

Social Impact Methodology

1. Necessity of social impact
2. Social impact methods
 - a. Deadweight
 - b. Displacement
 - c. Attribution
 - d. Drop-Off
3. Offploy's social impact measures
 - a. Reconviction
 - b. Employability
4. Estimated savings
 - a. Reconviction
 - b. Employability
 - i. Soft Skills
 - ii. Mental Wellbeing
 - iii. ETE Outcomes
5. Summary

1. Necessity of Social Impact

Demonstrating social impact is an exercise that allows outside agencies to access summarised benefits of Offploy's interventions on a per-candidate basis. Offploy considers this to be separate from *research* and *project evaluation*. Although it is not the ultimate metric of our success as a third sector organisation, which we believe is the experience of our candidates, being able to refer to a value of pound sterling saved or avoided being spent due to the delivery of our services is a meaningful measure of our impact. We hope to encourage government funders and business partners by demonstrating the money we save society.

It is our belief that impact should be measured and reported transparently. Therefore, our methodology is outlined in the present document as the most up-to-date iteration of our approach. There should be a watermark in the top-left corner of every publication of this methodology indicating which version it is, starting at α and so on. If ω is reached, it will restart at $\alpha\alpha$, and so on.

We intend to be able to provide our commissioners, partners and the public a mean pound value saved for each candidate we have worked with, as well as per project. These will be presented in quarterly and annual impact statements¹, as well as upon project/contract completion.

¹ Beginning *June 2019*, publishing impact from period *Mar - Jun 2019*.

2. Social Impact methods

In order to calculate social impact, a number of assumptions are made as to how much money is saved or avoided being spent given the measured improvement. These are the two valuation methods used in Offploy's social impact methodology – the estimated money saved by the Exchequer, and the estimated money it is expected to cost to produce the measured outcomes.

Within social impact reporting, some key discounting methods are used to make sure that the estimates that are made (often by a 3rd party) in producing the value of an improvement or event are mitigated as much as possible. In other words, because we are working with large estimations, the final value is reduced based on real-world nuances not accounted for in the original estimates. This is in the interest of preferring a lower final value than what might actually be true to ensure a fairer calculation. The most common deductions are explained below.

a. Deadweight

With any service, improvements felt by the candidates are the ultimate goal. However, without a proper study, it is difficult to know how much of these improvements might have happened anyway. Therefore, typically an estimation is made of how much this could be and the pound value of that is deducted from the final calculation. This ensures the money we claim we save doesn't count the money that would have been saved without us.

b. Displacement

If a service succeeds in delivering improvements, there is the reality that these improvements may have only pushed the negative to somewhere else. This is displacement. It is easier to think of in the sense of reducing offending. For example, if a service aims to reduce offending in a certain area and achieves this, there is still the possibility that the offending has simply moved to another area nearby. Given the type of work Offploy engages in, this is not usually relevant to us. It is not possible that we could displace poor employability or a lack of employment opportunities for people with criminal convictions.

c. Attribution

Offploy is not the only organisation helping people with criminal convictions to move on in their lives. It is in partnership with other organisations that we all achieve the most we can. So, when we are working out how much money our service has saved society, we

need to be sure that we give credit where credit's due. This is done by estimating the percentage of the outcomes that other organisations involved in the service are responsible for and discounting this from our final calculation.

d. Drop-Off

Once our service delivery has ended, it is reasonable to assume that the positive outcomes might not last forever. It is expected that there will be a decay over the period of time post-delivery which will eventually plateau. Therefore, a period of time (usually a year from the formal end of mentoring) is selected over which to measure this. This decay is then calculated in to pound sterling and deducted from the final calculation.

As it Offploy's desire to be as transparent and honest as possible, we will apply these discounts as and where it is sensible to do so. We prefer to overestimate rather than underestimate the size of these discounts in order to mitigate as best we can the assumptions that have been made in producing the base impact value. As we continue to measure social impact, we will endeavour to refine the process of discounting by conducting studies that will provide an Offploy-specific evidence-base to refer to. We believe this is the responsibility of all third sector organisations measuring their social impact.

