping commissioners and providers develop and implement outcomes-based contracts that deliver social impact.

The subject of this report – the public value created by social outcomes contracts – has been an important part of our work since ATQ was founded in 2012. Our first report attracted considerable interest and we were delighted to have the opportunity to update and enhance our original findings.

We would like to thank both Better Society Capital and various stakeholders within the social outcomes sector – in particular intermediaries and Investment Fund Managers – who provided invaluable support to this project, by supplying and clarifying the data without which we would not have been able to complete it.

Profuse thanks are also due to the members of the Technical Advisory Panel (Stephen Aldridge CB, Mara Aroldi, Jonathan Barron, Chris Fox and Axel Heitmueller) who provided expert external review of our findings and suggested various improvements and changes to this report.

The findings set out in this report and the interpretation of data behind them are entirely the responsibility of ATQ.

1. Executive Summary

1.1 Background and approach

This report provides an assessment of the total public value so far created by Social Outcomes Contracts in the UK. SOCs (sometimes also called Social Impact Bonds or SIBs, or simply Impact Bonds) are a type of contract for the delivery of services to improve outcomes for people with complex needs, and have two key features: some or all of the payment for services is linked to the achievement of specified outcomes; and the contracts are supported by social investment, defined as repayable finance which creates both social and financial returns.

The analysis was carried out by ATQ and commissioned by Better Society Capital (BSC). It updates and further refines the findings from a similar report (Stanworth & Hickman, 2022) published in June 2022.

Our analysis is based on actual outcomes achieved by projects to date since the first SOCs were implemented more than 10 years ago. It covers a total of 86 contracts (compared to 76 in our original report) ranging from small experimental projects to major contracts addressing the needs of thousands of people. While we have included ten projects not included in our original report, we have excluded a number of past or current contracts because of challenges in obtaining data.

An important note is that our analysis is of the total value created by the contracts, rather than the additional value created relative to other funding and contracting models that do not follow the SOC model – for example so called fee for service contracts.

There has been no change to outcomes data on many projects because they were already complete when we conducted our original analysis. For 37 projects which were still in implementation, we collected the latest available (June 2023) data on outcomes achieved, and outcome payments made, from intermediaries and Investment Fund Managers (IFMs) who manage projects.

We then re-modelled all projects to estimate the potential public value they have created, based on calculations of the value these contracts have already delivered (by preventing or reducing adverse outcomes) and assumptions about the future value they will create as further adverse outcomes are avoided or positive outcomes achieved. We explain our approach in detail in section 2 of this report.

In addition to adjusting our value estimates for further outcomes received we have also adjusted for the effect of inflation (as measured by the GDP deflator or directly from other sources such as government statistics); and for better data on some projects and their costs (including the latest, October 2022 release of the Unit Cost Database[1]). Finally (in a refinement to our original analysis) we adjusted all values for the effect of non-attribution or so-called 'deadweight' – that is the likelihood that some of the outcomes achieved by projects would have happened without the interventions that they funded.

We also asked a number of experts in the delivery, measurement and evaluation of social outcomes and social interventions to join a Technical Advisory Panel which independently reviewed our draft report and findings. The Panel comprised representatives from government, the public and voluntary sectors and academic institutions. Members of the Panel made a number of helpful suggestions for changing and adding to our analysis and its presentation which we have taken on board. We provide

[1] See https://www.greatermanchester-ca.gov.uk/media/7283/gmca-unit-cost-database-v2_3_1-final.xlsx

further details of the membership of the Panel and the changes we have made as a result of its contributions in section 2.2.9 of this report.

Even though we have adjusted values for non-attribution we have continued to make deliberately cautious assumptions of future value and used low cost estimates in order to guard against optimism bias. We have also excluded many areas of potential public value because we cannot with confidence calculate likely value.

1.2 Overall summary of findings

Total value before adjustment for non-attribution

We had full data (both outcomes achieved and the cost of those outcomes to commissioners) for all 86 SOCs. Before adjustment for non-attribution we find the following:

The total present value created by these 86 SOCs to date is:	**£2.167 billion**
The cost of these outcomes to commissioners was:	**£216.8 million**
The net present social value (NPSV) of these SOCs is:	**£1.951 billion**
The benefit cost ratio (BCR) of these SOCs is:	**10.0**

If updated for inflation ***only***, the total present value of the 76 projects included in our original analysis would now be ***£1.660 bn***. Additional outcomes from these projects since 2022 take the total value to ***£2.069 bn***. Outcomes from the additional ten projects we have included for the first time add a further ***£98 m***. The bulk of the additional value (£409m) therefore comes from additional outcomes achieved by existing projects.

Total value after adjustment for non-attribution

The methodology and weighting factors that we applied to adjust the total values above for non-attribution are described in section 2.2.8 and Appendix E. After adjustment we find the following:

The adjusted total present value of these 86 SOCs to date is:	**£1.863 billion**
The cost of outcomes to commissioners (unchanged) was:	**£216.8 million**
The adjusted NPSV of these SOCs is:	**£1.646 billion**
The adjusted BCR of these SOCs is:	**8.59**

1.3 Further analysis of total value

Value breakdown by fiscal, social and economic categories

As in our original report we have broken own the total values estimates shown above into whether the value is fiscal (direct savings to or costs avoided by the public sector), social (wider gains to society) or economic (value to the individual or community, for example from increased earnings or economic growth).[2.]

The total unadjusted value of £2.167 bn and adjusted value of £1.803 bn breaks down into these value categories[3] as follows:

Value Category	Before adjustment for non-attribution	After adjustment for non-attribution
Total fiscal value:	**£615 m**	**£507 m**
Total social value:	**£528 m**	**£493 m**
Total economic value:	**£1,024 m**	**£863 m**

Value breakdown by confidence rating

We have also assigned a confidence rating to all our estimates of value based on the extent to which we believe value is certain or very likely, likely, or less likely to occur. In summary we have high confidence in value which is measured directly by the relevant outcomes contract (referred to in this report as direct outcomes) such as local authority care avoided, employment for a specified period, or qualifications achieved. We have medium or low confidence (depending on the quality of evidence available) in the value of outcomes that may occur later as a consequence of those direct outcomes, such as improved wellbeing or reduced offending.

Of the total unadjusted value of £2.167 bn and adjusted value of £1.803 bn we have:

	Before adjustment for non-attribution	After adjustment for non-attribution
High confidence in value worth:	**£1,017 m**	**£769 m**
Medium confidence in value worth:	**£904 m**	**£854 m**
Low confidence in value worth**:**	**£247 m**	**£240 m**

[2] Please section 2.3.2 of the main report for further explanation of these categories
[3] Note that figures broken down into value categories (and confidence levels as below) may not equal total figures due to rounding

Net present value and benefit cost ratios

The fiscal and high confidence values shown above (based only on the values after adjustment for non-attribution) generate the following lower, but still significant net present values and benefit cost ratios.

	Fiscal value only	High confidence only
Total present value	**£506.9 m**	**£769.4 m**
Cost of outcomes	**£216.8 m**	**£216.8 m**
NPSV	**£290.1 m**	**£552.6 m**
BCR:	**2.34**	**3.55**

1.4 Breakdown of value by policy sector

Throughout this report we have presented our findings by the six policy sectors that are used to classify SOCs in the 'INDIGO' Impact Bond dataset[4] maintained by the Government Outcomes Lab (GO Lab). The breakdown of the total adjusted value by these sectors is shown in Table 1 below. We caution against drawing conclusions from the varying value by sector which reflects the number and size of contracts, and numerous other factors, and does not imply any view of relative sector performance or suitability of the sector for SOCs.

Table 1 – Breakdown of adjusted value by INDIGO Sector

INDIGO sector	Number of SOCs	Total present value	Cost to commissioners	Net present value	Benefit cost ratio
Child and family welfare	18	£521.7 m	£52.0 m	£469.7 m	**10.03**
Criminal Justice	3	£137.1 m	£11.5 m	£125.6 m	**11.92**
Education	7	£121.3 m	£17.3 m	£104.1 m	**7.02**
Employment and training	22	£567.0 m	£51.4 m	£515.6 m	**11.03**
Health	15	£201.3 m	£26.6 m	£174.7 m	**7.56**
Homelessness	21	£314.8 m	£58.0 m	£256.8 m	**5.43**
Total	**86**	**£1,863.2 m**	**£216.8 m**	**£1,646.4 m**	**8.59**

[4] See https://golab.bsg.ox.ac.uk/knowledge-bank/indigo/impact-bond-dataset-v2/

1.5 Conclusions

In our original report we observed that our analysis was robust and provided a reasonable estimate of the value created by SOCs in the UK at that time. We stand by that view, but are grateful to have had the opportunity not only to update our analysis to reflect fuller and more recent data, but also to improve it – first by making allowance for non-attribution and secondly by having the report reviewed by independent experts with significant experience and expertise in cost benefit analysis and evaluation.

We are therefore even more confident in our conclusions and their robustness. As our findings show, SOCs have provided a significant return on investment by commissioners, whether measured in terms of total public value created (BCR 8.59) or more narrowly in terms of direct fiscal value (BCR 2.34) or value in which we have high confidence (BCR 3.55).

At the same time we are aware of and have been transparent about the limitations of our analysis and the need for further and more detailed research, and have highlighted in section 4 of this report some suggestions from the Technical Advisory Panel as to where such research might be worthwhile.

However these limitations do not invalidate our findings. A typical benchmark for assessing good value for money in an option appraisal or business case is that the BCR is 1.5 or better. The value created by these SOCs, even allowing for non-attribution, is such that our estimates would have to be wrong on the upside by more than 80% for the overall value created to fall below a BCR of 1.5. On the narrowest measure of fiscal value alone, the BCR for these SOCs still exceeds 1.5 unless we have over-estimated value by more than 35%.

2. Background and approach

2.1 Introduction

This report is the outcome of work by ATQ Consultants (ATQ) to estimate the public value created by Social Outcomes Contracts (SOCs) in the UK. It updates, and further refines, the findings from an original report published in June 2022. Both the original report and this update were commissioned by Better Society Capital and this update was completed between June 2023 and March 2024.

SOCs (sometimes also called Social Impact Bonds or SIBs, or simply Impact Bonds) are a type of contract for the delivery of services or interventions that aim to improve outcomes for people who are vulnerable or have complex needs. They take a wide variety of forms and are different to other types of contract in having as a minimum, two key features: some or all of the payment for services is linked to the achievement of specified outcomes; and the contracts are supported in a variety of ways by social investment, defined as repayable finance which creates both social and financial returns. Please see Appendix A for a glossary of these and other technical terms used in this report.

This section of our report explains how we approached the project and how we have reported our findings. This repeats much of the detail of our approach that was in our original report (so that this report can be read stand-alone) and adds further details of the changes and additions we have made in completing this update.

An important caveat is that our analysis is of the total value created by the contracts, rather than the additional value created relative to other funding and contracting models that do not follow the SOC model – for example so called fee for service contracts. This was outside the scope of the project and we would note that the challenges of estimating the effectiveness of SOCs relative to other approaches is widely noted in relevant literature.[5]

2.2 Approach

2.2.1 Overview

The overall approach we took to this project is broadly unchanged since our original report and follows a methodology that we have historically applied across more than 30 projects in order to estimate the value that a SOC has created, or is likely to create if implemented. We have undertaken such projects for a wide range of organisations including central government departments, local authorities, health sector commissioners, Investment Fund Managers, and social sector service providers.

The premise behind a value case is that the intervention or service provided through the contract will either avoid or reduce the severity of an adverse outcome (for example it will provide family therapy that enables a child at risk of entering local authority care to avoid doing so); or it will create a positive outcome (such as providing coaching and support that will enable someone to gain a qualification or enter employment). In both cases the contract will create financial value either by reducing the cost of an adverse outcome (such as the cost of care by a local authority) or generating the value of a positive outcome (such as the economic value of someone being in work and paying taxes).

[5] See for example (Fraser, et al., 2018; Ronicle, Stanworth, & Hickman, 2019; Gustafsson-Wright & Osborne, 2020; Ronicle, Stanworth, & Wooldridge, 2022).

This project is unlike the majority of value cases we have undertaken for SOCs because:

- It aims to aggregate the value created across numerous contracts – most value cases are undertaken only for one contract or group of contracts.
- It is based on the results achieved by contracts to date, rather than estimating the impact of future contracts. Most value analysis is undertaken 'ex ante' during the development of an SOC and often to support the financial case for its implementation, although some are based 'ex post' on actual results achieved.

The fact that this value case is based on actual outcomes achieved to date is important and means that a key area of uncertainty in creating a value case – predicting the impact of the intervention – is not a factor. This means that we can estimate value with much greater certainty. Even when outcomes are known, however, estimating value is not an exact science; as we explain further in section 2.2.7 below, it depends in many cases on estimating what we have termed 'consequential' outcomes that are harder to predict. For that reason, we have deliberately made cautious assumptions to ensure that we do not over-estimate value. We have also adjusted estimates of direct outcomes to allow for the likelihood, to a varying extent, of a proportion of outcomes being achieved without the intervention or service funded by the SOC.

The rest of this section explains in more detail how we have completed our analysis, beginning with a summary of the changes and additions we have made in this update.

2.2.2 Changes and additions made in this report

The main changes we have made to our original analysis and report in this update are as follows:

- We have added further projects that were excluded from our original analysis, mainly because they were at too early a stage to have generated outcomes from which we could estimate value. This report therefore covers 86 projects, compared to 76 in the original report – please see section 2.2.3 below for further details.
- We have collected the latest available data on 36 projects which were still in progress when we completed our original report, and which have achieved further outcomes since – please see section 2.2.4.
- We have refined and added to our analysis in some limited respects when modelling the estimated value created by outcomes due to the availability of better or more recent data – please see section 2.2.5.
- We have updated all cost data to allow for inflation since our original report, as measured by the GDP deflator or directly from other sources such as government statistics – see section 2.2.6.
- We have adjusted all our estimates of value to take account of the extent to which some outcomes will have been achieved by projects that cannot with confidence be attributed to the service or intervention funded by the contract. Such non-attribution is often referred to as 'deadweight'. Please see section 2.2.8 and Appendix E for further details of our approach to adjusting for non-attribution.

In addition to these technical changes this report has been through an additional review process compared to the original report and has been reviewed by an independent Technical Advisory Panel. Please see section 2.2.9 for details.

2.2.3 Projects included in our analysis

Our original analysis covered a total of 76 projects, identified mainly from the INDIGO Impact Bond dataset[6] compiled and managed by the Government Outcomes Lab (GO Lab). We excluded some projects due to challenges in obtaining data, and others because they were at too early a stage to have generated outcomes from which we could estimate value. While the former remain outside this analysis, we have added a further ten projects to this update comprising:

- Four SOCs that were funded by the Home office via the Refugee Transitions Outcomes Fund (RTOF);
- Four other SOCs for which we now have enough outcomes data to estimate value; and
- Two SOCs focused on End of life Care (EOLC) that have started since we undertook our original analysis.

This report and its accompanying analysis therefore cover a total of 86 projects.

Appendix L lists all the projects included or excluded from our analysis.

As in our original report all the projects included in our analysis are in England. We have identified only two SOCs outside England (both funded by the Department for Work and Pensions (DWP) Innovation Fund) and neither is included in our analysis for reasons explained below.

There is wide variation in the projects in terms of their scale, outcomes measured and achieved, and type and quantum of value created. This leads to similar variation in the results by sector and by homogenous groups of projects within sectors. For example some projects are very impactful in delivering short-term, direct fiscal[7] benefit to commissioners (such as those which prevent children entering local authority care, or reunify children already in care) while others tend to create longer-term social and economic value (such as those which focus on improving in-school outcomes for children and young people). We comment further on the main types of value created and the reasons for variations between them in section 3 of this report.

We should also note that this report does not attempt to form a view on the relative benefits of investing in different sectors or types of project, which would require both more detailed analysis of the cost and benefits of specific projects, and full appraisal against alternative options.

2.2.4 Sources for and changes to outcomes data

Analysis of the impact of SOCs in the UK presents challenges because much data on outcomes is not in the public domain. For the purposes of both our original analysis and this update, therefore, we sourced the majority of data on projects directly from those who manage them, namely intermediaries or Investment Fund Managers (IFMs). Intermediaries and IFMs provided data on 77 of the projects included in our analysis (comprising 67 included in our original report and the additional ten projects described above).

Of these 77 projects, 40 were complete when we compiled our original report and outcomes data have not been updated for these projects (although the estimated value achieved from them will have changed due to inflation and some other minor changes). The same applies to the other nine projects for which we obtained data for our original report from other sources – notably published evaluations.

[6] See https://golab.bsg.ox.ac.uk/knowledge-bank/indigo/impact-bond-dataset-v2/
[7] See section 2.3.2 for a definition of this and other terms.

We used these to source data on outcomes achieved by projects which did not have an intermediary or IFM, including some funded by the Fair Chance Fund or the Youth Engagement Fund, and some Entrenched Rough Sleepers projects. (See Appendix A for details of this and other Funds mentioned in this report).

There are thus 37 projects for which we sought and received updated data from the relevant IFM or intermediary.

We were provided with data up to June 2023 for these projects, covering both the outcomes claimed and validated under each SOC (to calculate value) and outcome payments made (to calculate costs). These data enabled us also to calculate the net value created by SOCs, and the ratio of value to costs[8].

Please note that **some of these 37 SOCs are still in implementation and will continue to generate outcomes for several years**. They will thus generate further value (and incur further costs) in the future. Our approach to these projects was the same as in our original analysis: we did not make any assumptions about their future performance, since we wanted to base the value case solely on proven outcomes achieved and their costs to date.

As noted in our original report, eight SOCs had no intermediary or IFM involvement and were managed directly by service providers, and had no data available from published evaluations. In this update we have again excluded these eight projects due to data collection and ownership issues. They include six projects that were funded through the DWP Innovation Fund (and both DWP Innovation Fund SOCs that were implemented outside England).

2.2.5 Approach to financial modelling

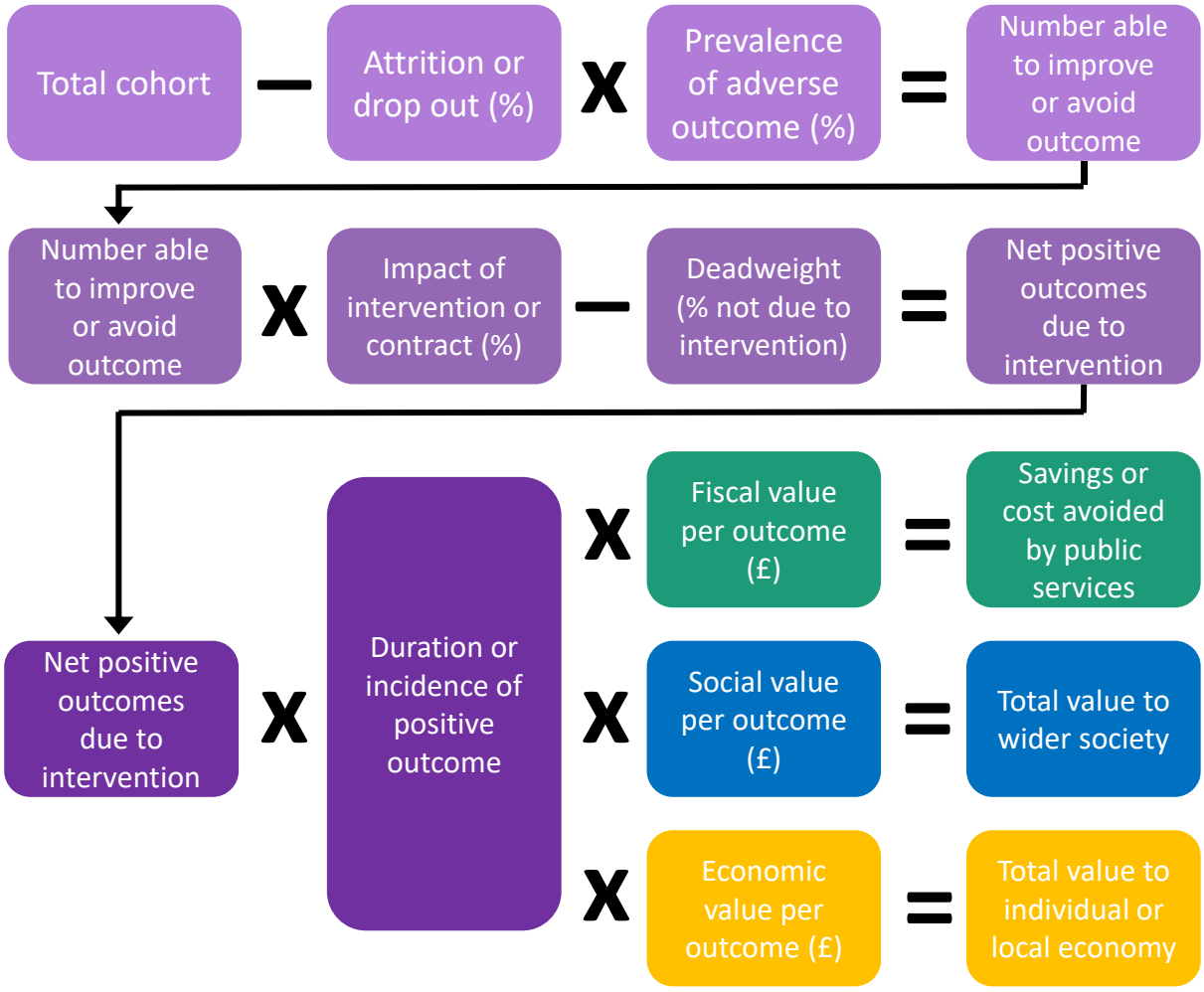
Our overall approach to modelling was unchanged and used a methodology that we have previously applied to numerous similar analyses. It is summarised in Figure 1 below (though note that the first four stages were not required, because we were modelling based on actual cohorts and outcomes achieved, and not aiming to estimate the value of future outcomes).

