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# Evaluation of The Mayor's Fund

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## Executive summary

The Mayor's Fund was set up with the aim of helping children, young people and their families in London get out of poverty. The consultation that was performed on setting up the fund found that charitable funding was often not as useful as it could be because of the way it was given. The Mayor's Fund, therefore, wanted to give more than just funding, and decided to fund according to four principles. These are:

- Implementation—encouraging good practice and high quality implementation in projects.
- Evidence-based—using evidence rather than opinion to determine what needs to be done and how.
- Partnership—creating partnerships with communities, local authorities, service providers, employers, public services, central government and other funders.
- Connectivity—connecting organisations to provide a better service for children and families.

The Mayor's Fund model is to identify a need, select or design an intervention to meet that need, and then choose a delivery partner to deliver the intervention. This means that it is very involved with its projects.

This evaluation researches how well these principles have been put into place, what added value is created by The Mayor's Fund, and the degree to which that is due to its principles. To research this, we interviewed staff, delivery partners and stakeholders associated with the fund, conducted a literature review, and performed an economic analysis of the outcomes of the fund.

### The fund's mission and objectives

As far as we can tell at this stage, the fund is meeting its mission to improve the life chances of disadvantaged children, young people and their families in London. It does this by helping young people secure better jobs, through programmes that help children to be school ready, right through to programmes that help match young people with jobs. However, some projects are still in their early stages so we cannot yet tell how well they contribute to these objectives.

### The Mayor's Fund application of its principles

The Mayor's Fund is putting its principles into practice, and how it applies them has grown stronger over time.

Implementation has improved since the fund carried out a strategic review in 2010 and refocused its objectives. There have also been improvements in project level implementation with close monitoring of projects, and more consideration of sustainability. Some of the projects that are now in the implementation stage have been hampered by having overly ambitious original targets which have then had to be changed. This shows the importance of considering how projects will be implemented in the planning process. The Mayor's Fund subsequently changed the plans to include more realistic targets and is now incorporating implementation in the design of the programme. However, this could still be improved further.

Delivery partners like The Mayor's Fund's flexible and hands-on approach to implementation, saying that The Mayor's Fund is happy to negotiate changes in how the project is implemented as long as partners can give evidence to support why the changes are necessary.

The Mayor's Fund is using evidence to decide the need, appropriate interventions, and appropriate delivery partners when designing and selecting new projects. This is welcomed by the fund's stakeholders who believe this is the right approach. However, the evidence held by delivery partners of impact is still not of the standard that The Mayor's Fund would like. It has found it harder than it thought to get the right data, particularly when this is held by schools. It may need to put more effort into helping and encouraging its delivery partners to gather evidence to know what impact it is having.

Partners have been engaged well by The Mayor's Fund, providing a useful group to inform the development of services. This has then continued into the delivery of services. Delivery partners like the partnerships, and in fact, would like to see more of them, as well as greater sharing of information facilitated by The Mayor's Fund.

There are a number of examples of connectivity within and between projects. This is especially strong within projects where connectivity is part of the project design. The delivery partners think that connecting services is a good idea and that it will lead to better outcomes for beneficiaries. There was an initial attempt to have formalised procedures for connecting the projects, but this was not sustained due to limited staff resources. Currently, connectivity is facilitated on an ad hoc basis by The Mayor's Fund, but delivery partners would like it to be more regular and formalised.

## The value add of The Mayor's Fund

Quantifying economic benefit is always uncertain, particularly when valuing benefits that are realised many years after the intervention. However, our economic analysis of three of The Mayor's Fund's projects suggests that the fund's model does represent good value. Estimated economic benefits outweigh costs for two projects, and the third project should beat its breakeven target if it achieves the target outcome.

Our economic analysis shows that for every £1 invested in Unlocking Potential, an project that combines literacy and numeracy tuition with support for parents, the improved literacy and numeracy results create between £1.01 and £15.32 of value depending on assumptions made. Assumptions which one can make with a high degree of certainty suggest a return of £2.99 for every £1 invested. In addition, there are other outcomes that also create value but which have not been given a monetary value. These include improved oral language skills and well-being. The programme has also helped individuals to improve their housing by connecting them with Shoreditch Citizens, another of The Mayor's Fund's projects.