3. Offploy's Social Impact measures

a. Reconviction

- Reconviction is preferred to re-offending due to it being more objectively verifiable and leading to predictable costs. Reconviction is also referred to as 'proven reoffences'. Reconviction involves the sentencing of an offender, whereas reoffending can occur but never come to the attention of the police or other statutory agencies for measurement.
- Reconviction will be measured by Justice Data Labs reports on Offploy's impact on reconviction in mentored versus control cohorts. Justice Data Labs provides an accessible report comparing treatment and control groups' proven reoffending after 12 months.
- The results of the report resulting from Offploy's joint pilot project with Interserve at HLNy CRC will be extrapolated to the entirety of Offploy's service delivery until any significant changes in service.

b. Employability

- Employability is central to Offploy's service and as such is the largest impact measure, providing both qualitative and quantitative impact results.
- Employability will be taken as a construction of 3 constituent phenomena;
 - i. *Soft Skills* – measured by the acquisition of soft skills provided in Offploy's employability course,
 - ii. *Mental Wellbeing* – measured by improved wellbeing scores according to the Short Warwick-Edinburgh Mental Well-being Survey (SWEMWBS),
 - iii. *ETE outcomes* – measured by candidates into education, training or employment.

4. Estimated Savings²

a. Reconviction

Unit cost of court event (violence against the person, over 18) (per event)	£12,716
Cost of arrest and detention (per incident)	£593
Total savings	£13,309

“Unit cost of court event (violence against the person, over 18) (per event)” is used as the only available court cost from the source used. It is taken as reasonable that a reconvicted candidate would incur court costs in the process of their conviction. This we also hold true for “Cost of arrest and detention (per incident)”.

The cost of one year in imprisonment (a commonly used figure across the sector – £33,785) has not been used due to only 8% of convictions involving imprisonment and even less of these convictions amounting to a year.

Using reconviction, the final savings will be calculated per mean participant from any internal sample and per project. This will be done using the results of a Justice Data Labs (JDL) report. The values and equations are as follows:

- i. The lowest estimated avoided proven reoffences noted as $[z]$,
- ii. Mean noted as $[\mu]$,
- iii. Sample size of JDL report (100) noted as $[N_1]$,
- iv. Sample size of any other sample within Offploy $[N_2]$,
- v. Estimated savings per incident noted as $[y]$,
- vi. Time engaged with candidates noted as $[\tau] = 6 \text{ months} = 1$, as the τ from the JDL sample. $\tau = 1$ will be adjusted to non-JDL sample candidates, e.g. 3 months, $\tau = .5$,
- vii. Instances of time will be noted as $[t]$, with $t_1 = \text{time 1, etc.}$, and $t_0 = \text{time off-service}$. $t_0 = 1 \text{ year} = 1$, which will be adjusted to below 1 relative to 1 = 1 year, e.g. 6 months = .5,
- viii. Final savings per candidate noted as $[\text{£}x]$
- ix. Deadweight = $(1 - .286)$, taken as 1 minus the average proven reoffending rate in adults³

² All values from New Economy Manchester (2015), ‘Unit Cost Database’, <http://neweconomymanchester.com/our-work/research-evaluation-cost-benefit-analysis/cost-benefit-analysis/unit-cost-database>

³ From Ministry of Justice (2018), ‘Proven reoffending statistics: October to December 2016’, <https://www.gov.uk/government/statistics/proven-reoffending-statistics-october-to-december-2016>

α

x. $\text{£}x = y * ((z / N_1) * N_2^4) * \mu z^5 * (1 - .286) * \mu t_0^6$ – Offploy running costs over delivery period,

xi. $\text{£}x = y * ((z / N_1) * N_2^7) * \mu z^8 * (1 - .286) * \mu t_0^9$ – project costs,

Calculation *x* will provide the value saved by Offploy from t_1 to t_2 through avoided reconvictions.

Calculation *xi* will provide the value saved per project through avoided reconvictions.