We modelled some contracts individually because they were unique and unlike any other contract, but we modelled the majority of contracts in logical groups because they were:

- funded through a single programme and identical in terms of the outcomes that are measured and paid for (usually under a common 'Rate Card'). Examples include the projects funded through the Fair Chance Fund and the Youth Engagement Fund;
- designed and delivered by the same intermediary or service provider as part of a common 'family' of projects – for example the projects that comprise the Mental Health and Employment Partnership (MHEP); or
- had some differences in specific outcome and intervention, but were similar enough to enable common modelling with some variation. For example a number of projects aim to avoid children entering local authority care or reunify those already in care, and therefore have similar broad outcomes and consequences, though they do not comprise a single family of SOCs.

[8] We have also managed to obtain data on outcomes payments made for all projects, whereas in our original analysis we were not able to obtain or source data on payments for four projects.

Figure 1: Approach to modelling costs and value (simplified)



We then aggregated findings from each contract or group of contracts into the six policy sectors that are used to categorise projects within the INDIGO dataset – namely Child and family welfare, Criminal justice, Education, Employment and training, Health, and Homelessness. We report all our findings according to these sectors, as explained further in section 2.3 below.

The list of included projects at Appendix L shows the groupings in which we have modelled value, and how these groupings map to the six INDIGO policy sectors

Many SOCs have outcomes that mean that they could logically fall within more than one policy sector. We have in nearly all cases reported the value of contracts according to their INDIGO sector, but in one case have changed the category, and have also assigned a category to two projects not in INDIGO. We explain our decisions on this in the relevant part of section 3.

Of the ten projects that we have added to our analysis, the four that were funded through RTOF have been modelled separately as a distinct family, and have been treated as Employment and training projects in line with their INDIGO categorisation. The other six projects have been added to existing groupings or modelled separately, with four falling within the Health sector, one within the Education sector and one in the Homelessness sector.

2.2.6 Sources for valuing outcomes

In assigning values to adverse outcomes avoided, or positive outcomes created, we drew on a number of sources of standardised costs to the public sector, including:

- The Greater Manchester Combined Authority (GMCA) Unit Cost Database[9]. This is a well-established and widely used source in the calculation of value in relation to SOCs, and more generally in assessing the value created by services and interventions. This is an extremely useful resource because it aggregates and curates cost and value data from a wide range of sources, and this report has benefited from a relatively recent release of the Database (Version 2.3.1, published October 2022) which updates and significantly improves the accuracy of unit cost data in many areas.
- The Unit Costs of Health and Social Care, now published through a collaboration between the Personal Social Services Research Unit (PSSRU) at the University of Kent and the University of York. This is another well-established source which provides useful data on a wide range of costs across health and social care. It is published annually and we drew where possible on the 2022 version (Jones, et al., 2023), the latest available at the time of our analysis and modelling. We also drew on some data from the 2021 version (Jones & Burns, 2021) since the 2022 version no longer includes estimated costs for a range of Children's Services.
- Other data from published research. We used data from other published sources where it was not in the above sources or appeared to provide a better or more robust source for costs or value created.
- Other local data. In a very few cases (five) we have used local data (collected directly by projects) where it was the best or only source of data available.

Many estimates of cost or value were used in several of the models for our analysis and Appendix C provides a summary of the main costs and sources we have used.

Most of the sources for unit costs used in this report have not changed since our original report. We have however updated most[10] unit cost values to 2023/24 prices by applying the "GDP deflator" from the most recent forecasts by the Office for Budget Responsibility (OBR) – which at the time of this report were the forecasts prepared for the Autumn Statement on November 22nd 2023. This is the standard approach to inflation adjustment recommended in the Treasury "Green Book" (see Appendix D). Compared to the unit cost values included in the original report this means that most unit costs have increased by 13.8%. Details of the updated unit costs that we have applied are shown in Appendix C.

2.2.7 Estimating direct and consequential outcomes

While the outcomes that are avoided or created vary widely between different contracts and groups of contracts, we divide the outcomes to which we have assigned value into two main categories, which we have termed:

[9] See https://www.greatermanchester-ca.gov.uk/media/7283/gmca-unit-cost-database-v2_3_1-final.xlsx

[10] Some unit costs have not changed in line with GDP deflator because an inflationary update has been defined in legislation. For example the Pupil premium payable in 2023/24 is £2,530, compared to £2,345 at the time of our original report. In addition the Unit Cost database has updated many costs by reference to later statistical data. These updates are sometimes higher, and sometimes lower, than updating via the GDP deflator.

- ***Direct outcomes.*** These are outcomes that are created directly by the contract and measured and paid for through the contract's Rate Card or other payment mechanism. For example, so-called 'edge of care' SOCs tend to include one or more measures of the duration of local authority care avoided by the contract; Homelessness SOCs measure entry to and sustainment of accommodation by those previously homeless and often rough sleeping; and Employment and training SOCs measure qualifications achieved, jobs starts, and periods of employment by duration or value of earnings. In these cases it is possible to predict with high certainty the value created directly by the outcome, because the amount of adverse outcome avoided (e.g. weeks in care) or positive outcome created (e.g. weeks in employment) is measured and validated by the contract – we only need to estimate the cost avoided or value created by that validated outcome[11].
- ***Consequential outcomes.*** These are outcomes which, based on previous research or the theory of change for the intervention, are likely to be avoided but are not the direct result of the intervention or measured outcomes. For example, there is good evidence that those who are looked after by a local authority are more likely to become long-term NEET (Not in Employment, Education or Training). We have included such outcomes where there is evidence to suggest a likely consequential impact, but there is inevitably a higher degree of uncertainty about both the applicability and scale of such outcomes. We have therefore been cautious about the likely scale of such outcomes, taking account of the extent to which they can reasonably be attributed to the intervention.

In part because of the uncertainty around consequential outcomes we have assigned a confidence level to all our value estimates, as explained further in section 2.3.2 below. In addition we have adjusted direct outcomes to make allowance for non-attribution, as described immediately below.

2.2.8 Adjusting for non-attribution

In our original report we explained that we had not adjusted our value estimates to allow for the probability that some outcomes, and therefore value, might not be attributable to the interventions funded by the SOCs. Such attribution is often termed 'deadweight', although we have used the term 'non-attribution' in this report. Our rationale for not making such adjustments was that it would be challenging to make reasonable estimates of non-attribution across numerous different contracts because:

- The contracts to which we had assigned value already included a wide range of contractual and measurement arrangements that aimed to take account of non-attribution. These range from rigorous measurement against a comparison group, through measurement against a baseline, to the calculation of outcome targets and payment in ways that aim to take account of likely non-attribution.
- There are some contracts where a persuasive case can be made for there being very little, or no non-attribution because the outcome would be very unlikely to occur without the specific intervention funded by the SOC.

There would therefore be a risk of double counting or overestimating non-attribution unless we had time and resources to do detailed contract by contract (and often outcome by outcome) analysis

[11] In a small number of cases we have also treated outcomes estimated through independent impact evaluation as direct outcomes.

based on local data and with input from local project stakeholders[12]. Such detailed analysis would also need to properly account for wide variations in the likely extent of non-attribution in each contract due to variables such as the challenges faced by specific cohorts in achieving outcomes without support, and/or the availability of alternative provision on which service users could draw.

Against this we acknowledge that there are benefits in aiming more accurately to estimate the likely impact of each SOC and make allowance for non-attribution, which is likely to occur in many of the contracts.

Our approach to this, and our detailed assumptions, are described in more detail in Appendix E. In summary we have:

- Identified and excluded from adjustment a small number of contracts where we have based our estimates of impact and value on a robust impact evaluation (since such evaluations already aim to measure impact net of attribution to factors other than the intervention). For example we have based our analysis of SOCs that implement the PAUSE programme (which supports women at risk of having children removed from their care) on an impact evaluation of PAUSE commissioned by the Department for Education (Boddy, et al., 2020).
- Excluded a further small number of contracts where we think it is reasonable to conclude that there would be little or no non-attribution. For example residential 'step-down' projects are deliberately targeted at children and young people who have previously failed to sustain foster placements and require intensive support to revert to foster care; it is therefore extremely unlikely that they would be able to step-down without intervention.

For all other contracts we have then estimated the proportion of ***direct*** outcomes (as defined above and in detail in Appendices F – K) that might be viewed as likely to occur absent the intervention funded through the SOCs. These estimates have been made at global level and by main outcome (e.g. avoidance of local authority care, achievement of employment, gaining of qualifications etc) and are therefore likely to under- or over-estimate non-attribution in specific contracts. We have not adjusted consequential outcomes for non-attribution, because our estimates already allow for non-attribution (and usually assume much lower levels of impact than direct outcomes).

2.2.9 Review by Technical Advisory Panel

In addition to the above (and unlike the original report) this report was independently reviewed in final draft form by a Technical Advisory Panel. The Panel was convened by Better Society Capital and comprised people with a range of experience and expertise in the delivery, measurement and evaluation of social outcomes and social interventions. In alphabetical order, the Panel included:

Stephen Aldridge CB:	Director for Analysis and Data at the Department for Levelling Up, Housing and Communities
Mara Airoldi:	Academic Director of the Government Outcomes Lab at the Blavatnik School of Government, University of Oxford

[12] We would usually attempt such detailed analysis of non-attribution (and have frequently done so) when undertaking cost-value analysis of a single contract or family of contracts, working with local stakeholders and drawing on local data on such factors as cohort characteristics and demographics, and the extent and likely impact of alternative provision.

Jonathan Barron:	Senior Policy Advisor on NHS Finances, NHS confederation
Professor Chris Fox:	Professor of Evaluation and Policy Analysis and Director of the Policy Evaluation and Research Unit at Manchester Metropolitan University
Axel Heitmueller:	Managing Director, Imperial College Health Partners

The Panel was invited to read the report in draft and offer comments on both methodology and findings either in writing and/or through a discussion of the report and its findings held on 12th March 2024. In summary members of the Panel:

- Were positive about the report and complimented the usefulness of the analysis, the clear presentation of findings and the appropriateness of the methodology.
- Offered a number of suggestions for improving the analysis and presentation of findings which are described in more detail in the sections of this report to which they were most relevant.
- Observed that there were some limitations to and exclusions from our analysis: these are set out in section 2.3.7 below; and
- Suggested some areas of additional research which might improve even further the quality and robustness of the findings. These are summarised in section 4 of this report.

2.3 Presentation of findings

As explained above we present all our findings in this report either across all contracts or by the six policy sectors that are used to group projects in the INDIGO dataset. Our findings are also sub-divided and qualified as described further below.

2.3.1 Value before and after estimates of non-attribution

In presenting our findings by sector, we have first shown the total value before such adjustment and then after adjustment, including net value and Benefit Cost Ratio. All subsequent calculations as described below (breakdown by category of value, by confidence level, and to show net value and benefit cost ratio by sector) are shown only ***after*** adjustment for non-attribution.

2.3.2 Fiscal, social and economic value

We have broken down total value and value by sector (after adjustment for non-attribution) into three main categories (Fiscal, Social and Economic). These categories are used in the GMCA's Unit Cost Database and are in our view extremely useful ways of distinguishing different types of value. In summary these categories of value are defined as follows:

- ***Fiscal value***: direct savings to or costs avoided by the public sector due to a specific intervention.
- ***Social value***: wider gains to society such as improvements to health, educational attainment or reduced crime.
- ***Economic value***: net increase in earnings or growth in the local economy.

We have also attempted to further break down fiscal value into what are commonly termed 'cashable savings' and 'avoided costs'. We would however caution against over-interpretation of these estimates since there is much debate about what is 'cashable' in relation to value created by SOCs, and in general we take an extremely cautious view of what is truly cashable – in particular we are sceptical of the theory that fixed costs (such as staff and buildings) can be converted into cashable

savings even where the scale of cost reduction is of sufficient scale. In practice, this rarely happens because the scale needed to achieve such savings can be huge (e.g. enough imprisonments avoided to close a wing) and there are always other demands that replace those avoided. Please see the definition of cashability in Appendix A, which provides examples of when costs might be cashable and when not. Further useful guidance on the principles of cashability in the context of cost benefit analysis can also be found in a GMCA discussion paper[13].

Equally if not more importantly our experience as both advisors on and evaluators of SOCs is that this is an increasingly unhelpful distinction which implies that a cashable saving is of much higher value than an avoided cost. In practice both are of largely equal benefit to a public sector body aiming to release value, and the more important distinction is arguably between fiscal value, that usually accrues directly and in the short term to the outcomes payer, and wider social value which usually accrues in the longer term and to a combination of agencies.

2.3.3 Confidence level

We have also divided our total and sectoral value calculations into three levels based on the degree of confidence we have in the extent to which the value is likely to be achieved. This reflects the difference between direct and consequential value outlined above and, for consequential outcomes, the strength of evidence behind likely sustainment of value. For the purposes of this report we define the three confidence levels as follow:

- ***High***: Value very likely to occur because it will be created directly by the outcomes measured under the contract (or has already been created) and there is strong evidence for the adverse outcome and cost that would otherwise occur. For example a contract that enables children in residential care to move to foster care is certain to create value because foster care costs are always lower than residential costs and the value occurs as soon as the move is made, and for the period validated by the contract.
- ***Medium***: Value likely to occur but not certain because based on predictions of future outcome that are consequential to the main outcome – for example there is strong evidence that a young person who avoids becoming looked after is less likely to become long-term NEET, but the extent to which avoidance of care impacts directly on the adverse outcome is harder to predict.
- ***Low***: Value less certain to occur and outcomes more consequential to main outcome. For example there is some evidence that a homeless person is more likely to become an offender, but we cannot with confidence predict either the prevalence or severity of offending, especially if it leads to imprisonment.

We would note that value assigned low confidence in our analysis also forms a relatively small proportion of total value since areas of value in which we have low confidence tend also to be areas where we have made cautious assumptions about the scale of value. Thus in the above example we have made very cautious assumptions about how many people diverted from homelessness would otherwise offend or be imprisoned, and also assigned low confidence to the value that results from those assumptions[14].

[13] See https://www.greatermanchester-ca.gov.uk/media/1584/cashability_discussion_paper.pdf

[14] We have also excluded entirely some more tendentious areas where benefit/value might occur but is harder to evidence, which also lowers the overall quantum of Low confidence value

2.3.4 Gross and net present value, and Benefit Cost Ratio

In breaking down value as above we are in all cases referring to gross value – that is the total value that we estimate is created directly (after adjustment for non-attribution) or consequentially by the outcomes contract, irrespective of the value of outcome payments (and in a very few cases other payments[15]) made by commissioners or other 'outcomes payers'. All estimates of gross value are shown at 'present value' which means that the future value of benefits created by these contracts has been discounted, where necessary, to present value by applying a Social Time Preference Rate (STPR)[16] of 3.5%.

At the sector and overall summary level, we have also calculated and shown two important measures of social or public value that are recommended in the Treasury 'Green Book' (see 2.3.5 below). These are:

1. **Net Present Social Value (**NPSV) This is defined as the present value of benefits less the present value of costs. In each sector, therefore, the NPSV calculation is:

   Present value created by contracts (after adjustment for non-attribution)

   less

   The total value of outcome and other payments for these contracts

2. **Benefit Cost Ratio (BCR)** This is defined as the ratio of the present value of benefits to the present value of costs. The BCR calculation is therefore:

$$\frac{\text{Present value created by contracts (after adjustment for non-attribution)}}{\text{The total value of outcome and other payments for these contracts}}$$

Please note that in our original report we presented NPSV and BCR only for total value. In this report, and at the suggestion of the Technical Advisory Panel, we have also shown NPSV and BCR based on fiscal value alone, and based solely on value in which we have high confidence. We have added these calculations for all 86 contracts in the Executive Summary above, and at sector level in section 3 below.

2.3.5 Adherence to Green Book principles

The Green Book (HM Treasury, 2022) is guidance issued by the Treasury on how to appraise policies, programmes and projects. While we do not claim that this analysis is a full appraisal to Green Book standards we have aimed to adhere to important principles of the Green Book in undertaking it, and in particular to follow the guidance in Chapter 5 of the Green Book on Social Cost Benefit Analysis. A fuller explanation of where we have followed and where we have diverged from the Green Book is provided at Appendix D of this report, but in summary we have:

- shown all values first adjusted for inflation and then discounted to present values using the Treasury recommended Social Time Preference Rate of 3.5% per annum;
- estimated overall value using both NPSV and BCR measures as explained above; and

[15] In a small number of SOCs commissioners separately pay an intermediary to manage the contract on their behalf
[16] See definition in Appendix A. The Green Book sets the STPR by default at 3.5%

- aimed to control for optimism bias by making deliberately cautious assumptions about the scale of benefit that is likely to occur from each contract or group of contracts. We explain why and how we have done this in section 2.3.6 below.

We have also made use where appropriate of supplementary guidance to the Green Book, produced by the Treasury and Social Impact Task Force, on the appraisal of social and public value from improved wellbeing (HM Treasury and SITF, 2019). The improvement of wellbeing is an explicit feature of many SOCs and is often a paid outcome metric, measured through a range of tools such as the Warwick Edinburgh Mental Wellbeing Scale (WEMWBS) or the Wellbeing Star. This guidance is therefore extremely useful in setting an estimated value for a year of improved wellbeing (a wellbeing year or 'WELLBY'), the median value of which is estimated by the guidance to be £13,000 at 2019 prices. Prior to development of this guidance it was extremely difficult to estimate the value of improved wellbeing, even where robustly and independently measured, and wellbeing improvement tended either to be ignored in value cases or estimated using sometimes inappropriate proxies – such as reduced demand for mental health treatment.

We have however assigned value to wellbeing based on this guidance only in limited circumstances, and at high confidence only where wellbeing is specifically measured independently using a recognised measurement tool as part of the outcomes framework and payment mechanism for the project – i.e. wellbeing is a direct outcome as defined in section 2.2.5 above. We have only valued wellbeing as a consequential outcome where there is strong evidence from available literature that wellbeing is likely to improve, and have done so only at low confidence, and assuming low sustainment (typically for only six months or half a wellbeing year).