Our cost benefit analysis of It's Your Life, a mentoring programme for young people, shows that for every £1 invested it creates £1.20 of value through increased wages from improved GCSE grades. The programme also aims to reduce risky behaviour and raise people's aspirations, neither of which have been given an economic value in this analysis, but which could have a high economic return.

Young London Working has not been operating long enough to have evidence of outcomes, but a breakeven analysis shows that it will make a return for society if all young people it aims to help find employment spend five weeks less in unemployment.

From our examination of how the principles have been put into place, in Unlocking Potential and Young London Working we can estimate that a large amount of the value created by these programmes is attributable to the principles. In particular, we can see that because of the way these programmes were designed, connectivity is the principle where we can be most sure it is creating value.

## Lessons

Our analysis shows that The Mayor's Fund approach is creating value, some of which can be attributed to its principles. The Mayor's Fund model may therefore be interesting to other grant-makers. Key findings are:

- Connecting together interventions by different charities can lead to improved outcomes and therefore a higher return on investment.
- Charities believe that connecting services on the ground and working in partnership help provide a better service and they would welcome help to do this more. This could be through more forums to get together and learn about each other's work.
- Charities value a flexible, involved approach to help them with the delivery of projects.
- Basing decisions on evidence leads to better outcomes. Charities appreciate decisions being made on evidence.
- It can be difficult to get a high standard of evidence of outcomes. Charities may need a great deal of help to improve this.
- It is important to consider how projects will be implemented in the design of projects, otherwise the plans may have to be changed later on.

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# 1. Introduction

## 1.1 Background to The Mayor's Fund

### 1.1.1 Aims

The mission of The Mayor's Fund is to improve the life chances and aspirations of disadvantaged children, young people and their families in London. Its objective is to help London's young people into better jobs and careers. It not only focuses on young people of school-leaving age but also addresses prevention and early intervention measures for young people of all ages.

### 1.1.2 Principles

The Mayor's Fund aims to do more than just hand out funding, it also wants to add value through its approach to funding. The consultation around the fund in the early days helped fashion plans for its identity. A key issue identified by the consultation was that the problems facing children living in poverty are interconnected—underachievement in education; lack of employment; anti-social behaviour; teenage pregnancy—but the services that address them are not. Services often work in isolation on one part of the problem and do not work across transitions in a young person's life. The consultation also found that the basis for making funding decisions is not always clear, and that services sometimes continue to be provided even when they are clearly not working, while other effective work has to stop because of lack of funding.

Based on this consultation The Mayor's Fund's developed four key principles through which it would aim to add value beyond just its funding:

- Implementation—by encouraging good practice and high quality implementation of projects.
- Evidence-based—by using evidence rather than opinion to determine what needs to be done and how.
- Partnership—by creating partnerships with communities, local authorities, service providers, employers, public services, central government and other funders.
- Connectivity—by providing a better experience for children and families through improved connectivity of projects and services.

### 1.1.3 Brief history of The Mayor's Fund

The Mayor's Fund for London, an independent grant-making charity, was established in 2008 with the aim of giving disadvantaged children, young people and their families a better chance in life. The Mayor of London, Boris Johnson, is the current Patron of the Fund, with the intention that future Mayors will succeed him as Patron. Initial projects, such as Miss Dorothy and Unlocking Potential were chosen soon after it was set up, by the then very small staff team.

More staff were then recruited and the flagship programmes of Playing to Win and Young London Working were developed. After this, The Mayor's Fund spent some time refining

its strategy. It then concentrated on the implementation of programmes and developing its new programme, Flying Start for London, which is still in the development stage.

## 1.2 This real-time evaluation

### 1.2.1 Evaluation aims

This evaluation of the model of The Mayor's Fund aims to help it improve its approach; demonstrate the benefits of its approach; and share its learning with others. Our evaluation aims to gather and analyse information to understand whether the fund's business model delivers the expected benefits. This evaluation should benefit all funders with an interest in improving the services and support available to disadvantaged people.