⁴ Entire Offploy caseload from t_1 to t_2

⁵ Mean of N_2 from t_1 to t_2

⁶ Mean of N_2 from t_1 to t_2

⁷ Project sample

⁸ Mean of N_2 over duration of project

⁹ Mean of N_2

b. Employability

i. Soft Skills

Soft skills are taken as a qualitative impact measurement. These are skills Offploy helps candidates develop and resources Offploy helps candidates acquire. Without these skills and resources, candidates are further from the jobs market, though this is a qualitative statement and so is taken as a qualitative measurement. The measurement of 'soft skills' is done by checking the specific skills and resources a candidate has acquired that Offploy set out to deliver, such as gaining a CV and disclosure letter, and improved interview skills.

ii. Mental Wellbeing¹⁰

Impact values are the estimated per-annum costs to produce the same change in life satisfaction and mental wellbeing without the intervention. These are calculated in the following manner:

- i. Change in SWEMWBS score from time $[t]$ 1 to t_2 noted as $[\Delta M_{t_1+t_2}]$,
- ii. Mean noted as $[\mu]$
- iii. Sample size noted as $[N]$
- iv. Deadweight = $(1 - .27)$ ¹¹
- v. $\Sigma(\Delta M_{t_1+t_2}) * (1 - .27) - \text{Costs} = \text{Estimated value of project}$
- vi. $\mu \Delta M_{t_1+t_2} * (1 - .27) - (\text{Costs} / N) = \mu \text{ per-candidate value}$

Drop-off can be calculated by taking $\Delta M_{t_2+t_3}$ where t_3 is $t_2 + 1$ year. $\Delta M_{t_2+t_3}$ would then be added to both v and vi.

If $\Delta M_{t_2+t_3}$ is a negative, as is expected with drop-off, this would account for the reduction in affect of intervention in a year in pound value.

If $\Delta M_{t_2+t_3}$ is positive, the pound value of a project would increase given the continued improvement over a year. However, given this unlikely event, extra effort will be made to correct for attribution to be sure Offploy is not accrediting continued improvement 1 year post-treatment solely to itself.

¹⁰ All values from HACT and Daniel Fujiwara (n.d.), 'Mental Health and Life Satisfaction: The Relationship between the Warwick-Edinburgh Mental Wellbeing Scale and Life Satisfaction', www.hact.org.uk

¹¹ Deadweight 27% according to HACT and Daniel Fujiwara (n.d.)

iii. ETE outcomes

NVQ Lv. 2 (annual economic benefits)	£443
City & Guilds Lv. 2 (annual economic benefits)	£1,059
BTEC Lv. 2 (annual economic benefits)	£878
Apprenticeship Lv. 2 (annual economic benefits)	£1,316
JSA (annual economic benefits)	£9,800
ESA (annual economic benefits)	£8,632
18-24 yr old NEET (annual economic benefits)	£8,998

As the measure is of annual economic benefits, drop-off will be accounted for by taking 1 year as $t_0 = 1$. Deadweight and attribution need to be researched further at this time as Offploy believes it irresponsible to estimate these based on no existing figures. However, if Offploy has delivered any of the qualifications listed above, this will be attributed as 100%.

- i. Final value will be noted as [£x]
- ii. Annual economic benefits will be noted as [y]
- iii. Length of effect up to a year will be noted as [t_0] where $t_0 = 1$ year = 1 and will be adjusted accordingly, e.g. $t_0 = 6$ months = .5
- iv. Individual candidates will be noted as [N_1, N_2 , and so on]
- v. $\text{£x} = \sum(yN_{1+n}) * t_0$

5. Summary

In the above document, Offploy has laid out its current social impact methodology. This involves measure the economic benefit of our service through measurements of avoided reconviction and employability. Social impact reports will refer explicitly to the iteration of the methodology they were calculated using, which is identifiable by the watermarked notation in the top-left corner of each page of the methodology document.

It is important to note that, in the current iteration, not all values can be summed to reach an overall social impact figure, and therefore cannot be used to calculate a social return on investment (SROI). This is due to the fact that the values are produced in different enough ways to be considered different measurements of value. The savings to the Exchequer, as measured by our reconviction and ETE measures, are not able to be added to the predicted value of the improvements, as measured by our SWEMWBS measure. These are different measurements and, as such, cannot be summed to produce one final figure.

Our social impact methodology is intended to be open to anyone interested. We hope this can be useful to others. Alongside this, we encourage people to suggest improvements. Everything within this document is everything we use – nothing is hidden, nothing is omitted. Together, we can produce the best, most transparent, honest, open source social impact methodology possible.

Any questions, comments and suggestions should be directed to:

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