2.3.6 Avoiding optimism bias and overestimation of value

We have aimed to ensure that we avoid optimism bias and overestimation of value at all stages of this analysis, and taken a number of steps to ensure our analysis is realistic. As explained above a key area of optimism bias in relation to SOCs (namely the overestimation of outcomes likely to be achieved) is not a risk in this analysis because we have based it solely on actual outcomes data. There is risk of optimism bias in other areas including overestimating the value of direct outcomes, and overestimation of the value or prevalence of consequential outcomes. We have sought to avoid such risk in a number of ways. In particular we have:

- ***Used cost estimates which are likely to under rather than overestimate value.*** For example we have used mean or average costs, taken from the Unit Cost Database PSSRU Unit Costs of Health and Social Care 2021, for the costs of residential and foster care avoided by SOCs. These costs are lower than those we have observed when developing value cases using a local authority's own data, especially when the cohort has additional or complex needs[17].
- ***Made 'worst case' assumptions about the sustainment of outcomes which are time dependent.*** Where direct outcomes measure sustainment over time – e.g. weeks of care avoided, months in accommodation, months in employment etc, we have made no allowance for the outcome being sustained longer than measured. Thus where a direct outcome is achieving six months employment (as in many Employment and training sector SOCs, and several SOCs in other sectors) we have assumed no employment beyond this point. This is clearly a worst case and

[17] For example in one recent case the average cost of care for a higher risk child was £1,500, compared to the £742 figure we have used

unlikely assumption, but it means that we can be extremely confident about the value created. We have made similar worst case calculations in relation to other metrics.

- ***Made conservative estimates about the future prevalence of consequential adverse outcomes.*** For example although some Employment and training SOCs were explicitly aimed at young people at risk of becoming NEET we have made very cautious assumptions about the numbers achieving direct outcomes (such as employment or qualifications) that will also avoid becoming NEET.
- ***Assigned no value to many outcomes***. For example many SOCs make payments for the achievement of education and training outcomes, including entry to education and training, part completion of courses and the achievement of qualifications at levels 1, 2 and 3. We have not included values for many of these 'progress' outcomes and have only included the economic value of level 2 and 3 qualifications. There are also numerous consequential outcomes that are likely to occur (and might be avoided by an intervention funded through an SOC) but which we have not included because we do not have good evidence for the value of the outcome avoided, or for the likely impact of an intervention on that outcome. An example is that young people in residential care are known to be at higher risk of criminal exploitation, but we cannot, even with low confidence, predict either the scale or value of criminal exploitation avoided if young people are diverted from care, or step down from residential to foster care, due to a SOC.

2.3.7 Other exclusions and limitations

In addition to the issues above the Technical Advisory Panel identified two further limitations to and exclusions from our analysis which might affect the results. These are:

- ***The exclusion of commissioner costs other than outcome payments.*** As explained above we have included in our analysis of costs the outcome payments made by commissioners or other funders as part of the outcomes contract (which comprise the bulk of costs). We have also included some additional costs that commissioners contracted to pay in a small number of contracts – notably to fund contract management by intermediaries. The Panel observed that this may exclude some longer-term costs to commissioners, for example in managing and monitoring contracts in-house. We agree, but have not included these costs because they would be challenging and resource-intensive to estimate for a wide range of contracts requiring different levels of management and of varying duration.
- ***A small risk of some double counting of values.*** Since the data on unit costs that we have used is compiled from a wide range of sources, there is a small risk that we have double counted some benefits – most likely because an avoided cost categorised as 'social' includes some cost elements already included as 'fiscal'. We think the scale of any such double counting is likely to be small since the compilers of the unit costs we have used will have sought to check for and avoid it. We cannot be certain there is no double counting, however, without significant additional work to check every unit cost back to its source.

Overall, therefore, there is some risk that our estimates slightly understate costs or overstate benefits but:

- Any over- or under-estimation is offset by the exclusion, already noted above, of other value which cannot easily be monetised. The Panel also discussed this, and recognised it as a significant issue across all cost benefit analysis of social interventions. We think it likely, but cannot be certain, that the value of benefits excluded would exceed any misestimation of costs or benefits.

- The scale of any over- or under-estimation would not, in our view, be enough to significantly affect the positive benefits achieved by these SOCs and the resulting BCRs. By way of illustration, in the unlikely event that we have miscalculated costs or benefits by as much as £1m per contract (£86m in total) this would reduce the overall NSPV by 5.2% (from £1.646 bn to £1.56 bn) and the overall BCR from 8.59 to 8.20. If applied only to fiscal and high confidence values, the BCRs would fall to 1.94 and 3.15 respectively.

3. Findings

3.1 Introduction

This section presents the findings from our analysis divided by INDIGO policy sector, and showing total (gross) value, NPSV and BCR. Findings are presented alphabetically by sector. In each policy sector we first summarise total value ***before and after*** adjustment for non-attribution. We then provide further detail and breakdown of our findings by reference to the value created after adjustment for non-attribution ***only.***

Where projects form logical groups that we modelled together we have shown the gross value of that group. Where projects within a sector were modelled separately we have grouped them into an 'Other projects' group, and shown the value of that group as a whole. Please se Appendix L for further details of project groupings.

We also show value within each sector, after adjustment for non-attribution, by whether we consider it fiscal, social or economic value; and whether we have high, low or medium confidence in our value estimates. In each case we have explained the main drivers of value, with further detail in Appendices F – K. As suggested by the Technical Advisory Panel, we have also shown the NPSV and BCR based on fiscal and high confidence values alone.

Our findings show wide variation between each sector in scale of total value, NPSV and BCR, and in the type of value we think will be created. It is important to stress that this does not imply that any sector or particular type of contract is intrinsically better or worse in terms of performance or suitability for SOCs. There are numerous reasons why different sectors and groups of contracts produce different levels and types of value, including, among others, the total number of contracts in each sector, the size and complexity of those contracts, the nature and objectives of the interventions, and the natural propensity of different types of contract to generate different types of value. In addition, many SOCs have numerous outcomes across more than one sector, and are explicitly designed to address complex needs that do not sit neatly within a single sector.

3.2 Findings – Child and family welfare sector

3.2.1 Overall Value

Our analysis of the Child and family welfare sector includes 18 projects, which is unchanged since our original report. We excluded two projects in this sector as defined in INDIGO because we could not easily obtain data on them, and one further project because it appears to have been combined with another project. We estimate total present value created by SOCs in this sector to be **£608.2 m before adjustment for non-attribution and £521.7 m after adjustment** as shown in Table 2 below.

Table 2 – Total present value created – Child and family welfare Sector

Project group	No. of SOCs	Present value created (before adjustment for non-attribution)	Present value created (after adjustment for non-attribution)
Residential step down projects	4	£25.55 m	£25.55 m
Avoidance of care projects	6	£352.49 m	£300.79 m
Care leavers projects	3	£105.44 m	£91.23 m
Other projects	5	£124.66 m	£104.14 m
Total present value		**£608.15 m**	**£517.34 m**

The total cost of outcome payments for the projects in this sector is £52.01 m. The NPSV for this sector after adjustment for non-attribution is therefore **£469.71 m** and the BCR is **10.03.**

The main areas of direct value created in the sector are in the reduced cost of care for children and young people who are enabled to step down from residential care to relatively less expensive foster care, and in the avoidance of care costs (both residential and fostering) in avoidance of care projects. Value is also created by other costs avoided directly through reduced care placements – for example the pupil premium which is paid for all children in care, and the cost of care proceedings.

The care leavers projects are classed as Child and family welfare projects because they support young people who have been in care but the main direct outcomes of these projects were in employment, education and training and it is these outcomes that drive most value (note that these SOCs are good examples of projects which sit across more than one sector). The 'Other' group of projects includes one which creates value both by reducing the incidence of care and by reducing escalation within the care system, projects which fund the PAUSE intervention, and projects which create value by reducing the costs of caring for adults.

The main consequential outcomes are the result of those who avoid care having reduced risk of becoming long-term NEET and of offending. Please see Appendix F for further details of the projects in this sector and the areas where we have assumed value creation.

3.2.2 Total value by Category and Confidence Level

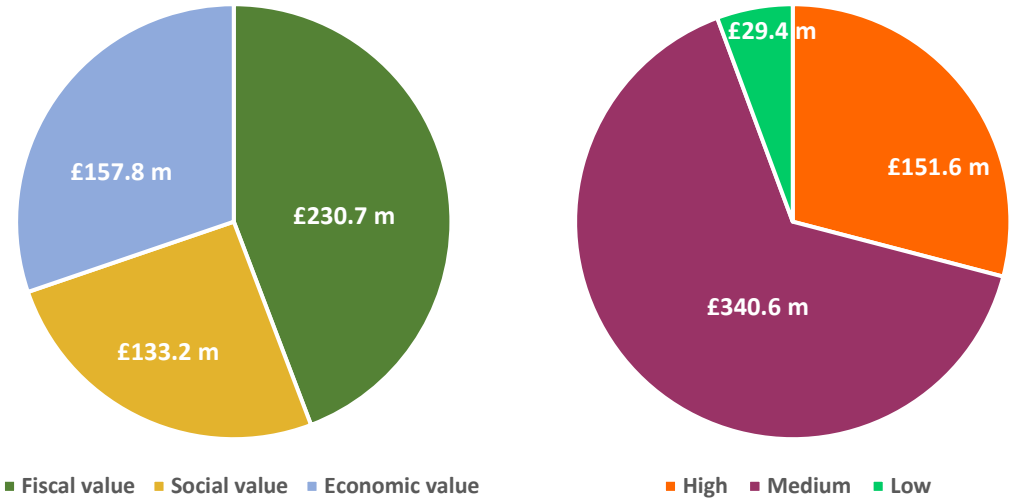
Table 3 and accompanying charts below show the breakdown of total value (after adjustment for non-attribution) by category and by confidence level for this sector. We estimate that around £160 m of the fiscal value might be cashable, and the rest avoided costs.

Fiscal value is relatively high in this sector because a high proportion of the value accrues to local authority commissioners and relates to the cost of care placements that are not required (or in the case of step down become less expensive) because of the impact of the interventions funded through the SOCs.

The BCR based on fiscal value alone for this sector is 4.44, and the BCR based on high confidence value alone is 2.92.

Category	Present value	Confidence level	Present value
Fiscal	£230.7 m	High	£151.6 m
Social	£133.2 m	Medium	£340.6 m
Economic	£157.8 m	Low	£29.4 m

Table 3 – Breakdown of total Child and welfare value



3.3 Findings – Criminal justice sector

3.3.1 Overall Value

There are three projects classified as Criminal justice in the INDIGO dataset, two of which were included in our original analysis, and a third which has now been added. We estimate total present value created by SOCs in this sector to be **£137.38 m before adjustment for non-attribution and £137.11 m after adjustment** as shown in Table 4 below. The adjustment for non-attribution is low because nearly all outcomes are consequential, and therefore estimates already allow for non-attribution.

Table 4 – Total present value created – Criminal justice sector

Project group	No. of SOCs	Present value created (before adjustment for non-attribution)	Present value created (after adjustment for non-attribution)
Criminal justice projects	3	£137.38 m	£137.11 m
Total present value		**£137.38 m**	**£137.11 m**

The total cost of outcome payments for the projects in this sector is £11.51 m. The NPSV for this sector is therefore **£125.6 m** and the BCR is **11.92.**

The criminal justice projects aim to reduce reoffending and measure and pay for reduced offending directly, and in different ways. There is therefore relatively robust measurement of reduced offending (in one project very robust measurement against a strong comparison group). Even so it is very challenging to estimate the value created by reduced offending accurately because we cannot easily predict either the scale and severity of such offending and therefore its concomitant public value. The costs of prison are high (more than £54k per prisoner per year) and the costs of non-custodial offences to both the criminal justice system and more widely (e.g. health impacts) can also be considerable; but these will vary hugely according to the severity and frequency of offences, with violent crime tending to incur much higher costs. In line with the cautious approach described in section 2.3.5 of this report we have therefore been conservative in assuming both the severity and scale of offending avoided and the likelihood of custody – please see Appendix G for more details.

One of the Criminal justice SOCs also directly measures and pays for the achievement of qualifications. As in other sectors qualifications have a significant economic value and it is also reasonable to assume that a proportion of those who avoid offending and achieve qualifications will in addition avoid other adverse outcomes – notably becoming long-term NEET.

3.3.2 Total value by Category and Confidence Level

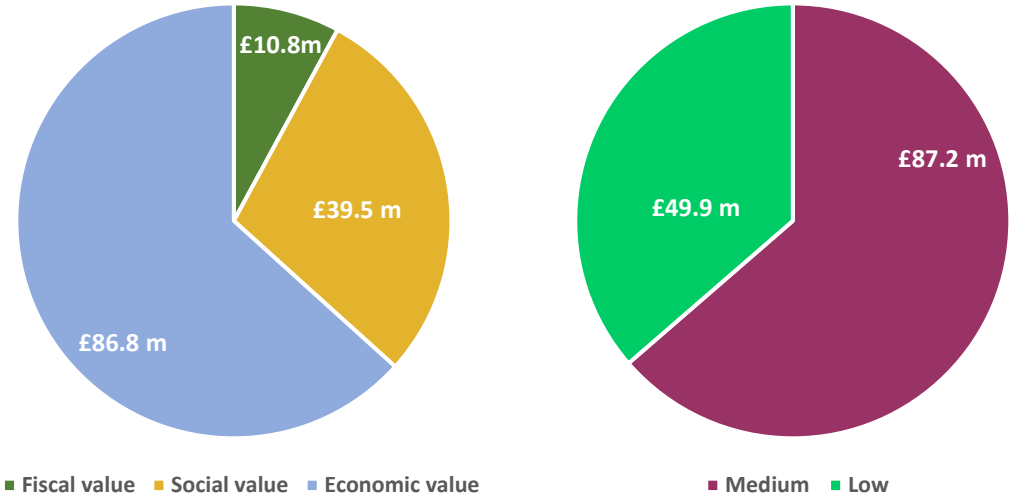
Table 5 and accompanying charts below show the breakdown of total value (after adjustment for non-attribution) by category and by confidence level for this sector. Nearly all the fiscal value is avoided costs (e.g. avoidance of prison) in our view, with negligible cashable savings.

Fiscal value is created by assumptions about the avoidance of future offending and its consequences as outlined above, and social and economic value by the positive impact of qualifications achieved and the avoidance of long-term NEET. All value is at medium or low confidence because of the difficulties of predicting future outcomes outlined above.

The BCR based on fiscal value alone for this sector is 0.94.

Table 5 – Breakdown of total Criminal justice value

Category	Present value	Confidence level	Present value
Fiscal	£10.8 m	High	£0.0 m
Social	£39.5 m	Medium	£87.2 m
Economic	£86.8 m	Low	£49.9 m



3.4 Findings – Education sector

3.4.1 Overall Value

There are seven projects in the Education sector in line with classification in the INDIGO dataset. This includes a school readiness and attainment project excluded from our original report because it was then too early stage to have results to which we could attribute value.

In total there are four projects which aim in different ways to improve school readiness pre-school and/or improve attendance, attitude and behaviour, and attainment of children when in school. The other three are all independent travel training projects that form part of a single family. These are classified as Education projects because they enable children with special needs to travel to school without using specialist transport.

We estimate gross present value created by SOCs in this sector to be **£121.5 m before adjustment for non-attribution and £121.3m after adjustment** as shown in Table 6 below. The adjustment for non-attribution is again low because the main travel training outcome in our view does not require adjustment (See Appendix E) and nearly all other outcomes are consequential, and therefore estimates already allow for non-attribution.

Table 6 – Total present value created – Education Sector

Project group	No. of SOCs	Present value created (before adjustment for non-attribution)	Present value created (after adjustment for non-attribution)
School readiness/attainment projects	4	£119.54 m	£119.54 m
Travel training projects	3	£1.99 m	£1.80 m
	Total present value	**£121.53 m**	**£121.34 m**

The total cost of outcome payments for the projects in this sector is £17.27 m. The NPSV for this sector is therefore **£104.07 m** and the BCR is **7.02.**

Assessing the value created by the school readiness and attainment projects is complex because there are numerous short and longer-term outcomes to consider, and by definition we are predicting some outcomes many years in advance of occurrence. We have however benefited from having undertaken more detailed value cases for two of the three projects included here, based on much more in-depth analysis of the cohorts, the impact of the interventions, and research showing the likelihood of consequential outcomes occurring in later life. Direct and relatively short-term value is created by children being 'school ready' and closing the so-called 'attainment gap', and needing less support through their school life. Medium- and longer-term value comes from a number of areas including children being less likely to be excluded from school, less likely in a small number of cases to become looked after, and more likely to gain qualifications. Appendix G explains our assumptions in more detail.

The travel training projects generate value mainly through reducing the cost of specialist home to school transport for local authorities, and we also assumed some improvement in wellbeing for those able to travel independently since there is good evidence for improvement in this area, as explained in Appendix G.

3.4.2 Total value by Category and Confidence Level

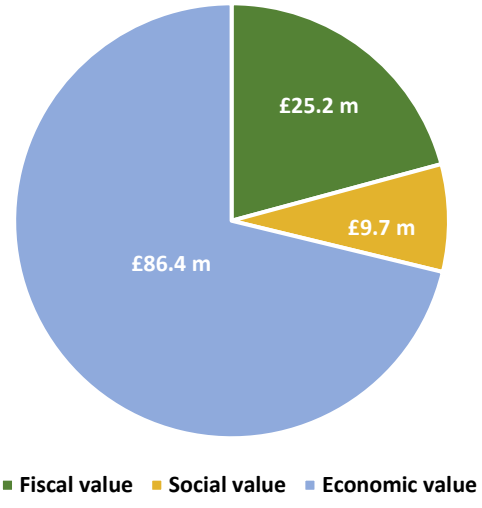
Table 7 and accompanying charts below show the breakdown of total value (after adjustment for non-attribution) by category and by confidence level for this sector. Around £0.6 m of the fiscal value is likely to be cashable, and relates to the ability of local authorities to release some savings through the travel training projects. Nearly all the value created by the school readiness and attainment projects is likely to be avoided costs, and much of it is longer-term social and economic value created by children doing better at school and carrying that improvement into later life.

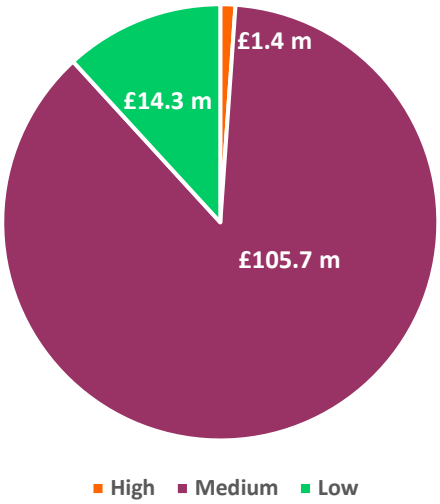
Although we think attainment projects create considerable value we are reluctant to put high confidence on our estimates because of the challenges outlined above of accurately predicting long-term value. Nearly all the value is therefore at medium or low confidence. This adversely affects the BCR based on confidence level.

The BCR based on fiscal value alone for this sector is 1.46, and the BCR based on high confidence value alone is 0.1.

Table 7 – Breakdown of total Education value

Category	Present value	Confidence level	Present value
Fiscal	£25.2 m	High	£1.4 m
Social	£9.7 m	Medium	£105.7 m
Economic	£86.4 m	Low	£14.3 m





3.5 Findings – Employment and training sector

3.5.1 Overall Value

Our analysis of the Employment and training sector includes 22 projects, compared to 17 included in our original report. All bar one of these form part of larger groups of projects, three of which were funded by central government – the DWP Innovation Fund, the Youth Engagement Fund and (added since our original report) the Refugee Transitions Outcomes Fund (RTOF). The other group is one family of similar (but not identical) projects commissioned by local authorities and NHS clinical commissioning groups, and part funded by the Commissioning Better Outcomes (CBO) programme or the Life Chances Fund (LCF) – the Mental Health Employment Partnership (MHEP). We excluded six projects in this sector as defined in INDIGO because we could not easily obtain data on them, all of which were projects funded by the DWP Innovation Fund.