### 1.2.2 Evaluation scope

This evaluation aims to assess how well the fund is implementing its model and to show the benefits of its model. These four key questions guide our evaluation:

- Is the fund meeting its mission and objectives?
- Is the fund applying its four principles?
- Do the fund's programmes and its model represent good value for money?
- To what extent is the value added by the fund attributable to its four principles?

This evaluation does not evaluate the individual programmes. But we do use evaluations and measurements from the delivery partners to analyse whether The Mayor's Fund is meeting its targets. However, because our evaluation only runs until January 2012, the long-term impacts are not covered.

### 1.2.3 Stages of the evaluation

The evaluation was conducted between March 2010 and January 2012. There were two stages.

- Initial research conducted between August and November 2010. Findings were presented in an interim report to The Mayor's Fund staff and trustees in December 2010.
- Follow-up research between September and November 2011 leading to publication of this final report in January 2012.

The interim report was designed to help The Mayor's Fund improve its performance. This final report assesses the performance of The Mayor's Fund at the point in time that the research for it was conducted (September to November 2011). It does not cover the same ground as the interim report, only the decisions that have been made since and the delivery of projects. The earlier performance of the fund is only referred to as a comparison. This means that when we are referring to decisions made at set-up we are only referring to the programme that has been developed since December 2010, Flying Start for London. References to delivery of projects refer to all programmes except Flying Start for London.

## 2. Is the fund meeting its mission and objectives?

To assess whether the fund is meeting its mission and objectives, we examined the results delivered through each of its programmes by reviewing data and reports from delivery partners.

### 2.1 The objectives of The Mayor's Fund

The Mayor's Fund focuses on improving the life chances and aspirations of disadvantaged children, young people and their families in London.

Since its inception, The Mayor's Fund has increasingly focused its strategy and refined its objectives. When it started, The Mayor's Fund's objectives were to provide a better start in life; a better educational experience; better things to do; and a better job. These have been refined so that its main objective now is to help young people into a 'better job' so that they can work their way out of poverty. The Mayor's Fund focused on employability skills, because it believed that employment was the best route out of poverty and that a preventative approach would be more cost-effective than a remedial approach. Therefore, The Mayor's Fund is currently developing projects that aim to help children with their employability skills.

### 2.2 How well is The Mayor's Fund meeting these objectives?

As far as we can tell from the evidence so far, The Mayor's Fund is achieving its objective to help young people into a better job by improving their employability. Despite refining its objectives, most of the fund's projects are still highly relevant to the aim of improving employability.

The evidence from projects suggests that they are having an impact on young people's lives. However, for some of them, the quality of evidence is not strong enough for us to be certain of their outcomes. Table 2-1 details how well each individual project is meeting the objectives of The Mayor's Fund.



**Table 2-1: Summary of how well the projects are meeting The Mayor's Fund 's objectives**

Project	Relevance of outcomes to current objectives of The Mayor's Fund	Evidence that the project is achieving its target outcomes
Playing to Win	üüüü	++
Unlocking Potential	üüüü	++++
Young London Working	üüüü	Too early in implementation lifecycle
It's Your Life	üüüü	++
Flying Start for London	üüüü	Still in planning stage
City Year London	üüüü	++
Place2Be Shoreditch Hub	üü	Only data on outputs received so far, no outcomes data received yet
Miss Dorothy	ü	Only data on outputs received so far, no outcomes data received yet
Shoreditch Citizens	ü*	+++

**Key**

- ü Indirectly relevant to aim of employability
- üü A few steps removed from the aim of employability
- üüü Generally relevant to aim of employability
- üüüü Highly relevant to aim of employability
- + Little or no outcomes data showing that objective is being met
- ++ Outcomes data indicates objective is being met but measurement is not strong enough for us to be certain
- +++ Good outcomes data showing evidence that objective is being achieved
- ++++ Strong outcomes data showing evidence that objective is being achieved

\* Shoreditch Citizens is not designed to meet the objective of providing a better job, but to support the other projects in meeting that objective by aiding connectivity.

## 2.3 Project summaries

The expected outcomes for each project and the evidence for achieving them is detailed below.