We estimate gross present value created by SOCs in this sector to be **£718.7 m before adjustment for non-attribution and £597.0 m after adjustment** as shown in Table 8 below.

Table 8 – Total present value created – Employment and training Sector

Project group	No. of SOCs	Present value created (before adjustment for non-attribution)	Present value created (after adjustment for non-attribution)
Youth Engagement Fund projects	4	£332.57 m	£279.61 m
MHEP projects	9	£25.81 m	£21.95 m
DWP Innovation Fund projects	4	£335.55 m	£246.57 m
RTOF projects	4	£7.58 m	£6.82 m
Other projects	1	£17.24 m	£12.05 m
Total present value		**£718.74 m**	**£566.99 m**

The total cost of outcome payments for the projects in this sector is £51.39 m. The NPSV for this sector is therefore **£515.6 m** and the BCR is **11.03.**

Within this sector the Youth Engagement Fund (YEF) and DWP Innovation Fund (IF) projects have similar outcomes and the YEF was to an extent a development of the IF, with a different and longer Rate Card. In simple terms, both funds aimed to improve employment and training outcomes and in particular enable people to gain qualifications and enter work. Both had quite complex Rate Cards which rewarded progression towards qualifications and employment as well as attainment, and aimed to ensure that younger people did not become long-term NEET by improving in-school motivation.

As Table 6 shows these two programmes generate significant value. This is in part because of the social and economic value attaching to the outcomes they achieved (notably level 2 and 3 qualifications and an assumed level of avoidance of long-term NEET) but also because of their scale – the YEF alone enabled more than 800 people to achieve a level 2 qualification and more than 100 to achieve a level 3 qualification (though note that we have assumed a relatively high degree of non-attribution in relation to qualifications, and have therefore adjusted and discounted all direct outcomes achieved by 40%.

MHEP is a different set of projects focused on enabling people with mental health issues (and in one project drug and alcohol issues) to find and sustain work, and working more intensively with smaller and more challenging cohorts. We would therefore caution against any simplistic comparison of the values we assign to these projects, especially since we are aware that a number of the projects within this group are at a relatively early stage.

The RTOF projects had similar employment outcomes to other funds but also aimed to move refugees into sustainable accommodation and therefore have some of the characteristics of homelessness prevention programmes. A key objective of the RTOF projects is to encourage and enable refugee integration but we have not attempted to assign a value to this; our analysis focuses on quantifiable employment and accommodation outcomes and may therefore underestimate value.

3.5.2 Total value by Category and Confidence Level

Table 9 and accompanying charts below show the breakdown of total value (after adjustment for non-attribution) by category and by confidence level for this sector. This shows that the fiscal value is a small proportion of the total at £13.9 m, and we estimate that around £10 m of this might be cashable. This affects the BCR based on fiscal value alone

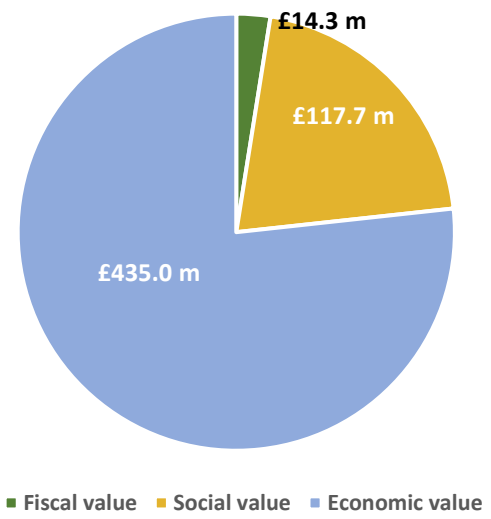
As this breakdown also shows, the value in this sector is heavily weighted towards economic value and much of this is due to qualifications, with each level 2 qualification having a lifetime economic value of nearly £190 k and each level 3 qualification a further £240 k. The avoidance of service users becoming long-term NEET (albeit assumed at lower levels of prevalence) also has major social and economic value. Fiscal benefit is mainly in actual employment gained and therefore reduced benefit costs to DWP, and is relatively low in part because the initial employment sustained by these projects and measured by the SOCs is low (typically 3 or 6 months). As already explained in section 2, we have been extremely prudent in assuming no sustainment of employment beyond these periods across all programmes.

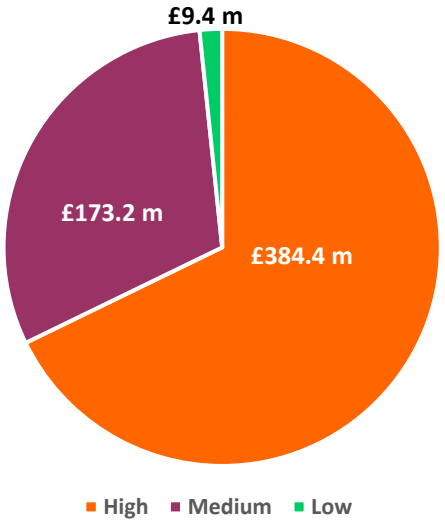
We have high confidence in a high proportion of our value estimates because they are created directly by validated outcomes – notably employment and qualifications.

The BCR based on fiscal value alone for this sector is 0.28, and the BCR based on high confidence value alone is 7.48.

Table 9 – Breakdown of total Employment and training value

Category	Present value	Confidence level	Present value
Fiscal	£14.3 m	High	£384.4 m
Social	£117.7 m	Medium	£173.2 m
Economic	£435.0 m	Low	£9.4 m





3.6 Findings – Health Sector

3.6.1 Overall Value

Our analysis covers 15 projects defined as being in the Health sector, compared to 11 included in our original report, with additional projects including three defined as End of life care projects and one as a health management project.

We estimate gross present value created by the SOCs in this sector to be **£229.3 m before adjustment for non-attribution and £201.3 m after adjustment** as shown in Table 10 below.

Table 10 – Total present value created – Health Sector

Project group	No. of SOCs	Present value created (before adjustment for non-attribution)	Present value created (after adjustment for non-attribution)
Health management projects	4	£86.75 m	£72.47 m
End of life care projects	7	£24.13 m	£24.13 m
Other projects	4	£118.47 m	£104.68 m
Total present value		**£229.34 m**	**£201.28 m**

The total cost of outcome payments for the projects in this sector is £26.63 m. The NPSV for this sector is therefore **£174.65 m** and the BCR is **7.56.**

As Table 10 shows 11 of the 15 projects in this sector fall into two logical groups: seven End of life care projects which are part of a single family; and four health management projects which are not one family but do form a group of contracts and projects with similar aims – to support people with long-term health conditions (such as Type 2 diabetes or hypertension) to manage them better and thus improve their health. Each of these four projects are different in scale and target a different range of conditions.

The other projects in this group are disparate and have very different interventions, outcomes and levels of value created. Please see Appendix G for further details of assumptions in this sector and Appendix L for details of the projects themselves.

Despite the differences in scale and type of these projects the outcomes they achieve that create value are often similar. Projects avoid or reduce the cost of health treatment in various ways, including hospital admissions, visits to primary care and visits to A&E. In addition a number of the projects have a proven and positive impact on wellbeing, and in some SOCs wellbeing is measured directly by the projects, enabling us to value improved wellbeing with high or medium confidence.

3.6.2 Total value by Category and Confidence Level

Table 11 and accompanying charts below show the breakdown of total value (after adjustment for non-attribution) by category and by confidence level for this sector. As this shows, the fiscal value is relatively high but the proportion of this that is likely to be cashable is in our view negligible, partly because of the way health budgets are constructed and partly because all value is within a health system where demand significantly exceeds supply. However this does not diminish the value of these avoided costs to commissioners and it is worth noting that the outcome metrics for a number of these projects directly link payment to the achievement of cost reductions.

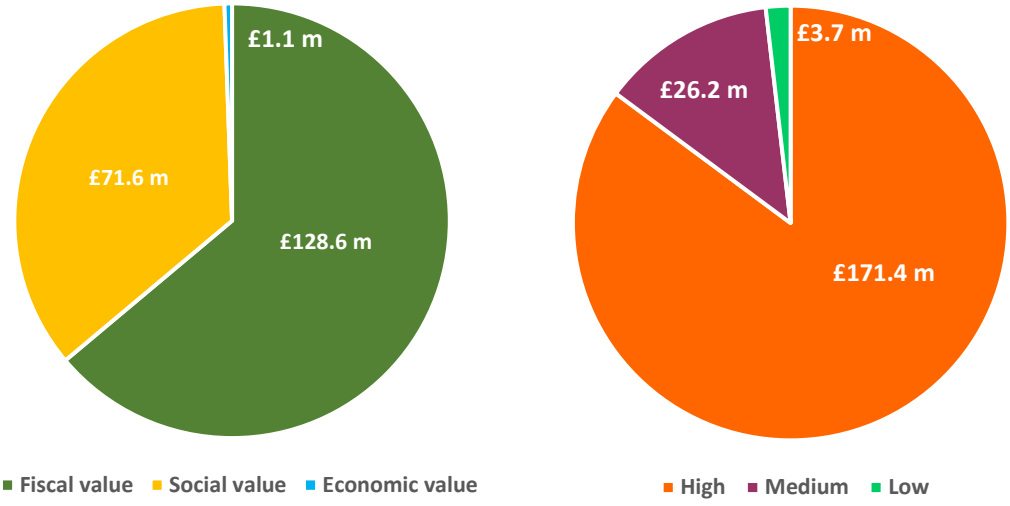
The majority of social value is created by improved wellbeing, which we have categorised throughout this analysis as a social benefit. Economic value is negligible, and accounted for entirely by an assumed modest improvement in employment among people previously unable to work and now able to do so, thanks to better management of their conditions.

In part because cost reductions that create fiscal value are measured directly in some of these projects, we have high confidence in a good proportion of our estimates, some of which are based directly on the agreed value created and verified through project payment mechanisms.

The BCR based on fiscal value alone for this sector is 4.83, and the BCR based on high confidence value alone is 6.44.

Table 11 – Breakdown of total Health value

Category	Present value	Confidence level	Present value
Fiscal	£128.6 m	High	£171.4 m
Social	£71.6 m	Medium	£26.2 m
Economic	£1.1 m	Low	£3.7 m



3.7 Findings – Homelessness Sector

3.7.1 Overall Value

Our analysis of the Homelessness sector covers 21 projects, including 20 defined as homelessness projects in the INDIGO dataset, and one additional project (focused on homelessness prevention) which has been added since our 2022 analysis and does not yet appear in INDIGO. It excludes one project defined as Homelessness but which we chose to include in the Health sector (see 3.6.1 above).

We estimate gross present value created by the SOCs in this sector to be **£355.0 m before adjustment for non-attribution and £314.8 m after adjustment** as shown in Table 12 below.

Table 12 – Total present value created – Homelessness Sector

Project group	No. of SOCs	Present value created (before adjustment for non-attribution)	Present value created (after adjustment for non-attribution)
Entrenched rough sleeping projects	7	£54.84 m	£49.70 m
Fair Chance Fund projects	8	£78.53 m	£68.62 m
Single Homelessness Prevention projects	2	£87.06 m	£78.33 m
Other projects	4	£131.87 m	£118.11 m
Total present value		**£354.99 m**	**£314.76 m**

The total cost of outcome payments for the projects in this sector is £57.98 m. The NPSV for this sector is therefore **£256.8 m** and the BCR is **5.43**.

The projects in this sector are arguably the most homogeneous, with the exception of the single homelessness prevention projects which aim to prevent people becoming homeless by addressing the issues that might cause it at an earlier stage. The remaining projects in this sector include two groups that use the same Rate Card: the seven Entrenched Rough Sleeping projects (funded by the Ministry

of Housing, Communities and Local Government) and seven projects which were part of the Fair Chance Fund or FCF (funded by the Department of Communities and Local Government and the Cabinet Office) plus one project that was funded by local commissioners and the CBO programme, but used the same FCF Rate Card. The three 'Other' projects had similar outcomes in that all aimed to address homelessness and /or rough sleeping by moving people into accommodation and sustaining them there. All bar one of the projects also include training and employment outcomes which, along with the avoidance of rough sleeping, create substantial public value.

The Entrenched Rough Sleeping SOCs also included direct outcome metrics relating to mental health and drug and alcohol issues and it is therefore possible to predict the likelihood of these adverse outcomes reducing, and value being created with more certainty. In addition, ATQ has completed a detailed value case for one of the Entrenched Rough Sleeping SOCs and we have therefore been able to draw on more detailed research into likely prevalence and impact of intervention in a number of outcome areas, including the prevalence of previous offending and physical health issues. This enabled us to make some cautious assumptions (at low confidence) about the likelihood that these SOCs will prevent future offending and improve health outcomes.

The single homelessness prevention projects create value in similar areas but with less certainty because the projects aim to prevent future adverse outcomes rather than address existing ones. ATQ has also undertaken a detailed value case into this service and we have been able to make reasonable assumptions based on previous research.

3.7.2 Total value by Category and Confidence Level

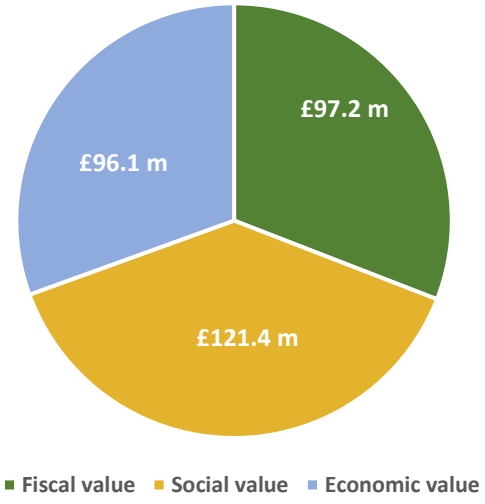
Table 13 and accompanying charts below show the breakdown of total value (after adjustment for non-attribution) by category and by confidence level for this sector. We estimate that around £32 m of the fiscal value might be cashable and the remainder will be avoided costs. Both social and economic value are created by longer-term outcomes including the gaining of qualifications, the prevention of people becoming long-term NEET, and some improvements in wellbeing.

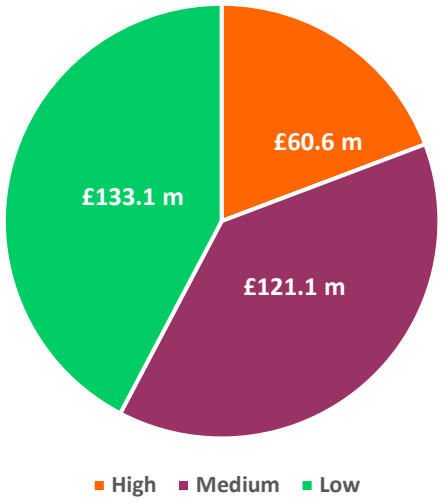
We have high confidence in a proportion of our analysis because many areas of value are generated directly by outcomes measured, validated and paid for under the respective Rate Cards, including qualifications, employment, and the sustainment of accommodation. Equally, we have low confidence in the value likely to be created by reduced offending, and in some of the value created by the prevention projects because it is harder to predict future outcomes for such earlier stage, preventative interventions.

The BCR based on fiscal value alone for this sector is 1.68, and the BCR based on high confidence value alone is 1.04.

Table 13 – Breakdown of total Homelessness value

Category	Present value	Confidence level	Present value
Fiscal	£97.2 m	High	£60.6 m
Social	£121.4 m	Medium	£121.1 m
Economic	£96.1 m	Low	£133.1 m


£97.2 m
£96.1 m
£121.4 m
Fiscal value
Social value
Economic value


£60.6 m
£133.1 m
£121.1 m
High
Medium
Low

4. Conclusions and areas for further research

4.1 Conclusion

In conclusion, we are grateful to have had the opportunity to update our previous analysis of UK SOCs and believe that this report provides a more accurate estimate of the value SOCs have created, partly because we have attempted to make a reasonable estimate of non-attribution and partly because our report and findings have benefited from independent review by the Technical Advisory Panel.

While there are limitations to our analysis, as we have made clear, we have made every effort to control for optimism bias and to make conservative estimates that give us confidence that we have not over-estimated value. Even so, the estimates of net value created (NPSV) and return on investment (BCR) are substantial whether measured in terms of total public value created, or more narrowly in terms of fiscal value, or value in which we have high confidence.

An area that we have not explored in this report is where and how the findings might be used to inform policy and decision-making, and with what caveats and restrictions. In part this is because we think it is for others to make such judgements, in part because we believe that such analysis (for example to support resource allocation by government) can only be done following more detailed option appraisal leading to a full business case for a specific project or programme. It is perfectly possible to undertake such an appraisal, but it requires much more detailed analysis than we have undertaken for this report, and involvement from a much wider range of stakeholders with knowledge of specific costs and likely benefits.

4.2 Areas for further research

Following publication of our original report and through activity associated with its dissemination, commentators suggested ways in which this type of analysis could be improved further. During the preparation of this report, and especially via the Technical Advisory Panel, further and more specific suggestions emerged. We conclude this report by setting out these thoughts and suggestions so that others might assess their merits and develop them further. A common feature is that these suggestions would require significant resource and therefore funding.

The key areas suggested include further research to:

- Better estimate the costs of setting up and managing contracts for commissioners including comparative analysis of different costs for different types of contract. This is an area of research into SIBs and SOCs that has not had much attention to date, and/or has been very challenging to complete. One approach would be to engage a group of decision-makers in a specific SOC and map out with them the processes involved in establishing a SOC, the people involved, an estimate of their time commitment and an estimate of the cost of their time. Working with the same group this could be compared with other, similar commissioning exercises they are involved in to create a crude estimate of the costs of a SOC compared to 'traditional' commissioning. If this was done in 3 or 4 diverse SOCs it would then be possible to build a model for all SOCs based on these estimates.
- Better estimate the costs of non-attribution. The limited research we were able to undertake for this report suggested that reliable data on the level of non-attribution that might be expected in typical social interventions in different sectors is limited. Given the growing interest in the

accurate measurement of social impact (and the known risks of overestimating such impact) several contributors to and commentators on this report (and its predecessor) have noted that having better estimates readily available would be of great value. Steps suggested to move towards this goal at reasonable cost include:

- A Rapid Evidence Assessment (REA) to establish what evidence already exists on non-attribution, additionality and/or deadweight related to specific interventions and sectors; and
- The convening of stakeholders with expertise in specific intervention areas (for example children's social care or homelessness) to pool their expertise and knowledge and derive more accurate and well-founded estimates that could be applied in cost benefit analysis in a range of contexts. This would be an incremental approach, with a specific sector or intervention type selected to act as a testbed through which a methodology could be derived that could be applied to further sectors and interventions over time.

Appendices

Appendix A – Glossary of terms

Please note that the definitions of technical terms shown here are taken from the GO Lab Glossary (available at https://golab.bsg.ox.ac.uk/knowledge-bank/glossary/) except where otherwise stated.

Baseline	The state before the intervention, against which progress can be assessed or comparisons made. Example: Baseline data for an educational intervention might encompass attendance rates or grades of a specific cohort before the intervention takes place.
Cashability	The extent to which a change in an outcome or output will result in a reduction in spending, such that the expenditure released from that change can be reallocated elsewhere. **Example**: An example of a 'cashable' saving is often observed in the area of employment. If a person is receiving unemployment subsidy previous to an intervention and as a result of that intervention enters the labour market, government spending related to that unemployment subsidy is reduced and is available to be spent elsewhere. An example of a 'non-cashable' saving could be observed in the health sector, where an intervention leads to, for example, less emergency visits or use of hospital services. In this case, while the intervention may result in less demand, it may not lead to cashable savings unless services become surplus to requirements and are terminated or surplus facilities are closed.
Care Leaver projects	(ATQ definition) The Care Leaver projects were funded by the Department for Education (DfE) Innovation Fund to the tune of £5m. This would be used, according to the DfE, 'to fund the first ever Social Impact Bonds aimed at preventing care leavers being out of work and training'. An evaluation of these projects was published in 2023 (Davey, et al., 2023).
Commissioning Better Outcomes (CBO) Fund	A programme funded by The National Lottery Community Fund which is defined in CBO evaluation reports as having 'a mission to support the development of more social impact bonds (SIBs) and other outcome-based commissioning (OBC) models in England'.
Comparison group	(ATQ definition) A group similar to the group receiving the intervention (known as the treatment group) which does not receive the intervention and therefore provides a basis for evaluating what outcomes would have occurred anyway (sometimes termed the counterfactual). Ideally the comparison group should be as similar as possible to the treatment group and can, for example, be a group in the same area but randomly assigned no treatment, a comparable group in an adjacent area, or a national statistical sample selected to be as similar as possible to the treatment group.