### 2.3.1 Playing to Win

Playing to Win was set up by The Mayor's Fund to help young people achieve more at school through the use of sport and dance to build their confidence and motivation. It was originally conceived to bring together three charities: Greenhouse, Street League, and London Youth, providing a service to young people both during and after school hours and after they leave school. However, the funding did not come through and only the Greenhouse element remains. By using either table tennis or dance, Playing to Win has supported 589 primary and secondary school children.

Playing to Win's impact is measured through self-reported questionnaires. These indicate that the project improves motivation and confidence, behaviour, school grades, time management and discipline. Unfortunately Playing to Win is not able to access school grades for most of its participants so we cannot say with confidence that it is making a difference to school attainment.

While the outcome data that we have indicates that Playing to Win is meeting the objectives of the fund, the quality of the measurement is not adequate at this stage for us to confidently say that it is meeting them.

### 2.3.2 Unlocking Potential

Unlocking Potential was an idea of Every Child a Chance Trust and School Home Support which thought that the literacy and numeracy support that Every Child a Chance Trust gives would go further if there was also help for families so that they could support their child's learning. The programme brings together both charities so that they work with the same children, providing literacy and numeracy support to children aged 5–7 and help to their parents including one-to-one work and group work. The Mayor's Fund also added social and emotional learning support to give children additional help.

Unlocking Potential's outcomes show that 73% of the children who had fallen behind in literacy and who take part in its literacy programme reach the required level of reading. Of the children who take part in the numeracy programme, 82% reach the expected level of numeracy. Unlocking Potential is also helping school children by enabling them to go through the literacy and numeracy programmes faster because of the support given at home. It therefore helps more children than would have been helped by the Every Child a Chance Trust support alone. Data is not available from all schools for improved language skills, but from one school 78% of children have been assessed as being at the appropriate level for their age. Overall, teacher assessments indicated that children made a statistically significant improvement on all behaviour indicators. This included a range of indicators such as organisational skills, focus, completion of tasks, self-esteem, participation and interaction with peers.

This outcomes data shows that Unlocking Potential is meeting the objectives of the fund, by improving children's literacy and numeracy which will affect their employability later on.

### 2.3.3 Young London Working

Young London Working is a single, central employment hub that works with employment charities and providers to connect young people seeking work with organisations that can help them and potential employers. Young London Working is a concept that was entirely set up by The Mayor's Fund after consultation found that the employment field was very crowded and confusing. It provides access to training, mock interviews, work experience,

mentoring and careers advice to improve young Londoners' employability, as well as engaging employers who can offer young people jobs.

Young London Working has not been operating long enough to have outcomes data yet, but it intends to increase the number of young people accessing quality employment and training provision; increase the number of job vacancies with training and work placements available; and increase the number of young people going into viable employment. It has a plan to collect data to monitor how well it is meeting these targets.

### 2.3.4 It's Your Life

It's Your Life provides intensive lessons and mentoring support for children aged 14-16 who are struggling to achieve and who are getting into trouble at school or with the police.

It's Your Life outcomes show that of the first cohort of 25 students, 72% obtained five A\*-C grades at GCSE, versus a prediction of 60% who would have achieved those scores. In the second cohort of 21 students, 62% obtained five A\*-C GCSEs versus a prediction of 48%. In addition, It's Your Life aims to improve attendance, behaviour and education, employment and training outcomes. However, it does not currently have sufficient data to allow us to assess whether it is meeting those objectives.

The improvements in GCSEs that It's Your Life creates show that it is meeting The Mayor's Fund objectives by improving the educational outcomes of young people which will help them secure better jobs.

### 2.3.5 City Year London

City Year London uses volunteers to improve the academic performance of primary and secondary school children. It is a US proven model that has been brought over to London, and The Mayor's Fund has funded it but has not had any input into its design. City Year London gives its volunteers skills and experience and they spend time mentoring and tutoring in schools, leading afterschool programmes and community projects, and receiving training and support. The project therefore aims to improve the employability of both its volunteers and the young people that the volunteers help in schools.