Deadweight / non-attribution	Outcomes which would have happened anyway, regardless of an intervention, policy or investment.
Entrenched Rough Sleepers Projects	(ATQ definition) These projects were part of the Entrenched Rough Sleeping programme, funded by the Department for Communities and Local Government. This included £10 million in funding specifically for Social Outcomes Contracts (described as SIBs in government documents).
Fair Chance Fund	(ATQ definition based on government description) A fund supported by the Department for Communities and Local Government (DCLG) and Cabinet Office which aimed to improve accommodation and work outcomes for young, homeless people whose support needs are poorly met by existing services because of the complexity of their circumstances.
Family [of projects]	(CBO fund definition) A family of projects refers to SOCs which have very similar characteristics and were/are usually developed by the same organisation in the expectation that contracts following the common model will be commissioned by different outcomes payers.
Innovation Fund	(ATQ definition based on government description) The Innovation Fund was supported by the Department for Work and Pensions (DWP) and aimed 'to support disadvantaged young people by helping them participate in education and training to improve their employability'. The fund aimed to support the development of the social investment market and test the generation of benefit savings alongside wider fiscal and social benefits'.
Life Chances Fund (LCF)	According to government guidance the LCF was 'an £80m fund, committed by central government to help people in society who face the most significant barriers to leading happy and productive lives. It provides top up contributions to outcomes-based contracts involving social investment, referred to as Social impact Bonds (SIBs)…. These contracts must be locally commissioned and aim to tackle complex social problems'.
Outcome	The outcome is what changes for an individual as the result of a service or intervention. **Example:** Improved learning in school, better mental health, sustained employment.
Outcome payer	The organisation that pays for the outcomes in a Social Outcomes Contract or impact bond. Outcome payers are often referred to as commissioners.
Payment by Results (PbR)	The practice of paying providers for delivering public services based wholly or partly on the results that are achieved.

Rate Card	In the context of PbR or SOCs, a Rate Card is a schedule of payments for specific outcomes an outcome payer is willing to make for each participant, cohort or specified improvement that verifiably achieves each outcome.
Social Impact Bond (SIB)	A type of outcome-based contract that incorporates the use of private funding from social investors to cover the upfront capital required for a provider to set up and deliver a service.
Social investment	Access, the Foundation for Social Investment, defines social investment as repayable finance which creates both social and financial returns. The investment can take various forms, commonly a loan, or debt type form with interest.
Social Outcomes Contract (SOC)	(ATQ definition). A contract that links payment to the achievement of social outcomes. SOCs may be supported by social investors and are therefore similar to Social Impact Bonds but are considered by many to be a better descriptive term because such contracts are not Bonds in the way such instruments are usually defined.
Social Time Preference Rate (STPR)	According to the 'Green Book' STPR is the discount rate used in appraisal of social value to reflect the concept of time preference – that generally people prefer to receive goods and services now rather than later. The STPR has two components: • 'time preference' – the rate at which consumption and public spending are discounted over time, assuming no change in per capita consumption. This captures the preference for value now rather than later; and • 'wealth effect' – this reflects expected growth in per capita consumption over time, where future consumption will be higher relative to current consumption and is expected to have a lower utility.
Youth Engagement Fund (YEF)	According to the prospectus that accompanied its launch, the YEF was 'a £16 million payment by results fund' that aimed 'to help disadvantaged young people aged 14 to 17 to participate and succeed in education or training. This will improve their employability, reduce their long-term dependency on benefits, and reduce their likelihood of offending. The funding will be provided through social impact bonds (SIBs) with investors funding innovative initiatives to prevent young people from becoming NEET (not in education, employment or training)'.

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Appendix C – Cost and value data

Table C.1 below summarises the main cost and value data that we have drawn on in assigning value to adverse outcomes avoided or positive outcomes created as a result of the SOCs included in our analysis. Costs and value are shown categorised according to whether they create fiscal, social or economic value where appropriate, and are shown at the values used in the analysis – i.e. at 2023/24 prices.

Please note that discounting to net present value was undertaken after calculation of costs and uprating for inflation in line with Green Book guidance. In line with Green Book guidance uprating was based on the latest available GDP deflator index and forecast which was published to accompany the Chancellor's Autumn Statement on 22nd November 2023 (add ref). Note that a high proportion of costs shown here – notably the lifetime costs of becoming NEET and economic value of qualifications, were already discounted to net present value in source literature.

References to the Unit Cost Database are to the latest version of the Database released in October 2022 (Version 2.3.1).

We list main cost areas in approximate order of sector (i.e. starting with those used in modelling value for Child and Family Welfare projects) though many items are used throughout the analysis and across various sectors.

Table C.1 – Unit cost data used to estimate value

Cost/value item	Unit of cost/value	Fiscal cost/ value per unit	Social cost/ value per unit	Economic cost/ value per unit	Source
Residential care of children – private placement	Per week	£4,878			Unit cost database. Mean costs for children looked-after in externally provided children's homes.
Residential care of children – local authority placement	Per week	£5,860			Unit Cost database. Residential care home for children based on PSSRU costs as above.
Foster care of children	Per week	£742			Unit cost database. Overall cost of local authority foster care per week.
Pupil premium paid for a child in care	Per year	£2,530			Value of pupil premium per pupil per year in 2021/22 – see https://www.gov.uk/government/publications/pupil-premium/pupil-premium
Cost of home to school transport for those in mainstream education	Per year	£4,644			Based on 2019 Research for the Local Government Association (Swords, Parish, & Kulawik, 2019) and the average value of transport by taxi, calculated to be £3,704 at 2018/19 prices. Note a different figure is used for home to school transport for those with special needs – see below.
Cost of care proceedings	Per proceeding	£21,137			Taken from the Family Justice Review (Norgrove, 2011) which gives an estimate of £15,000 per proceeding updated to £21,137 at 23/24 prices. Note this is legal costs only and is likely an underestimate since legal costs often exceed £30k and LA costs are excluded.

Cost/value item	Unit of cost/value	Fiscal cost/ value per unit	Social cost/ value per unit	Economic cost/ value per unit	Source
Cost of a young person experiencing depression	Per year	£1,229		£5,687	Unit cost database. Average cost of service provision for adults suffering from depression and/or anxiety disorders, per person per year - fiscal and economic costs.
Cost of treatment for mental health disorders	Per year	£2,763		£5,560	Unit cost database. Average cost of service provision for people suffering from mental health disorders, per person per year.
First time cost of a young offender entering the criminal justice system	One off cost	£4,505			Unit Cost Database taken from a National Audit Office Technical Paper (National Audit Office, 2011)
Lifetime cost of a care leaver becoming NEET	One-off lifetime cost		£308,466	£261,404	Based on research for the Audit Commission by the University of York (Coles, Godfrey, Keung, Parrott, & Bradshaw, 2010). Note this is the lowest of several estimates in this study of the lifetime cost of care leavers with different circumstances becoming NEET.
Requiring supported accommodation – LA element	Per week	£157			Taken from 2016 Research for DWP (Blood, Copeman, & Finlay, 2016)
Requiring supported accommodation – Housing benefit element	Per week	£115			Blood, Copeman, & Finlay, 2016
Cost of residential care for older people	Per week	£3,580			PSSRU as above. Cost of private sector residential care for older people.

Cost/value item	Unit of cost/value	Fiscal cost/ value per unit	Social cost/ value per unit	Economic cost/ value per unit	Source
Measured improvement in wellbeing	Per year		£15,583		HM Treasury Green Book estimated value of one wellbeing adjusted life year – median value (HM Treasury and SITF, 2019).
Cost of a hospital admission	Per admission	£3,303			Unit cost database estimate based on NHS reference costs 2017/18 for average cost per episode (elective and non-elective admissions).
Cost of removing a child at or near birth - proceedings and assessment costs	Per child	£53,101			One off cost of proceedings to remove a child according to DfE evaluation of PAUSE (Boddy, et al., 2020)
Cost of removing a child at or near birth – care costs	Per child	£106,868			Lower of two estimated costs of care avoided (based on 4 years avoidance) according to DfE evaluation of PAUSE (Boddy, et al., 2020)
Difference in costs of a child being 'in Need and being on a Care Protection Plan	Per six months per child	£2,298			Taken from a Research Brief for the Department for Education (Holmes, McDermid, Soper, Sempik, & Ward, 2010)
Cost of an offence committed	Per offence	£1,230	£1,396	£1,769	Unit cost database. Average cost per incident of crime, across all types of crime. Analysis carried out by the GMCA Research Team based on Home Office research (Heeks, Reed, Tafsiri, & Prince, 2018)
Cost of prison	Per year	£54,353			Unit cost database. Average cost per prisoner per annum across all prisons, including central costs. Unit cost

Cost/value item	Unit of cost/value	Fiscal cost/ value per unit	Social cost/ value per unit	Economic cost/ value per unit	Source
					database taken from Prison Service statistics 2021 (HM Prison and Probation Service, 2022)
Cost of a young offender becoming long-term NEET	One-off lifetime cost		£265,817	£179,064	Estimated lifetime welfare cost and lost economic benefit of a young offender who becomes NEET - lower cost case study, (Coles, Godfrey, Keung, Parrott, & Bradshaw, 2010). Used only to estimate value in Criminal justice SOCs which specifically target young offenders. Note that the higher cost case study not used is > £2m lifetime cost.
Cost of emotional support to a child in school – low level	One-off cost	£189		£0	Unit cost database. Cost of emotional support to a child in school – low level.
Cost of emotional support to a child in school – high level	One-off cost	£4,601	£0	£9,985	Unit cost database. Total fiscal and economic savings from the delivery of school-based emotional learning programmes, per child over a 10-year period.
Cost of permanent school exclusion	Per year	£14,355	£0	£824	Unit cost database. Permanent exclusion from school - fiscal and economic cost of permanent exclusion from school, per individual per effective year.
Average cost of home to school transport for those with special needs	Per year	£6,616			Based on 2019 Research for the Local Government Association (Swords, Parish, & Kulawik, 2019) and the average value of transport by taxi, calculated to be £5,400 at 2018/19 prices. This figure is specific to those with Special Educational Needs and Disabilities (SEND).

Cost/value item	Unit of cost/value	Fiscal cost/ value per unit	Social cost/ value per unit	Economic cost/ value per unit	Source
Cost of a young person under 16 becoming long-term NEET	One-off lifetime cost		£115,576	£48,507	Estimated lifetime welfare cost and lost economic benefit of an under 16 year old becoming NEET (Coles, Godfrey, Keung, Parrott, & Bradshaw, 2010)
Lifetime economic benefit of a Level 2 apprenticeship qualification	One-off lifetime value			£189,075	Marginal Lifetime Benefit of Achieving a Level 2 Apprenticeship compared to anything less for males. Taken from DfE research (Hayward, Hunt, & Lord, 2014)
Lifetime economic benefit of 2 GCSEs	One -off lifetime value			£232,583	Marginal Lifetime Benefit of achieving 2 'Good' GCSEs compared to anything less for males. Taken from Hayward, Hunt, & Lord, 2014 as above.
Lifetime economic benefit of a Level 3 apprenticeship qualification	One-off lifetime value			£238,727	Marginal Lifetime Benefit of Achieving a Level 3 Apprenticeship compared to Level 2 for males. Taken from Hayward, Hunt, & Lord, 2014 as above.
Fiscal and economic benefit of entering work – Job Seeker's Allowance claimant	Per year	£15,662		£21,556	Unit cost database. Fiscal and economic benefit from a workless claimant of Job Seeker's Allowance entering work. Based on unpublished DWP modelling.
Fiscal and economic benefit of entering work – Employment and Support Allowance claimant	Per year	£15,862		£17,760	Unit cost database. Fiscal and economic benefit from a workless claimant of Employment and Support Allowance entering work.
Fiscal and economic benefit of a BTEC qualification	One-off lifetime value	£27,812		£49,479	Unit cost database. BTEC level 2 qualification – lifetime fiscal and economic benefits.

Cost/value item	Unit of cost/value	Fiscal cost/ value per unit	Social cost/ value per unit	Economic cost/ value per unit	Source
Cost of an A&E attendance	Per attendance	£373			Unit cost database. Estimate of average cost of A&E attendance - investigation with subsequent treatment based on NHS reference costs 2021/22
Cost to a local authority of rough sleeping	Per year	£10,934			Unit cost database. Estimate of the average annual local authority expenditure per rough sleeper sourced from data submitted by local authorities to the Department for Communities and Local Government.
Cost of being statutorily homeless	One off cost	£3,462			Unit cost database. Homelessness application - average one-off and on-going costs associated with statutory homelessness.
Cost of alcohol misuse	Per year	£2,538	£1,971		Unit cost database. Derived from Alcohol Use Disorders: diagnosis, assessment and management of harmful drinking and alcohol dependence . Taken from NICE Clinical Practice Guidance (National Collaborating Centre for Mental Health, 2011)
Cost of drug misuse	Per year	£4,736	£4,998	£11,733	Unit cost database. Derived from research for the NHS (National Treatment Agency for Substance Misuse, 2012) and the Home Office (Donmall, et al., 2012)
Cost of domestic abuse – with injury	Per incident	£5,176	£69,146	£20,588	ATQ analysis of data from Home Office Research (Oliver, Alexander, Roe, & Wlasny, 2019)
Cost of domestic abuse – without injury	Per incident	£1,938	£28,849	£8,618	ATQ analysis of data from Home Office Research (Oliver, Alexander, Roe, & Wlasny, 2019)

Appendix D – Adherence to Green Book principles

As explained in section 2.3.4 of the main report, in completing this project we have aimed where appropriate and possible to follow the principles set out in the 2022 edition of the 'Green Book'[18]. The part of the Green Book that is most relevant to this exercise is Chapter 5 and most directly in the sections providing guidance on Social Cost Benefit Analysis (CBA) in sections 5.2 of the Green Book.

Where guidance in this part of the Green Book is relevant we have summarised in Table D.1 below where and how we have followed it, and where we have diverged from it for a variety of reasons. Numbers in brackets are references to specific subsections and other parts of the Green Book.

Table D.1 – Approach to Green Book compliance

Summary of Green Book guidance	Our approach/comment
Social Cost Benefit and Cost Effectiveness Analysis (5.2-5.5) Social Cost Benefit Analysis (CBA) assesses the impact of different options on social welfare.	This project is a form of Social CBA, which we have termed cost value analysis. Some of the Green Book guidance on Social CBA is not relevant to this project because it is providing guidance on the appraisal of alternative options for future projects and their relative costs and benefits, whereas we are appraising only the costs and benefits of projects that have already been implemented.
Classification of costs (5.10 and Box 12) The Green Book advises the following categorisation of costs (though not all appraisals involve every category): • total direct public costs (to originating organisation): – capital – revenue • total indirect public costs (to other public sector organisations): – capital – revenue • wider costs to UK society: – monetisable including cash costs – quantifiable but unmonetisable costs – qualitative unquantifiable costs • total risk costs (the costs of mitigating or managing risks): – optimism bias (decreased as estimated risk costs are included)	The majority of costs in SOCs are in outcome payments made by outcome payers to those managing the contracts. In some cases additional payments are made by outcome payers – for example for the management of delivery performance. These costs are all 'direct public costs to the originating organisation' in Green Book terms, and all are revenue costs – there are no capital costs in SOCs. Since we are appraising only the cost and benefits of projects which have been completed or, if in progress, appraising only the costs (in outcome payments) and benefits they have achieved to date, there is no need to adjust costs for future risk or for optimism bias.

[18] See https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1063330/Green_Book_2022.pdf

Summary of Green Book guidance	Our approach/comment
– estimated or measured risk cost	
Classification of Benefits (5.10 and Box 12) The Green Book advises the following categorisation of benefits in the appraisal of social value (though not all appraisals involve every category): • direct public sector benefits (to originating organisation): – cash releasing benefits – monetisable non cash releasing benefits quantifiable but not monetisable benefits qualitative unquantifiable benefits • indirect public sector benefits (to other public sector organisations): – cash releasing benefits – monetisable but non cash releasing benefits – quantifiable but unmonetisable benefits qualitative unquantifiable benefits • wider benefits to UK society (e.g. households, individuals, businesses): – monetisable including cash benefits – quantifiable but not monetisable benefits – qualitative unquantifiable costs and benefits	Our analysis categorises benefits according to whether they are fiscal, social or economic. This approximates to the three main categories advised in the Green Book with fiscal value accruing mainly to the originating organisation, social value to the wider public sector and economic value to individuals. However some fiscal value accrues to the wider public sector rather than to the originating organisation. For example the fiscal benefits of an SOC creating employment accrue to the DWP which may or may not have been the outcome payer. We have split fiscal value into cashable benefits and avoided costs which approximate closely to cash releasing benefits, and monetisable non cash releasing benefits, but have not similarly split social or economic value. Our analysis includes only wider value to individuals (through enhanced earnings) and excludes most wider benefits to society – e.g. we have excluded the benefits to communities and businesses of reduced offending leading to crime, and included only the direct public value created by reduced offending.
Adjustments for inflation (5.11 - 5.15) Costs and benefits in appraisal of social value should be estimated in 'real' base year prices by applying the "GDP deflator" from the most recent forecasts by the Office for Budget Responsibility (OBR).	Costs have not been adjusted for inflation because we are not forecasting future costs. Outcome payments do not generally increase with inflation (and if they have been inflated, such increases will already be included in the data provided to us and no further adjustment is needed). Benefits have been adjusted for inflation – especially historic costs/values used to calculate value created from research sources which were converted to current prices using the latest available (Autumn statement 2023) GDP deflator.
Discounting and Social Time Preference (5.32 – 5.37) Discounting should be applied to all future costs and benefits […] based on the concept of time preference – that generally people prefer to receive goods and services now rather than later. To achieve this a Social Time Preference Rate (STPR) should be applied. The STPR used in the Green Book is set at 3.5% in real terms, with exception for risk to life values which use a lower rate of 1.5%. (See Appendix A for full definition of the STPR).	As explained above there are no future costs in our analysis and therefore we have not applied the STPR to them. We have applied the recommended STPR of 3.5% to future benefits where applicable, though since we have assumed very little sustainment of value in the longer term the adjustment for STPR is lower than in a value case which was projecting the future value of an SOC over multiple contract years. In addition, the long-term cost value estimates used in our analysis (see Appendix C) are already adjusted

Summary of Green Book guidance	Our approach/comment
	to Net Present Value using the STPR in the source literature.
Optimism bias (5.43 – 5.46) There is a wide range of uncertainty that affects interventions, but in appraisal it is often due to lack of evidence or understanding of the likely impact of new interventions. Optimism bias is the demonstrated systematic tendency for appraisers to be over-optimistic about key project parameters, including capital costs, operating costs, project duration and benefits delivery To reduce this tendency appraisals should make explicit adjustment for optimism bias. The Green Book recommends applying overall percentage adjustments at the outset of an appraisal.	A proportion of the risk of optimism bias is eliminated from our analysis because many of the outcomes we are valuing (e.g. care avoided or employment created) are the results of known impact delivered through SOCs. Thus the risk of 'lack of evidence or understanding of the likely impact of new interventions' is not a factor. The main risk of optimism bias is in predicting the future value of what we have termed consequential outcomes. As explained in detail in section 2.3.5 of the main report, we have sought to avoid this by making consistently conservative assumptions about the scale and value of such outcomes, rather than making a specific adjustment for possible optimism bias.
Risk (5.47 – 5.52) Risk management is defined as a structured approach to managing risks that are identified and assessed when designing an intervention or that materialise later in its lifecycle. To optimise social value, risk must consciously and proportionately be managed.	Not applicable to this analysis which is not assessing the risk of future projects.
Summary measures of social welfare (5.54 – 5.56) A variety of measures can be used to summarise Social CBA. Estimates of Net Present Social Value (NPSV) and Benefit Cost Ratios (BCR) are commonly used: NPSV is defined as the present value of benefits less the present value of costs. It provides a measure of the overall impact of an option, including any changes in public spending. BCR is defined as a ratio of the present value of benefits to the present value of costs. It provides a measure of the benefits relative to costs.	We have used both NPSV and BCR to summarise Social CBA in this report and have done so in accordance with Green Book guidance on the application of adjustment for inflation, and discounting using the STPR, as already outlined above. We have estimated NPSV and BCR both overall and at sector level where possible. We have not been able to estimate NPSV and BCR in the Criminal Justice Sector due to the absence of cost data – see section 3.7.
Preferred option selection (5.53) Preferred option selection starts from a comparison of the alternative options in the shortlist relative to Business As Usual (BAU).	This and subsequent sections of Chapter 5 of the Green Book have not been applied to this analysis because they are relevant only to the appraisal of future options, rather than of past projects. We have thus ignored the guidance relating to Sensitivity analysis, Equalities analysis, Distributional analysis and subsequent sections.