So far, 58 corps members have been enrolled helping children in six schools. Of the 2010/2011 corps, 74% graduated with employment or training opportunities. There is no data available yet on the impact on the children, but the project aims to improve behaviour, attendance and curriculum performance and will be evaluated to see whether it meets these aims.

### 2.3.6 The Place2Be Shoreditch Hub

The Place2Be Shoreditch Hub is a school-based counselling system designed to help primary school children improve their emotional well-being. The Place2Be is a long-standing charity that was asked to set up a hub in Shoreditch by The Mayor's Fund. So far the Place2Be Shoreditch Hub has worked with 705 children.

The Place2Be measures its impact on children's well-being using the psychometric test Goodman's Strengths and Difficulties. As yet, it does not have the monitoring data for the Shoreditch Hub, but its intended outcomes are improved well-being, being better able and prepared to learn, and the children having better access to mental health services.

The Place2Be's intended outcome of improved emotional well-being is not strongly linked to employability, although it should help children to perform better at school and therefore help their employability.

### 2.3.7 Miss Dorothy

Miss Dorothy educates children aged 7-11 on how to keep safe and manage the risk they face at school, at home, in public and online.

So far, the Miss Dorothy programme has worked in 29 schools with 5,836 children. It has not yet produced outcomes data on how well it is achieving its desired outcome which is a reduction in behaviour that may place children at risk. However, it is planning on producing an evaluation which will show its impact.

Miss Dorothy's intended outcome of helping children to stay safe is not strongly linked to employability. Miss Dorothy was chosen as a project when The Mayor's Fund had an objective to give young people better things to do.

### 2.3.8 Shoreditch Citizens

Shoreditch Citizens campaigns to build the power of ordinary citizens. It was set up by The Mayor's Fund because it was thought that Shoreditch Citizens would help build connectivity by providing an organisation that would link other organisations in the area. Shoreditch Citizens aims to develop the channels through which the views and priorities of local communities can be fed into the programme development of The Mayor's Fund.

So far, over 100 community leaders have been trained in community organising and 27 organisations have joined Shoreditch Citizens. There has already been one notable success resulting from Shoreditch Citizens' campaigns—a housing association has agreed to remove damp from its housing.

## 3. Is the fund applying its four principles?

To assess how The Mayor's Fund is applying its four principles, we focused on four of its projects—Playing to Win, Unlocking Potential, Young London Working and Flying Start for London. These projects were chosen because they were started after The Mayor's Fund developed all four principles. For each of these programmes we assessed the implementation of the principles using specific criteria. There were two main sources for this review:

- Interviews with stakeholders of the fund—staff, trustees, delivery partners, stakeholders of programmes and funders.
- Review of the fund's documentation, for example, trustee papers, implementation plans, monitoring data.

This report does not cover the ground that was covered in the interim report, only the decisions that have been made since and the delivery of the projects. This means that when we are referring to decisions made at set-up we are only referring to Flying Start for London, which is the only project set up since the interim report. References to delivery of projects refer to all programmes except Flying Start for London.

### 3.1 Definition of the principles

The four principles of The Mayor's Fund are: implementation, evidence-based, partnership and connectivity. These are defined as follows:

- **Implementation:** encouraging good practice and high quality delivery by ensuring that good ideas are followed through to excellent delivery.
- **Evidence-based:** using evidence to determine what needs to be done and how.
- **Partnership:** creating partnerships with communities, local authorities, service providers, employers, public services, central government and other funders.
- **Connectivity:** providing a better experience for the children, young people and their families with whom it works by connecting services at a family level, both in terms of connecting the fund's projects with each other and with other relevant activities.

### 3.2 Overview of findings

The principles are being applied well and there have been improvements in how they are being applied since the initial projects were launched. Overall our findings are:

- **Implementation:** the delivery partners have found The Mayor's Fund to be a fair and flexible funder during implementation. However, some projects have not gone to plan and there could be more consideration of sustainability.
- **Evidence-based:** using evidence to make decisions is strong at The Mayor's Fund. However, while the data collected on the impact of some projects is very good, there are some where the evidence is not as strong as The Mayor's Fund would like.

- Partnership: the right people are being engaged in partnership and the partnerships are useful. There might be a role for more formal partnership forums.
- Connectivity: in many projects there are good examples of connectivity. Connectivity could be enhanced even further through more formal structures.