Appendix E – Estimates of non-attribution

This Appendix explains our approach to adjusting for non-attribution and the adjustments we have made where appropriate.

As outlined in the body of the report (see section 2.2.8) we first estimated the total public value created by all outcomes achieved by the SOCs included in our analysis (85 in total – see section 2.2.3). We then adjusted our estimates to take account of the extent to which some outcomes will have been achieved by projects that cannot with confidence be attributed to the service or intervention funded by the contract. Such non-attribution is often referred to as 'deadweight'.

Our approach to estimating and adjusting for non-attribution was in three stages and was to:

1. Identify and exclude from adjustment direct outcomes from a number of contracts where we have based our estimates of impact and value on a robust impact evaluation (since such evaluations already aim to measure impact net of attribution to factors other than the intervention).
2. Exclude a small number of contracts where we think it is reasonable to conclude that there would be little or no non-attribution.
3. For all other contracts, estimate the proportion of ***direct*** outcomes that might be viewed as likely to occur absent the intervention funded through the SOCs. The estimate of outcomes achieved is then adjusted down by this proportion (expressed in our modelling as a percentage). We have not adjusted consequential outcomes for non-attribution, because our estimates already allow for non-attribution (and usually assume much lower levels of impact than direct outcomes). Please refer to Subsequent Appendices F-K for further details of direct outcomes.

Table E.1 below shows the assumptions we have made in each of these three areas.

Our approach to adjusting direct outcomes for non-attribution is similar to the approach recommended in guidance to local partnerships on cost benefit analysis developed jointly by The Public Service Transformation Network, HM Treasury and New Economy in 2014 (HM Treasury, 2014). This recommends adjustment for 'deadweight' and includes specific guidance, on which we have drawn where relevant and useful, on key policy and outcome areas.

We would emphasise that there are significant limitations to the approach we have adopted to estimating non-attribution and in particular to making global assumptions about non-attribution across a wide range of projects which address different and often very complex needs, apply different and often highly bespoke interventions, and have been implemented in varying local contexts. Our usual approach to the estimate of non-attribution would be to do so only in the context of a single project or group of projects, and using local trend and comparative data to estimate as accurately as possible the likely counterfactual.

Table E.1 – Exclusions from and estimates of non-attribution

Category 1 – Outcomes excluded because our analysis is based on high quality impact evaluation		
Project(s)	**Outcome**	**Rationale for exclusion from adjustment**
PAUSE projects – reduction in removals of children	Fewer unwanted pregnancies and fewer removals of children at birth due to successful implementation of the PAUSE intervention.	We have valued these projects based on impact estimated on an independent DfE evaluation (Boddy, et al., 2020) which compared removals per local authority to a comparison group of similar authorities – see Appendix F for more details.
Health management projects	Fewer hospital admissions (planned and unplanned) due to better management of conditions.	We based our assumptions on a number of research sources which provided high-quality evidence of the impact on services of different conditions, based on randomised-control trials or quasi-experimental comparison – see Appendix J for more details.
Peterborough One project	Overall reduction in offending measured against a Propensity Score Matched (PSM) statistical comparison group.	We based our value estimates on the final impact evaluation which measured the reduction in offending at 9.02% (Anders & Dorsett, 2017) – see Appendix G for more details.
Category 2 – Outcomes excluded because non-attribution is likely to be minimal or is already accounted for		
Project(s)	**Outcome**	**Rationale for exclusion from adjustment**
Residential 'step down projects'.	Child or young person in residential care steps down to foster care for a specified period	Step down from residential to foster care requires intensive support to children and young people who have, in most cases, experienced multiple foster placements (Plumridge & Sebba, 2018). Movement from residential to foster care without specialist intervention is therefore unlikely.
Travel training projects	Child with SEND is able to travel independently	While some children can start to travel independently without intervention if their needs change, such children were ineligible for intervention under these SOCs. Where needs remain unchanged, moving children to independent travel requires both intensive support to the child and substantial engagement with families and schools, and a pending evaluation of these projects (Stanworth, Forthcoming) concludes that there is low likelihood of young people with SEND and dependent on home to school transport being able to travel independently without intervention.

End of Life Care Projects	All these projects measure reductions in hospital admissions using a range of different metrics	The metrics and payment mechanisms for these projects make allowance for non-attribution, and we have based our estimates on outcome figures and their associated values provided directly by each project. Since these figures are already net of estimated non-attribution, calculated in conjunction with each commissioner, a further adjustment for non-attribution is not needed.

Category 3 – other direct outcomes and adjustment made for non-attribution			
Project(s)	**Outcome**	**Adjustment for non-attribution**	**Rationale**
Care avoidance projects	Child avoids entering care or returns home	**30%**	A number of care avoidance SOCs are known to have allowed for non-attribution in their payment mechanism, either by setting a minimum outcome threshold below which no payment is made, or adjusting all payments to allow for a portion being non-attributable. While the level of such adjustments has not been published (see e.g. Ecorys UK, 2021) we are aware from advisory work that the adjustment across at least three projects, based on analysis of local trend data, has been 30%.
Care avoidance projects	Pupil premium no longer payable	**30%**	This outcome is a direct consequence of care avoidance and therefore the same adjustment has been applied.
Care avoidance projects	Support to CYP on leaving care	**30%**	This outcome is a direct consequence of care avoidance and therefore the same adjustment has been applied.
Care avoidance projects	Cost of care proceedings avoided	**30%**	This outcome is a direct consequence of care avoidance and therefore the same adjustment has been applied.
Care avoidance projects	Specialist transport costs avoided	**30%**	This outcome is a direct consequence of care avoidance and therefore the same adjustment has been applied.
MHEP projects	Service user sustains employment	**15%**	MHEP specifically targets people with significant mental health challenges and therefore the prospects of employment without the IPS intervention are lower than for other employment SOCs. We have therefore assumed non-attribution of 15% compared to 26% for other employment projects as above.

Project(s)	Outcome	Adjustment for non-attribution	Rationale
Various across multiple sectors	Service user achieves a defined qualification (variously Level 2 or 3 qualifications of different types as specfied by the contract and outcome metrics)	**28%** (Apprenticeships and level 2 qualifications) **33%** (Other qualifications)	The guidance to local partnerships on CBA (HM Treasury, 2014) recommends that zero deadweight be assumed for acquisition of Level 2 and 3 qualifications because local support to obtain such skills will not be available. However this seems to underestimate the extent to which other programmes or support could be accessed by service users. We have therefore used estimates of deadweight loss made in research for the Department of Business, Information and Skills by London Economics (Conlon, Patrignani, & Litchfield, 2012). This study estimated deadweight loss in Apprenticeships at 28%, and (with less confidence) that deadweight in other programmes was around 33%. While not perfect, these estimates offer a reasonably robust analysis for estimating deadweight in SOCs which aim to achieve qualifications.
Norfolk SIB for carers	Avoidance of entry to care by adults	**30%**	In the absence of local data we have assumed that 30% of service users might have avoided entry to care without the specific intervention funded through the SOC.
Norfolk SIB for carers	Avoidance of entry to care by adults	**30%**	In the absence of local data we have assumed that 30% of service users might have avoided entry to care without the specific intervention funded through the SOC.
Zero HIV SIB	People living with HIV are engaged or re-engaged them in treatment	**9%**	According to an in-depth review of this project for the CBO evaluation, identification of people living with HIV absent the specific intervention would only occur in primary care settings, since there was minimal testing available in secondary settings. Those with HIV could be identified and engaged through alternative provision in the community, but the SIB ensured that such cases could not be double counted. We have therefore calculated possible non-attribution based on primary care outcomes only, and have assumed that 50% of outcomes identified in primary care might have occurred without the intervention – equivalent to 9% of all outcomes.

Project(s)	**Outcome**	**Adjustment for non-attribution**	**Rationale**
Various homelessness projects	Service user no longer rough sleeping Service user avoids statutory homelessness	**31%**	Most homelessness projects aim to move service users into permanent accommodation and measure accommodation sustainment. They are thus broadly analogous to a Housing First approach. Evidence from two RCTs of Housing First indicates that users receiving Treatment as Usual achieved 31% and 29% sustainment of housing without intervention. We have used the higher of these figures as a reasonable indicator of likely non-attribution for all homelessness reduction outcomes which are dependent on accommodation sustainment
Various projects in multiple sectors	Measured improvement in wellbeing	**20%**	Where wellbeing is measured as a direct outcome, it is usual for projects to claim all improvement is attributable to the intervention. We think a proportion could improve wellbeing through other means although alternative provision that specifically targets improved wellbeing and mental health is unlikely to be easily available. We have therefore set a relatively low adjustment for non-attribution of 20%

Appendix F – Main assumptions: Child and family welfare

Table F.1 below provides more details of the main calculations and assumptions made to estimate value in the Child and family welfare sector. The table shows:

- The outcome cost avoided or value created through the SOCs.
- Whether the outcome cost or value is Direct or Consequential. Please see section 2.2.7 of the main report for definitions of these. A direct outcome is almost certain to have occurred due to outcomes directly measured by the SOC Rate Card or payment mechanism. Consequential outcomes require assumptions about future costs avoided or value created that can be inferred from Direct outcomes.
- Rationale/theory of change. Brief explanation for the logic or theory of change that lies behind inclusion of the outcome – especially consequential outcomes.
- Explanatory comments. Additional detail as required – especially where we have made assumptions about the prevalence of an outcome or causative link between direct and consequential outcomes – i.e. what proportion of those achieving a direct outcome might be expected to also experience or avoid a consequential outcome.

We list outcome costs and values by the project groups described in the main report (i.e. Residential Step down projects, then Avoidance of care projects etc.) with a summary rationale/theory of change for each group where appropriate, but note that we have not repeated outcomes or their rationale if they apply to more than one group in each sector.

For projects in the 'Other' group in each sector we have provided details only of key outcomes which drive a significant proportion of value.

Table F.1 – Main assumptions in the Child and family welfare sector

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
Residential care 'step-down' projects		Therapeutic interventions funded by SOCs support children or young people (CYP) in residential care to move or 'step down' to foster care	Interventions such as Multidimensional Treatment Foster Care (now known as Treatment Foster Care Oregon) are typically used. Interventions are also known as 'intensive fostering' because the CYP require more support than a typical foster placement, though support tends to reduce over time.
Child or young person in residential care steps down to foster care for a specified period	Direct	This is the primary outcome of 'step down' SOCs, measured either in number of weeks of step down achieved or sustainment of step down for defined sequential periods (e.g. 6 months, 12 months etc).	We have assumed a saving only for the period of step down actually measured and paid for by the SOC, converted to weeks, with no further sustainment assumed. Costs saved/avoided per week are the difference between residential and fostering costs. Fostering costs are higher (and so savings lower) than those assumed for avoidance of care projects because fostering is more intensive.
Child or young person who steps down avoids becoming long-term NEET	Consequential	Consequential adverse outcomes avoided are less likely in step down than in avoidance of care projects because the child is still in care, but there is some evidence from DfE research (Hart, La Valle, & Holmes, 2015) that CYP In residential care do have worse outcomes than in foster care, especially in terms of becoming long-term NEET; experiencing mental health issues, notably depression; and being liable to offend and be In the criminal justice system.	Given the likely lower incidence of consequential outcomes avoided, we have assumed that adverse outcomes will be avoided only if step down is sustained for more than 12 months (41% across these SOCs to date) and have assumed low impact even on this cohort – in the case of NEET avoidance 20% based on evidence in a 2012 research report (Dregan & Gulliford, 2012). Value from these and other outcomes below is also estimated at low confidence. Here and subsequently the avoidance of becoming long-term NEET has both social and economic value and varies by cohort. In this case the cost is for a 'lower cost' care leaver – rather than an alternative 'higher cost' figure – see Appendix C.

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
Child or young person who steps down avoids depression or mental health issues	Consequential	See above	See above. Impact for those with >12 months sustainment assumed to be 30% for depression and 15% for more serious mental health issues based on (Dregan & Gulliford, 2012) and Lee, Bright, Svoboda, Fakunmoju, & Barth, 2011.
Child or young person who steps down avoids entry to the criminal justice system or prison	Consequential	See above	See above. Impact for those with >12 months sustainment assumed to be 50% for entry to the system and 10% for prison based on Dregan and Guilford 2012
Avoidance of care projects		Therapeutic interventions funded by SOCs prevent CYP entering local authority care or reunify those already in care with their family or other carers.	Evidence-based 'high-fidelity' interventions such as Multi-systemic Therapy or Family Functional Therapy are typically used, along with more bespoke interventions.
Child avoids entering care or returns home	Direct	This tends to be the primary outcome of these SOCs, with the paid outcome usually being the number of days or weeks of care avoided, sometimes with an initial payment after a defined number of weeks.	We have assumed a saving only for the period of care avoided as measured and paid for by the SOC, converted to weeks, with no sustainment assumed beyond validated outcomes. Costs saved/avoided per week are a mix of residential and fostering costs and we have assumed 14% residential and 86% fostering, in line with national data on prevalence. We have used average fostering costs as a proxy for what in practice is likely to be a complex mix of placements with varying costs.
Pupil premium no longer payable	Direct	This is a direct outcome of care avoidance because the pupil premium is paid automatically for every student who is looked after.	Assumed to apply to all those avoiding care/reunified and at 100% impact because payment is automatic and universal.
Support to CYP on leaving care	Direct	Support is provided to all those leaving care by the respective Children's Services Authority, usually through the advice and support of a Personal Advisor (PA).	There is no standard cost for care leaver support which varies greatly. We used the actual costs incurred by a Council which is the outcome payer for one of the SOCs in this group and analysed by ATQ as part of a more detailed value case

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
			developed for that project. This derived a cost per person of £7,000.
Cost of care proceedings avoided	Direct	Every child taken into care through statutory proceedings will incur these costs so they are a Direct outcome if proceedings are needed.	We have assumed the prevalence of cases requiring proceedings to be in line with the national average which DfE statistics show to be 79% of all placements (20/21), although it will vary by project. Costs are from the Family Justice Review (Norgrove, 2011) – see Appendix C.
Specialist transport costs avoided	Direct	According to Research for the Local Government Association (Swords, Parish, & Kulawik, 2019) a growing number of Looked after Children (LAC) are entitled to free Home to School transport, especially if they move placement.	No robust data on prevalence but based on research for the value case for a specific SOC referred to above we estimate that 30% of those in care require home to school transport (and would not have done so prior to care). Costs are based on the referenced LGA research (see Appendix C).
YP passes English and Maths GCSEs	Consequential	LAC are much more likely to fail English and Maths than other CYP According to DFE statistics the attainment gap is 31%.	Despite the high attainment gap we have assumed low impact of 10% in line with local research which showed LAC often do as well as other children depending on placement.
YP avoids becoming long-term NEET on leaving care	Consequential	Care leavers are much more likely to be NEET than other CYP. According to DfE statistics 41% of care leavers aged 19-21 were NEET in 2020/21.	We have summed that avoidance of care will reduce the number becoming long-term NEET by 20% as a result both of avoiding care and the support they receive from therapeutic intervention.
Requiring supported accommodation	Consequential	Those who have been looked after tend to be more likely to require supported accommodation although the proportion is variable.	We have estimated that avoidance of care will reduce the need for supported living by 38%, based on local research for the value case referred to above. However the proportion varies widely and we have estimated value at low confidence.
YP is less likely to offend or go to prison	Consequential	There is good evidence that the proportion of those who in the criminal justice system who were in care is high and currently around 25%. According to DfE	While there is good evidence of correlation between care and offending there is less evidence for causation i.e. that being in care increases offending risk such that care avoidance can reduce it. We have therefore made cautious assumptions

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
		Statistics (2020/21) 5% of care leavers age 17 were in custody.	about both impact on offending (10%) and imprisonment (1%). We have also estimated value at low confidence.
Care leavers projects		The objective of this group of projects (funded by DfE) was to enable care leavers to achieve employment, education and training (EET) outcomes with the aim of them avoiding becoming long-term NEET.	See Appendix A and the 2023 evaluation (Davey, et al., 2023) for further details of these projects. The majority of outcomes achieved are direct outcomes – mainly qualifications and employment. The main consequential outcomes are reduced risk of long-term NEET (a primary objective of the programme) plus some reduced risk of offending and improved wellbeing.
Care leaver achieves a level 2 qualification	Direct	Outcome directly measured and paid for under the Rate Card for these projects.	All outcomes valued solely on economic lifetime value and assuming they are level 2 apprenticeship qualifications. Note that other training outcomes that are part of this Rate Card (except level 3 qualifications below, and a small number proceeding to higher education) were excluded from our analysis.
Care leaver achieves a level 3 qualification	Direct	Outcome directly measured and paid for under the Rate Card for these projects.	All outcomes measured on lifetime marginal value compared to level 2 qualifications. Since we used the marginal additional value there is no risk of double counting of value for those who achieved both level 2 and level 3 outcomes.
Care leaver sustains employment	Direct	Outcome directly measured and paid for under the Rate Card for these projects.	Employment is rewarded through the Rate Card on a tariff which varies according to the economic value and length of the employment. These outcomes were converted into months of employment at living wage. These were then valued for both fiscal and economic benefit using costs shown in Appendix C. Note that we have assumed no sustainment of employment beyond that evidenced directly by outcome metrics.
Care leaver avoids becoming long-term NEET	Consequential	Although this was the primary objective of these projects it was not measured directly, but it is	It is difficult to predict this outcome without long-term tracking and we have assumed that those sustaining at least

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
		reasonable to assume that a proportion of those sustaining work will avoid becoming NEET.	six months employment (73 of the cohort) will achieve this outcome.
Care leaver improves well-being	Consequential	A further key objective of these projects was to improve the wellbeing of the care leavers and some proxy measures of wellbeing – notably 'feeling safe' were directly measured through the Rate Card. A key assumption was also that EET outcomes would themselves improve wellbeing.	We have assumed that all those self-measuring as 'feeling safe' will achieve six months improvement in wellbeing, but at low confidence. Those achieving this outcome and entering employment for the equivalent of six months were assumed to improve wellbeing for one year, at medium confidence.
Care leaver less likely to offend or be in prison	Consequential	Not directly measured under the Rate Card but it is reasonable to assume some modest reduction in offending and imprisonment risk due to all round improvements in confidence, skills and economic resilience.	Assumed that 10% of those benefiting from the programme will reduce low level offending and 1% will avoid prison – in line with assumptions made for care leavers generally as described above.
Other projects		See details below of key outcomes for each project included in this group and how we have estimated value.	
PAUSE projects – reduction in removals of children	Direct	These projects deploy the PAUSE intervention which involves working with vulnerable women "at risk of becoming pregnant and having a child taken into care". The key consequence of its success is that there are fewer unwanted pregnancies and fewer removals of children at birth. Such removals have huge costs which are avoided if removals are reduced.	The number of future removals avoided cannot be observed directly and we have relied heavily in valuing these projects on an independent DfE evaluation (Boddy, et al., 2020) which showed that each project led to a reduction of 14.2 removals per local authority, compared to a comparison group of similar authorities. We have used this figure to estimate value for these SOCs, which cover four LAs. Costs per removal avoided are taken from the same evaluation – see Appendix C.

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
PAUSE projects – improved outcomes for mothers	Consequential	The way PAUSE works with women also improves outcomes for them including improved mental health and wellbeing, improved physical health and reduced worklessness/long-term NEET.	Improved outcomes for women are identified in the DfE evaluation but not valued. The evaluation does however contain good data on the prevalence of adverse outcomes among the cohorts studied, and the impact of PAUSE on them. We have used this data to estimate the likely impact on mothers in the SOCs but have assumed improved outcomes only for those successfully completing the programmes rather than all those entering them and part completing.
Integrated family support service – reduction in escalation from Child in need	Direct	The main outcome of this project is the same as avoidance of care projects above – the prevention of a child entering care for a defined period. It differs from them in having an additional outcome of preventing a Child in need (CiN) escalating to being on a Child Protection Plan (CPP). This is a direct outcome because measured directly and validated under the rate card.	The main outcome of prevention of care has been valued directly (see avoidance of care projects above) based on weeks of care avoided, reduced pupil premium and reduced cost of care proceedings. The additional de-escalation outcome has been valued based on the actual number achieving it according to project data and the difference in cost between managing a CiN and a CPP – see Appendix C.
Norfolk Carers Partnership (AKA Norfolk SIB for carers) – reduced entry to residential care and reduced hospital admissions	Consequential	This SOC aims to improve support for those caring for adults (mainly older people) and a key objective is to reduce the number of care breakdowns leading to an older person needing to go into residential care. This is therefore a consequential outcome rather than observed and measured directly through the SOC.	We have valued this and some other outcomes from this project based on a more detailed value case that we undertook for this specific project in 2019/20. We have reworked calculations based on actual outcomes achieved to date rather than forecast outcomes. The main outcome (residential care avoided) has been valued based on the average weekly cost of residential care of older people – see Appendix C.

Appendix G – Main assumptions: Criminal justice

Table G.1 below provides more details of the main calculations and assumptions made to estimate value for the Criminal justice projects listed in the main report in section 3.7. In this update there are three such projects compared to two in the original 2022 analysis, where the third project was included with one other (now included in the Employment and training sector analysis) in an 'Other' category because we did not at that stage have data on outcome payments for these projects.

Table G.1 – Main assumptions in the Criminal justice sector

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
Criminal justice projects		All the projects in this group have different outcomes but share a specific objective and related outcome to reduce offending and re-offending.	
Peterborough One project – reduction in reoffending	Direct	Peterborough One measured an overall reduction in offending across two successive cohorts against a Propensity Score Matched (PSM) statistical comparison group, identifying an overall reduction in offending, according to the final impact evaluation, of 9.02% (Anders & Dorsett, 2017). Apart from a separate calculation for individual cohorts this was the only outcome measure for the project.	We used the overall reduction in offending figure of 9.02% and data from the final impact evaluation on the total and average number of offences committed, and total and average length of prison sentences prior to the intervention, to calculate the impact of a 9.02% reduction on both offences committed and future prison avoided. We then converted this to value using the average costs of an offence and of imprisonment – see Appendix C. We have high/medium confidence in these estimates because of the robust nature of the project's measurement of impact against a PSM comparison group. Note we took all data on this project from the impact evaluation referenced above.
Other projects – reduction in offending	Consequential	The other project in this group worked with young people at high risk of offending to improve their confidence, gain qualifications etc. and thus be less likely to offend. It measures reduced offending	We used data from the project on how many young people did not offend to make assumptions about avoidance of both offences and imprisonment, assigning value using the average costs of an offence and of imprisonment – see Appendix C.

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
		through the absence of convictions for specified periods.	Estimates are at medium/low confidence because we are making assumptions rather than directly observing reduced offending.
Other projects – achievement of level 2 qualifications	Direct	Outcome directly measured and paid for under the Rate Card for these projects	All outcomes valued solely on economic lifetime value and assuming they are level 2 apprenticeship qualifications.
Other projects – achievement of BTEC qualifications	Direct	There is one 'Other' project which has similar outcomes to the YEF and Innovation Fund projects but with a different and simpler Rate Card. Qualifications measured are specifically BTEC level 2	Employment outcomes have been valued as for other Employment and training SOCs – see Appendix I. BTEC qualifications have a different lifetime value which has been used only for this project – see Appendix C

Appendix H – Main assumptions: Education

Table H.1 below provides more details of the main calculations and assumptions made to estimate value in the Education sector. Please see Appendix F above for an explanation of column headings.

We list outcome costs and values by the project groups described in the main report (i.e. School readiness/attainment projects, then School readiness/attainment projects.) with a summary rationale/theory of change for each group.

Table H.1 – Main assumptions in the Education sector

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
School readiness/attainment projects		The projects in this group have different outcomes but sit within a group of SOCs that aim to improve outcomes for children pre-school or while in school in the expectation of both short- and longer- term improvements in life chances.	Nearly all outcomes in this group are consequential because we are forecasting future outcomes, often some years ahead. This affects the confidence we have in our estimates and many are at low or at best medium confidence.
Reduced in-school costs due to children being school ready and closing the attainment gap	Consequential	There is substantial evidence that children who are not 'school ready' or fall behind while at school have worse outcomes in both the short and long term. All the projects in this group address this to a varying extent and in different ways – with one aiming to work pre-school to make children school ready and the others aiming to improve in-school attainment and other factors – such as attendance and behaviour. Improvements in school readiness and closure of the attainment gap create short-term value by reducing the cost for schools of remedial support.	Calculating the value created by improved school readiness is complex and we have relied on previous detailed value cases that ATQ undertook for two of the projects in this group and the research we conducted in developing those cases. This enables us to make reasonably accurate estimates of the number of children impacted through the SOCs and assign a value to that improvement from reduced remedial costs. Estimates take account of non-attribution and the fact that some children will bridge the attainment gap without support. The cost calculation requires assumptions about the cost per student and the number of years they are in school after intervention (which varies by project and cohort). We then adjusted these estimates for inflation and social time preference.

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
Reduced costs of other support	Consequential	Some of these projects work intensively with students in school and are likely to reduce their need for other emotional support. It is also reasonable to assume a reduced need for parenting support.	Based on the previous value case we undertook and research behind it we have made assumptions about value created through a likely reduction in the need for both low and high level emotional support, and in parental support through parental support programmes,. See Appendix C for costs used.
Fewer children permanently excluded	Consequential	Intensive work with children is likely to reduce the risk that some of them will be permanently excluded from school.	We have made a modest assumption that a few permanent exclusions will be avoided based on previous analysis. The number is low because permanent exclusions are not widely used, so any impact will be minimal.
Fewer children are in need and eventually become looked after	Consequential	Since the largest of these projects works with children and their families both in school and in the community there is likely to be a small impact on wider family functioning and a reduction in children becoming in need or in care. The effect will likely be limited to older children who tend to go into care under voluntary arrangements and the effect on younger children – most of whom become looked after due to abuse or neglect – will be negligible.	Valued based on very conservative assumptions about both liability to become in need (6%) and to avoid care (2%) and the length of any care avoided. See Appendix C for care costs used.
Fewer children become long-term NEET	Consequential	Both pre-school support to improve school readiness and in-school support to improve attitude and attainment might be expected to have a small effect on the incidence of children becoming long-term NEET.	Assumed that a small proportion of those supported through these projects (4%) will avoid becoming long-term NEET. As in other projects this creates both social and economic value, but we have valued using evidence (Coles, Godfrey, Keung, Parrott, & Bradshaw, 2010) for the costs of becoming long-term NEET for a child under 16 – see Appendix C.
More young people obtain a level 2 qualification – level 2	Consequential	It is also reasonable to assume that improvements in school behaviour etc. will enable some improvement in qualifications at Key stages 3 and 4. We have	In view of the lag and between support and outcome and the fact that these are consequential outcomes rather than directly measured we have assumed only modest impact (10%

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
		assumed modest, consequential improvements in both level 2 and GCSE qualifications	of those school ready) at medium confidence. We have valued qualifications as level 2 apprenticeships – see Appendix C.
More qualifications obtained – two GCSEs	Consequential	See above	As above but assuming 2 GCSEs rather than a level 2 apprenticeship. We assumed that 5% of those who are 'school ready' would achieve this outcome at medium confidence. See Appendix C for lifetime value of 2 'good' GCSEs.
Travel training projects		These projects are a single family which aim to enable children with Special Educational Needs and Disabilities (SEND) to travel independently to school using public transport rather than in specialist transport funded by the local authority.	
Child with SEND is able to travel independently	Direct	This is the primary measured outcome of these projects. It creates value for the outcome paying LAs because they can reduce the costs of specialist transport – usually by taxis or minibus.	The costs of transport avoided or saved vary greatly depending on the school journey, type of transport used and whether it is shared with other students. We have used the average costs of home to school transport for those with SEND derived from 2019 Research for the Local Government Association (Swords, Parish, & Kulawik, 2019). See Appendix C.
Improved wellbeing	Consequential	Wellbeing is not a direct, measured outcome under these SOCs but successive government guidance (Department for Education, 2023) notes the effect of independence on confidence, improved self-esteem, well-being, and quality of life. It is therefore reasonable to assume some improvement in wellbeing.	We have assumed an improvement in wellbeing (average two years) for 20% of those able to travel independently as a result of these SOCs.

Appendix I – Main assumptions: Employment and training

Table I.1 below provides more details of the main calculations and assumptions made to estimate value in the Employment and training sector. Please see Appendix F above for an explanation of column headings.

We list outcome costs and values by the project groups described in the main report.

Except for the MHEP group there is significant similarity and overlap between main outcomes and therefore values from SOCs in this sector.

Table I.1 – Main assumptions in the Employment and training sector

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
Youth Engagement Fund projects		The projects in this group were funded by central government (mainly DWP) and aimed to 'help disadvantaged young people aged 14 to 17 to participate and succeed in education or training. This will improve their employability, reduce their long-term dependency on benefits, and reduce their likelihood of offending'.	Many outcomes that create value are directly measured by these SOCs and we can therefore predict value with medium – high confidence.
Young person achieves a first level 2 qualification	Direct	Outcome directly measured and paid for under the Rate Card for these projects.	All outcomes valued solely on economic lifetime value and assuming they are level 2 apprenticeship qualifications. Note that we excluded other training outcomes that are part of this Rate Card (except level 3 qualifications below) from our analysis.
Young person achieves a first level 3 qualification	Direct	Outcome directly measured and paid for under the Rate Card for these projects.	All outcomes measured on lifetime marginal value compared to level 2 qualifications. Since we used the marginal additional value there is no risk of double counting of value for those who achieved both level 2 and level 3 outcomes.
Young person is employed for 26 weeks	Direct	Outcome directly measured and paid for under the Rate Card for these projects.	Valued for both fiscal and economic benefit using costs shown in Appendix C. Note that we have assumed no sustainment of

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
			employment beyond the 26 weeks/six months that is evidenced directly by the outcome metrics.
Young person avoids becoming long-term NEET	Consequential	Not measured directly, but it is reasonable to assume that a proportion of those sustaining work will avoid becoming NEET.	It is difficult to predict this outcome without long-term tracking and we have assumed that those sustaining at least six months employment (3% of the total cohort supported) will achieve this outcome.
Young person improves well-being	Consequential	Not measured directly but reasonable to assume that those entering employment will experience a modest improvement in wellbeing.	We have assumed, at low confidence, that those entering employment (6% of the cohort) will improve wellbeing for an average of one year. We have made no assumption about improved wellbeing for those achieving qualifications.
Mental Health and Employment Partnership (MHEP) projects		MHEP SOCs were/are a single family which deploy(ed) the individual placement and support (IPS) intervention to support those with mental health issues to find and sustain employment.	MHEP projects have similar but not identical outcomes and Rate Cards. The family includes one project which had additional outcomes and deployed a slightly different IPS intervention to support those with addiction issues.
Service user sustains employment	Direct	Entry to employment and its sustainment for 6, 13 or 26 weeks are measured directly under MHEP Rate Cards.	Valued based on actual periods of employment achieved according to Rate Card metrics and based on the fiscal and economic values shown in Appendix C, assuming the service user was in receipt of Employment and Support Allowance.
Service user improves wellbeing (mental health projects)	Consequential	Improving wellbeing was an expected outcome of employment across these projects which were commissioned by local authorities and CCGs on the assumption that here would be improvements in mental health and reductions in need for mental health support.	We have assumed an improvement in wellbeing for one year, at medium confidence, but only for those entering and sustaining employment for at least three months.
Service user improves wellbeing (Addictions project)	Direct	Service users in the MHEP Addictions project have improvement measured directly through the	Assumed that those achieving a TOP score improvement of more than 2 points will improve their wellbeing for two years.

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
		Treatment Outcomes Profile (TOP) tool. The SOC pays for those improving their TOP score by 2 points or more.	
Reduction in social care and other health costs	Consequential	The theory of change behind MHEP also presumed some modest reduction in demand for mental health and other social services.	We have assumed that each service user who enters employment will on average reduce social services demand by five hours, at a cost/value of £46 per hour.
DWP Innovation Fund Projects		The projects in this group were funded by central government (mainly DWP) and aimed to support disadvantaged young people by helping them participate in education and training to improve their employability'.	The Innovation Fund was a predecessor to the YEF (see above) and had similar employment and training outcomes.
Young person achieves a level 2 qualification	Direct	Outcome directly measured and paid for under the Rate Card for these projects.	All outcomes valued solely on economic lifetime value and assuming they are level 2 apprenticeship qualifications.
Young person achieves a level 3 qualification	Direct	Outcome directly measured and paid for under the Rate Card for these projects.	All outcomes measured on lifetime marginal value compared to level 2 qualifications.
Young person achieves three months or six months employment	Direct	Both three and six months employment Outcome directly measured and paid for under the Rate Card for these projects.	Valued for both fiscal and economic benefit using costs shown in Appendix C. No sustainment of employment assumed beyond the 3/6 months directly evidenced.
Young person avoids becoming NEET	Consequential	Avoidance of becoming NEET was an explicit objective of the Innovation Fund especially by improving in-school outcomes for those aged 14-16.	Assumed that 5% of those achieving the 'improved behaviour' outcome (1.9% of total cohort) will avoid becoming NEET. Avoidance value based on cost of an under 16 year old becoming long-term NEET – see Appendix C.

Appendix J – Main assumptions: Health

Table J.1 below provides more details of the main calculations and assumptions made to estimate value in the Health sector. Please see Appendix F above for an explanation of column headings.

We list outcome costs and values by the project groups described in the main report, and then by 'Other' projects.

Table J.1 – Main assumptions in the Health sector

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
Health management projects		The projects in this group are not identical or part of a single family but all use social prescription or similar link-worker based interventions to support people to better manage health conditions such as Type 2 Diabetes, and improve wellbeing.	These projects create value through improved wellbeing, and through consequential reductions in demand for NHS services – both primary care and recued hospital treatment and admission. Note that both the scale of these projects and the conditions that they help manage are different, requiring bespoke assumptions about impact and value.
Service user improves their wellbeing	Direct	Improved wellbeing is directly measured and paid for under the Rate Card for one of these projects, using the Wellbeing Star™.	We have assumed wellbeing improves for one year, at medium confidence, but only for the project where it is measured directly and only for those who have a measured improvement in wellbeing of more than one point for 12 months.
Fewer hospital admissions	Direct	Better management of conditions will mean fewer hospital admission (planned and unplanned).	Estimating the impact on health service demand of better self-management is complex and varies by condition. We based our assumptions on a detailed value case prepared for commissioners of one of the projects in this group prior to its implementation. This drew on several research sources which provided high-quality evidence of the impact on services of different conditions. (University of York, 2015; Dayson & Bashir, 2014; Kimberlee, Ward, Jones, & Powell, 2013), Value estimates are based on the average cost of a hospital admission – see Appendix C, and data from our

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
			previous research on the number of admissions likely to be avoided by better management of different conditions.
Service user reduces their demand on primary care	Consequential	Better management of conditions will mean fewer GP visits/consultations per year.	See above for how we estimated likely impact on service demand based on previous research. Costs are based on an assumed reduction in demand for telephone-based consultation including prescription (£60 per consultation) and data showing an average reduction in demand of seven consultations per year.
End of Life Care (EOLC) projects		These projects are part of a single family but have different outcome metrics for each contract. They aim to improve the care of people who are nearing the end of their lives and enable them to die at home or in the place of their choosing. Incidentally they also reduce hospital and other care costs by so doing.	These SOCs are unusual in measuring the fiscal value they create directly and paying the provider a proportion of that value. We can therefore calculate the fiscal value created with high confidence because it is based directly on the outcome metrics, which vary by project as outlined below.
Reduction in non-elective admissions	Direct	Two of the projects in this group pay directly for a reduction in unplanned hospital admissions at an agreed value.	See above. Values taken directly from project data. Note values of non-elective admissions vary by project and are not the same as average costs used to estimate the value of admissions avoided by other SOCs as included in Appendix C.
Reduction in unplanned hospital bed days	Direct	One of the projects in this group pays directly for an agreed reduction in the value of bed days avoided.	See above. Values taken directly from project data.
Increase in number of people dying in their usual place of residence	Direct	One of the projects in this group pays an agreed amount reflecting the value of someone dying at home rather than in hospital or LA care.	See above. Values taken directly from project data.

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
Other projects		See details below of key outcomes for each project included in this group and how we have estimated value.	
Reconnections	Consequential	This SOC aimed to reduce people's loneliness, and measured loneliness directly using an internationally recognised scale.	Estimating the value of reduced loneliness is complex but there is evidence that reduction improves wellbeing and we therefore used welling as a proxy for other potential outcomes (e.g. improved health). We assumed at medium confidence an improvement in wellbeing for one year, but only for those showing evidence of sustained reduction in loneliness score at 18 months.
Zero HIV SIB (Elton John AIDS Foundation)	Direct	This SOC aimed to identify people living with HIV and engage or re-engage them in treatment, paying directly for each person (re)engaged. This has substantial value in reduced treatment costs for the individual and also from the reduced transmission of HIV to other people.	Research in 2016 identified the total saving from a person being in HIV treatment at £360k but we used a lower figure from unpublished research by McKinsey for the Elton John AIDS Foundation. This calculated the benefit to the NHS of early diagnosis and treatment (i.e. cost of illness/delayed treatment net of the cost of early treatment) at £140,000 per person, plus a further £80,000 per person in reduced onward transmission.
Promoting Independence	Direct	This SOC provides support to enable people with mental health needs to live independently, thus reducing the costs of their previous care.	The project measures sustainment of independent living for 6 and 12 months and we have valued care avoidance based solely on outcomes achieved, with no further sustainment assumed. Values are based on the cost of residential care for an adult with mental health needs – see Appendix C.
Cornwall Frequent Attenders	Direct	This project intervenes with Cornwall residents aged 18+ with a substance misuse issue who have had eight A&E attendances/two hospital admissions in a year. It measures reductions in attendances through the Rate Card.	Since reduced attendances are measured directly we have valued them with high confidence based on the average cost of an A&E attendance and of a hospital admission, as set out in Appendix C.

Appendix K – Main assumptions: Homelessness

Table K.1 below provides more details of the main calculations and assumptions made to estimate value in the Homelessness sector. Please see Appendix F above for an explanation of column headings.

We list outcome costs and values by the project groups described in the main report.

There is significant similarity and overlap between main outcomes and therefore values from SOCs in this sector.