**Table 3-1: Assessment of the principles**

	Timing	Implementation	Evidence-based	Partnerships	Connectivity
<b>Unlocking Potential</b>	Planning: March 2009– June 2009 Implementation ongoing	üüü	üüüü	üüüü	üüüü
<b>Playing to Win</b>	Planning: January 2010– March 2010 Implementation ongoing	ü	ü	ü	ü
<b>Young London Working</b>	Planning: January 2010– October 2010 Implementation ongoing	üüüü	üüüü	üüü	üüü
<b>Flying Start for London</b>	Planning: January 2011– ongoing	üü *	üüü *	üüüü	üüüü

**Key**

ü Attempts made, but not thoroughly enough

üü Some aspects done well

üüü Mostly done well, but improvements still needed

üüüü Well done, though improvements still possible

\* The Flying Start for London programme is still in the planning stages so assessment of implementation and evidence is provisional. Therefore we do not feel it is possible to award them full marks.

### 3.3 Assessment of the principles

#### 3.3.1 Implementation

The implementation principle states that The Mayor's Fund will encourage good practice and high quality delivery by ensuring that good ideas are followed through to excellent delivery. The principle of implementation runs through The Mayor's Fund, from how the organisation itself works, to how the projects are working. We gathered information on the progress of the organisation overall through our discussions with stakeholders. To assess

the implementation of projects we looked at the quality of implementation plans, assessment of risks and progress against plans.

### **Summary**

Implementation at the strategic level has improved since the interim report as the fund has become more focused. There have also been improvements in the project level implementation with close monitoring of projects, and more consideration of sustainability. Some of the projects which are now in the delivery stage have been hampered by having overly ambitious targets in the original plans, which have had to be changed. This shows the importance of considering how projects will be delivered in the planning process, which could still be improved.

Delivery partners like The Mayor's Fund's flexible and hands-on approach to implementation, saying that as long as they can give evidence to support their reasons for changes, The Mayor's Fund is happy to negotiate them.

### **The overall strategy of the fund**

In the past year the strategy of the fund has been refined to focus on what The Mayor's Fund believes is the best way to help disadvantaged children and young people get out of poverty, and so it has focused on improving young people's chances of getting a good job. However, given the multitude of things that could be said to contribute to getting a better job, it is important that The Mayor's Fund remains clear about how it can best contribute to this goal.

### **Considering implementation at the start of projects**

Some interviewees considered implementation to be the most important of the principles, especially as projects become more ambitious and complex. The documents, however, reveal that The Mayor's Fund has not yet factored in all the risks associated with implementation. This is somewhat understandable given that Flying Start for London is still in the planning stage. Overall though, The Mayor's Fund should ensure that it considers implementation factors when deciding which option to take forward.

### **Meeting the milestones of the fund**

Some interviewees commented that implementation was not properly considered at the start of projects (some of which were planned before implementation was one of The Mayor's Fund's principles). This has led to unachievable project plans and therefore milestones have had to be renegotiated later on.

Some changes to project plans have been caused by difficulties in raising funding which has required projects to be delayed or re-scoped. In some cases, this has meant that the projects have not achieved all that was hoped for.

### **The Mayor's Fund's involvement in implementation**

The interviewees think that The Mayor's Fund is more involved in implementation than others funders and follows the progress of its projects more closely. There have been occasions when The Mayor's Fund has become very involved in the detail of the projects,

for example helping to negotiate getting evidence of improved grades from schools. The interviewees generally think this is useful as The Mayor's Fund's knowledge can help improve the projects.

In general, delivery partners think the milestone monitoring by The Mayor's Fund is helpful. The Mayor's Fund is moving towards verbal updates instead of written updates which delivery partners like because they find that The Mayor's Fund asks useful questions. They also think that The Mayor's Fund is reasonable in its expectations and is open to amending a project if the grantee can present a convincing case for change.

### **Sustainability of projects**

The Mayor's Fund has considered the financial sustainability of some projects, but not all of them. The issue has been considered primarily for the more recent projects, but much less thought has gone into the earlier projects. For this reason, there is a risk that the efforts put into some of the earlier projects by The Mayor's Fund may be lost once funding from The Mayor's Fund comes to an end.

## **3.3.2 Evidence-based**

A principle of The Mayor's Fund is that decisions should be based on evidence of need and effective interventions rather than opinion. Our assessment of the application of this principle looked at the evidence given for statements and decisions; the quality of that evidence; and how it was selected and used. We also looked at the data that The Mayor's Fund is asking its delivery partners to produce on outcomes.

### **Summary**

The Mayor's Fund is using evidence to determine needs, decide what approach to take and decide on suitable interventions and partners. This approach is welcomed by the stakeholders of the fund.

The evidence of impact gathered by delivery partners is rarely at the standard that The Mayor's Fund is looking for. It has been difficult to get the right data, particularly when it is held by schools. The fund may need to put more effort and resources into helping and encouraging the delivery partners to gather evidence in order to understand its impact.

### **Using evidence to decide what to fund**

For Flying Start for London, The Mayor's Fund set strict criteria for evidence of need and potential impact to decide what to fund. This good use of evidence from the very start means that it is ingrained in the whole design of Flying Start for London.

Over its lifetime, The Mayor's Fund has become more rigorous in its use of evidence to make decisions. This has meant that it has selected ever more effective programmes.

### **Collecting evidence of the impact of the programmes**

Some of the programmes have been collecting very good evidence about their impact. For example, Unlocking Potential is being evaluated by the Institute for Education which is conducting a matched-control trial with children who are just receiving the Every Child a Reader programme without the accompanying input from School Home Support. Flying



Start for London's evaluation is already being planned even though the project is still in the planning stages.

However, on some of the other programmes, the evidence is not strong enough to show whether or not the intended outcomes of the fund have been achieved. In some cases this is due to difficulties with collecting evidence that The Mayor's Fund has been unable to resolve. In particular, The Mayor's Fund has found it very difficult to negotiate receiving data on grades from schools, despite a great deal of effort. In some cases, it is because the delivery partners have not been able to gather the evidence they said they would. However, several of the delivery partners have said that The Mayor's Fund has not pushed them to measure things that they would not have measured otherwise. This suggests The Mayor's Fund could do more to encourage its delivery partners to collect better evidence so that it has stronger evidence of impact.

### 3.3.3 Partnership

Partnership is the principle of engaging and consulting stakeholders to make sure that the project fits with any other relevant work. It also allows the fund to learn from the experiences of other stakeholders and stakeholders to learn from each other. This principle has been assessed by looking at how stakeholders have been identified and engaged and how they are kept informed. We also assessed how well delivery partners work together.

#### Summary

Partners have been engaged well by The Mayor's Fund, providing a useful group to inform the development of services. This has continued into the delivery of services. Delivery partners welcome the partnerships and would like to see them extended, especially to facilitate sharing of information.

#### Engaging partnerships at set-up of projects

The documents and interviews show that The Mayor's Fund is asking the right people for input, and these people are willing to give their time repeatedly to the fund. For Flying Start for London, which is currently at the development stage, interviewees feel that the stakeholder board is an important contributor to the design of the project.

#### Engaging partnerships during implementation of programmes

On most projects the partners have maintained their engagement into the implementation stage. However, the public sector is the one group of potential stakeholders that is not engaged as much as it could be. In most cases, this is because recent cuts at local authorities have reduced the time that they have for partnership work. However, in the case of Young London Working, the public sector was deliberately excluded at the request of the funder. Generally, the projects are finding the partnerships useful.

Some of the interviewees had an appetite for more partnerships and felt that they were not as strong as they had expected. This may be linked to comments that the partnerships tend to be more informal than formal, and that The Mayor's Fund had not done enough to set up formal structures between the partners. There were also comments that there is not enough sharing of information between the delivery partners.

## Strategic partnerships

The Mayor's Fund also has strong partnerships at a strategic level. For example partnerships with policymakers are helping to inform the general shape of the fund. These are generally done individually with each stakeholder, rather than having a forum where all the stakeholders come together which might enable more sharing of information.