Table K.1 – Main assumptions in the Homelessness sector

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
Entrenched rough sleeping projects		All the projects in this group aimed to address 'Entrenched Rough Sleeping'. The theory behind them is that support to people who are sleeping rough will enable them to enter accommodation and then progress to employment, as well as addressing other issues including substance misuse and poor mental health SOCs were commissioned locally but funded by MHCLG (now DHLUC). They have an identical or very similar Rate Card.	There are numerous outcomes measured directly through the Rate Card for these projects and it is therefore possible to estimate value created with greater confidence than in some other projects. In valuing these projects we have drawn on a more detailed value case that we developed for one of the projects in this group, which enabled us to estimate the prevalence of issues and likelihood of impact based on more detailed research relating to a representative cohort.
Service user enters and sustains accommodation	Direct	Projects in this group directly measure the length of time that a user remains in accommodation. This means they are no longer rough sleeping, which most would have been prior to entering the programme, Where not rough sleeping, they would have been at imminent risk of rough sleeping.	We converted the total months of accommodation sustained into an average number of months per person achieving accommodation outcomes, and then made an assumption from that of reduced rough sleeping (based on likely prevalence prior to entry). Prevalence was based on detailed research undertaken for the previous value case referred to above. We then converted the months of rough sleeping avoided to value based on the average fiscal costs of rough sleeping – see Appendix C.

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
Reduced drug and alcohol dependency	Consequential	These projects directly measure and pay for entry and sustainment of treatment for drug and alcohol misuse. It is therefore reasonable to infer that there will be some impact on dependency costs in the medium term.	We have assumed (at low confidence) that those who sustain treatment will have lower treatment costs compared to those who do not enter treatment. Value is based on the avoidance for two years of the treatment costs shown in Appendix C.
Improved wellbeing	Consequential	These projects directly measure and pay for sustained treatment for mental health issues. We have assumed that those sustaining such treatment are likely to show some improvement in wellbeing, although wellbeing is not directly measured.	Assumed at medium confidence that those sustaining mental health treatment will improve wellbeing for one year.
Entering and sustaining employment	Direct	Projects measure sustainment of both part-time and full-time employment.	We have converted all employment claimed under the Rate Cards to months of employment and then valued these on the same basis as other projects – see Employment and Training projects, Appendix I.
Reduction in minor offending	Consequential	Those rough sleeping are known to be at higher risk of offending and some reduction in offending is likely once service users are no longer sleeping rough and are addressing other issues.	Some minor reductions assumed – at low confidence – based on research for previous value case into prevalence of previous offending prior to entry to programme. Value based on average cost per incident of crime – see Appendix C.
Reduced imprisonment	Consequential	As above.	Some reduction assumed – research for the previous value case showed that 6% of the cohort were in prison prior to referral to the programme and we have used this to estimate prevalence.

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
Fair Chance Fund projects		All the projects in this group aimed to address homelessness and other issues among young people. Seven of the projects were funded by the DCLG (now DHLUC) through the Fair Chance Fund FCF) and the other used the FCF rate card (both outcomes and payments).	FCF outcomes have much overlap with the Entrenched Rough Sleeping (ERS) SOCs but fewer outcomes were measured through the Rate Card and we have therefore inferred fewer consequential outcomes, and made different/lower assumptions about prevalence e.g. of rough sleeping.
Young person enters and sustains accommodation	Consequential	Projects in this group directly measure the length of time that a user remains in accommodation, using similar metrics to those used for the ERS projects, but the likelihood of a service user sleeping rough prior to the programme (or risk of them sleeping rough) was lower.	We converted the total months of accommodation sustained into an average number of months per person as for the ERS projects, but made lower assumptions about prevalence and therefore the impact on rough sleeping.
Young person achieves a level 2 qualification	Direct	Outcome directly measured and paid for under the Rate Card for these projects.	All outcomes valued solely on economic lifetime value and assuming they are level 2 apprenticeship qualifications.
Entering and sustaining employment	Direct	Projects measure sustainment of both part-time and full-time employment.	We have converted all employment claimed under the Rate Cards to months of employment and then valued these on the same basis as other projects – see Employment and Training projects, Appendix I.
Reduction in minor offending	Consequential	It is reasonable to assume some reduction in offending once service users are in settled accommodation and addressing other issues but we should be cautious about both prevalence of previous offending and likelihood of reduction due directly to the intervention.	Some minor reductions assumed – at low confidence – and based on similar prevalence levels to ERS projects. Prior offending likely to be lower and future avoidance potentially higher, but both are difficult to estimate.
Reduced imprisonment	Consequential	As above.	Some minimal reduction assumed at low prevalence and at low confidence.

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
Single Homelessness Prevention projects		The theory of change behind these projects is that single people who are at risk of homelessness can avoid the outcome if issues likely to lead to homelessness – e.g. risk of eviction – are addressed earlier and with more support.	There is some overlap with other homelessness projects in terms of outcomes but these SOCs are earlier stage and preventative and therefore assumed prevalence and future outcomes avoided are much lower. All estimates are at medium or low confidence. There are also additional outcomes relating to the avoidance of homelessness which has its own costs and value as below. Prevalence assumptions were based on a previous value case undertaken for these projects by ATQ, drawing on actual data from one project – see assumptions below. Costs etc have not been repeated if the same as those assumed for FCF and ERS projects above
Single person avoids statutory homelessness	Direct	Measured directly under the Rate Card for these projects.	Assumed that 50% of the cohort would otherwise have been homeless and 10% will avoid this outcome due to the SOC intervention. See Appendix C for costs of statutory homelessness.
Single person avoids rough sleeping	Consequential	A small proportion of those who avoid homelessness will also avoid rough sleeping for a short period.	Assumed that 20% will end up rough sleeping for an average of 12 weeks. Costs as for ERS and FCF projects above.
Single person avoids becoming NEET	Consequential	A proportion of those who avoid homelessness will also avoid becoming long-term NEET.	Assumed that 20% might otherwise have become NEET and that 8% will avoid this outcome due to the intervention, so net impact of 1.6% on total cohort.
Single person gains employment	Consequential	A proportion of those who avoid homelessness will also be supported to enter employment.	Assumed prevalence of worklessness of 65% prior to intervention and that 10% will avoid worklessness and gain employment for one year.

Cost avoided or value created	Direct or Consequential	Rationale or theory of change	Comments
Single person avoids offending/imprisonment	Consequential	Assumed that the intervention will enable a small reduction in minor offending and an even smaller reduction in offending leading to imprisonment.	Assumed 10% prevalence of minor offending and 5% prevalence of prison, and 20% impact due to intervention.
Other projects		The other projects in his group all have similar objectives – to reduce homelessness and in particular rough sleeping, and one closely follows the ERS Rate Card.	Outcomes and prevalence are similar to assumptions for ERS projects and impact based directly on outcome achievement. Main outcomes are summarised below.
Service user enters and sustains accommodation	Consequential	Projects directly measure the length of time that a user remains in accommodation with implications for the avoidance of rough sleeping.	Total months of accommodation sustained converted into an average number of months per person and then into an assumed avoidance of rough sleeping – see ERS and FCF projects above.
Young person achieves a level 2 qualification	Direct	Outcome directly measured and paid for under the Rate Card for these projects.	All outcomes valued solely on economic lifetime value and assuming they are level 2 apprenticeship qualifications.
Entering and sustaining employment	Direct	Projects measure sustainment of both part-time and full-time employment	All employment converted to months of employment and valued these on the same basis as other projects – see Employment and Training projects, Appendix I.
Reduction in minor offending/reduced imprisonment	Consequential	Those rough sleeping are known to be at higher risk of offending and some reduction in offending is likely once service users are no longer sleeping rough and are addressing other issues.	Some minor reductions assumed – at low confidence – based on low assumptions of prevalence and impact.
Reduction in incidents of domestic violence	Consequential	Included in one project which measures three de-escalation/reporting outcomes relating to reduced risk of incidents of domestic abuse and violence	We have assumed a reduction in both abuse with and without violence based on a blended average of the number of incidents reported in Home Office research (Oliver, Alexander, Roe, & Wlasny, 2019)

Appendix L – Projects included in this analysis

Table L.1 below lists all the projects included in this analysis, and those which we have excluded because we were not able easily to obtain outcomes data for them. It also shows:

- The way we have grouped projects together for the purposes of modelling estimates of value created; and
- How all projects map onto the six INDIGO policy sectors into which we have aggregated all our findings.

Nearly all the projects included in our analysis are also included in the INDIGO database. Please note that:

- We have in general referred to projects as they are named in INDIGO. Some projects have different and additional names and where we are aware of these we have included these;
- We have included the appropriate INDIGO reference for all projects, including a small number which appear more than once in INDIGO – please see footnotes.

Table L.1 – List of included and excluded projects

Name of project	Grouping for modelling purposes	INDIGO Policy Sector	INDIGO ref. code
Step Down Programme (Birmingham) – also known as (AKA) Foster Care Support	Residential step down	Child and family welfare	INDIGO-POJ-0111
Fostering Better Outcomes – AKA Foster Care Support	Residential step down	Child and family welfare	INDIGO-POJ-0171
Pyramid Project - Step down from Residential Care Provision	Residential step down	Child and family welfare	INDIGO-POJ-0194
Manchester Multi-dimensional Treatment Foster Care- Adolescents (MTFC-A)	Residential step down	Child and family welfare	INDIGO-POJ-0150
Positive Families Partnership	Avoidance of care	Child and family welfare	INDIGO-POJ-0117
Essex County Council Multi-Systemic Therapy (MST) – AKA Essex Family Therapy	Avoidance of care	Child and family welfare	INDIGO-POJ-0130
Turning the Tide (North Somerset) – AKA Family Therapy	Avoidance of care	Child and family welfare	INDIGO-POJ-0161
Stronger Families Norfolk	Avoidance of care	Child and family welfare	INDIGO-POJ-0178
Stronger Families Suffolk	Avoidance of care	Child and family welfare	INDIGO-POJ-0183

Name of project	Grouping for modelling purposes	INDIGO Policy Sector	INDIGO ref. code
"It's All About Me" National Adoption Scheme SOF	Avoidance of care	Child and family welfare	INDIGO-POJ-0156
Care Leavers Social Impact Bond: Reboot West (Bristol)	Care leavers	Child and family welfare	INDIGO-POJ-0121
Care Leavers Social Impact Bond: I-Aspire (Lewisham)	Care leavers	Child and family welfare	INDIGO-POJ-0122
Care Leavers Social Impact Bond: Apollo (Sheffield)	Care leavers	Child and family welfare	INDIGO-POJ-0123
Midlands Regional Pause Hub – AKA Forward	Child and family welfare - Other	Child and family welfare	INDIGO-POJ-0177
Reducing the prevalence of mothers experiencing recurrent care proceedings	Child and family welfare - Other	Child and family welfare	INDIGO-POJ-0180
Bradford Positive and Included	Child and family welfare - Other	Child and family welfare	INDIGO-POJ-0112
Integrated Family Support Service (IFSS)[19]	Child and family welfare - Other	Child and family welfare	INDIGO-POJ-0173
Norfolk SIB for Carers – AKA Norfolk Carers Partnership	Child and family welfare - Other	Child and family welfare	INDIGO-POJ-0200
HMP Peterborough (The One Service)	Criminal justice projects	Criminal justice	INDIGO-POJ-0153
The Skill Mill	Criminal justice projects	Criminal justice	INDIGO-POJ-0195
Chances	Criminal justice projects	Criminal justice	INDIGO-POJ-0198
West London Zone	School readiness and attainment	Education	INDIGO-POJ-0162
Big Picture Learning in Doncaster (BPL)	School readiness and attainment	Education	INDIGO-POJ-0168
ParentChild+ – AKA Family Lives	School readiness and attainment	Education	INDIGO-POJ-0174
West London Zone: scale-up	School readiness and attainment	Education	INDIGO-POJ-0184
HCT Independent Travel Training SIB (Norfolk) – AKA SEN Travel Training	Travel training	Education	INDIGO-POJ-0127
HCT Independent Travel Training SIB (Surrey) – AKA SEN Travel Training	Travel training	Education	INDIGO-POJ-0128

[19] Also listed within INDIGO as Staffordshire Children's Services ADS (INDIGO-POJ-0187)

Name of project	Grouping for modelling purposes	INDIGO Policy Sector	INDIGO ref. code
HCT Travel Training (Lambeth) – AKA SEN Travel Training	Travel training	Education	INDIGO-POJ-0160
Mental Health and Employment Partnership (MHEP) Staffordshire and Tower Hamlets	MHEP	Employment and training	INDIGO-POJ-0118
Mental Health and Employment Social Impact Bond (Haringey & Barnet)	MHEP	Employment and training	INDIGO-POJ-0176
MHEP Enfield	MHEP	Employment and training	INDIGO-POJ-0188
MHEP Shropshire	MHEP	Employment and training	INDIGO-POJ-0189
MHEP Tower Hamlets Learning Disabilities	MHEP	Employment and training	INDIGO-POJ-0192
MHEP Tower Hamlets Mental Health	MHEP	Employment and training	INDIGO-POJ-0193
Mental Health and Employment Partnership (MHEP) North London[20]	MHEP	Employment and training	INDIGO-POJ-0124
Mental Health & Employment Partnerships Tower Hamlets	MHEP	Employment and training	INDIGO-POJ-0125
IPS employment support for people with drug and alcohol addictions	MHEP	Employment and training	INDIGO-POJ-0190
Energise	DWP Innovation Fund	Employment and training	INDIGO-POJ-0140
Links for Life	DWP Innovation Fund	Employment and training	INDIGO-POJ-0141
New Horizons (Career Connect)	DWP Innovation Fund	Employment and training	INDIGO-POJ-0143
Teens and Toddlers	DWP Innovation Fund	Employment and training	INDIGO-POJ-0146
Futureshapers Sheffield	Youth Engagement Fund	Employment and training	INDIGO-POJ-0163
Prevista	Youth Engagement Fund	Employment and training	INDIGO-POJ-0164
Teens and Toddlers	Youth Engagement Fund	Employment and training	INDIGO-POJ-0165

[20] This project (also known as MHEP 2) has now been subdivided in INDIGO to refer separately to the three separate contracts it comprises in Camden (INDIGO-POJ-0124), Barnet ((INDIGO-POJ-0305),and Enfield (INDIGO-POJ-0306).

Name of project	Grouping for modelling purposes	INDIGO Policy Sector	INDIGO ref. code
Unlocking Potential (Career Connect)	Youth Engagement Fund	Employment and training	INDIGO-POJ-0166
DFN-MoveForward[21]	Employment and training - Other	Employment and training	INDIGO-POJ-0169
Plymouth Refugee Opportunities	RTOF	Employment and training	INDIGO-POJ-0271
Refugee Integration Support and Employment (RISE) - North East	RTOF	Employment and training	INDIGO-POJ-0282
Refugee Transitions West Midlands	RTOF	Employment and training	INDIGO-POJ-0283
Greater Manchester Refugee Integration Partnership	RTOF	Employment and training	INDIGO-POJ-0284
End of Life Care Incubator (North West London)	End of life care	Health	INDIGO-POJ-0114
End of Life Care Incubator (Hillingdon)	End of life care	Health	INDIGO-POJ-0129
End of Life Care Incubator (Haringey)	End of life care	Health	Not in database
End of Life Care Incubator (Sutton)	End of life care	Health	INDIGO-POJ-0308
End of Life Care Incubator (Somerset)	End of life care	Health	INDIGO-POJ-0299
End of Life Care Incubator (Bradford)	End of life care	Health	INDIGO-POJ-0300
Enhanced Dementia Care Service (Hounslow)	End of life care	Health	INDIGO-POJ-0170
Healthier Devon	Health management	Health	INDIGO-POJ-0116
Ways to Wellness (Newcastle)	Health management	Health	INDIGO-POJ-0120
Community Owned Prevention – AKA Healthy Lives Together	Health management	Health	INDIGO-POJ-0126
Provision of a social prescribing framework and offer at scale across Northamptonshire – AKA Spring	Health management	Health	INDIGO-POJ-0228
Improving HIV Treatment SIB (Elton John AIDS Foundation) – AKA Zero HIV SIB	Health - Other	Health	INDIGO-POJ-0113

[21] Also listed within INDIGO as Think Forward (Tomorrow's People) – INDIGO-POJ-0147

Name of project	Grouping for modelling purposes	INDIGO Policy Sector	INDIGO ref. code
Reconnections Worcestershire	Health - Other	Health	INDIGO-POJ-0119
Cornwall Frequent Attenders Project – AKA Addaction	Health - Other	Health	INDIGO-POJ-0167
Promoting Independence	Health - Other	Health	INDIGO-POJ-0181
Ambition	Fair Chance Fund	Homelessness	INDIGO-POJ-0131
Aspire	Fair Chance Fund	Homelessness	INDIGO-POJ-0132
Depaul	Fair Chance Fund	Homelessness	INDIGO-POJ-0133
Fusion	Fair Chance Fund	Homelessness	INDIGO-POJ-0134
Home Group	Fair Chance Fund	Homelessness	INDIGO-POJ-0135
Local Solutions	Fair Chance Fund	Homelessness	INDIGO-POJ-0136
St Basil's	Fair Chance Fund	Homelessness	INDIGO-POJ-0137
Be the Change – AKA Mayday Inspire	Fair Chance Fund	Homelessness	INDIGO-POJ-0151
Entrenched Rough Sleeping Social Impact Bond- Greater Manchester	Entrenched rough sleeping	Homelessness	INDIGO-POJ-0154
Entrenched Homelessness Social Impact Bond- ACTion Glos (Gloucestershire)	Entrenched rough sleeping	Homelessness	INDIGO-POJ-0109
Entrenched Homelessness Social Impact Bond- ACTion Lincs (Lincolnshire)	Entrenched rough sleeping	Homelessness	INDIGO-POJ-0110
Entrenched Rough Sleepers Social Impact Bond- Pan-London	Entrenched rough sleeping	Homelessness	INDIGO-POJ-0152
Entrenched Rough Sleeping Social Impact Bond- Newcastle and Gateshead (Changing Lives)	Entrenched rough sleeping	Homelessness	INDIGO-POJ-0155
Entrenched Rough Sleepers Social Impact Bond- Street Impact Brighton	Entrenched rough sleeping	Homelessness	INDIGO-POJ-0158
Entrenched Rough Sleeping Social Impact Bond- Street Impact Bristol	Entrenched rough sleeping	Homelessness	INDIGO-POJ-0159
Single Homelessness Prevention Project (SHPS) Brent	Single Homelessness prevention	Homelessness	INDIGO-POJ-0157

Name of project	Grouping for modelling purposes	INDIGO Policy Sector	INDIGO ref. code
Single Homeless Prevention Service (SHPS)	Single Homelessness prevention	Homelessness	INDIGO-POJ-0182
London Homelessness Social Impact Bond (St Mungo's/Street Impact)	Homelessness - Other	Homelessness	INDIGO-POJ-0148
London Homelessness Social Impact Bond (Thames Reach)	Homelessness - Other	Homelessness	INDIGO-POJ-0149
Kirklees Integrated Support Services	Homelessness - Other	Homelessness	INDIGO-POJ-0175
Greater Manchester Better Outcomes Partnership	Homelessness - Other	Homelessness	Not in database
DN2 Childrens' Services Social Impact Bond	Not included- data not available	Child and family welfare	INDIGO-POJ-0201
Gloucestershire Positive Behaviour Support	Not included- data not available	Child and family welfare	INDIGO-POJ-0199
The Advance Programme	Not included- data not available	Employment and training	INDIGO-POJ-0138
3SC Capitalise	Not included- data not available	Employment and training	INDIGO-POJ-0139
Living Balance	Not included- data not available	Employment and training	INDIGO-POJ-0142
Nottingham Futures	Not included- data not available	Employment and training	INDIGO-POJ-0144
Prevista	Not included- data not available	Employment and training	INDIGO-POJ-0145
Opening Doors (Bexley)	Not included- data not available	Homelessness	INDIGO-POJ-0179

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