### 3.3.4 Connectivity

Connectivity is the joining up of services used by an individual to give them a better service and reduce the number of providers they have to deal with. In our assessment of connectivity we were looking for an analysis of why connectivity between particular services was important; a consideration of the barriers to services being connected; and a mapping of the existing provision. During project implementation we were looking to see whether services were referring people on.

#### Summary

There are a number of examples of connectivity occurring in projects, particularly in those where connectivity is an inherent part of the project design. The delivery partners think that connecting services is a good idea and leads to better outcomes for beneficiaries. Connectivity is currently facilitated on an ad hoc basis by The Mayor's Fund, but the delivery partners would like it to be more regular and formalised.

#### Consideration of connectivity at the project planning stage

Connectivity has been considered a great deal at the planning stage for Flying Start for London. The Mayor's Fund has identified the difficulties with connecting services and developed ways to improve it. Consequently Flying Start for London has been designed in such a way that existing services are connected.

#### Implementation of connectivity within projects

The success of connectivity varies across projects. Some of the projects were designed with connectivity embedded within them. An example is Unlocking Potential where the whole point of the project is for School Home Support and Every Child a Chance Trust to work closer together. Where this is the case, connectivity is working well.

#### Connectivity between projects

As well as formalised embedded connectivity within a project, The Mayor's Fund also aims to create more links between projects. There are now some clear examples of this, for example, Miss Dorothy is giving its training on risky behaviour to the volunteers at City Year London. However, connectivity does not occur in all projects, and where it does, it is often because a member of The Mayor's Fund's staff has suggested the links. Where connectivity is happening, the links are considered to be very useful, and there is appetite for more. In a similar way to partnerships, some interviewees thought it would be useful if there were more formal routes and forums for connectivity.

Shoreditch Citizens was set up in part to promote connectivity between the The Mayor's Fund's projects. There is evidence that this is working well, as several of the links created are with Shoreditch Citizens. For example, several of the schools taking part in Unlocking Potential are Shoreditch Citizens members and one of the achievements of this has been to secure better housing for the families in these schools.

## 4. Do the fund's programmes and its model represent good value?

To see whether the fund's programmes represent good value, we have conducted an economic analysis on three of the projects. We had planned to do this for the three projects where we had examined the application of the principles—Playing to Win, Unlocking Potential and Young London Working. However, Playing to Win did not have good enough outcomes data for an economic analysis, so we have performed an economic analysis of It's Your Life instead. Unlocking Potential and It's Your Life both have good cost and outcomes data, as well as estimates of the counterfactual, or what would have happened without the project. This allowed us to perform cost-benefit analyses for these projects. Young London Working has not been operating for as long so only has projected cost data and an outcome target. We therefore did a breakeven analysis for this project rather than a cost benefit analysis.

Our economic analysis of these three projects suggests that the fund's model does represent good value. Estimated benefits outweigh costs for two projects, and assuming the outcome target is achieved for the third project, the impact required to break even is feasible. A detailed breakdown of the economic calculations is available in the appendix.

### 4.1 Unlocking Potential

This economic analysis quantifies the costs and estimated benefits of the Unlocking Potential programme in the 2010/2011 school year.

#### 4.1.1 The return on investment

Unlocking Potential improves the literacy and numeracy of children at primary school. Poor literacy and numeracy has a number of associated costs including adult basic skills classes, lower earnings, unemployment and the associated costs of unemployment such as a greater propensity to mental health problems. These have been quantified in two Every Child a Chance Trust reports which we have used to conduct the cost benefit analysis of improved literacy and numeracy.<sup>i ii</sup>

We have looked at the additional costs of Unlocking Potential (including the cost of the time The Mayor's Fund spends on it) over the standard programme of Every Child a Chance Trust and the additional benefits that Unlocking Potential achieves over the standard programme of Every Child a Chance Trust. From this we estimate that Unlocking Potential returns between £1.01 and £15.32 to the public purse for every £1 invested in the programme (see Table 4-1). The return on investment depends on which benefits are included and over what time period. Including the reduced costs of special educational needs (SEN) support, adult basic skills classes, educational psychologist time and the benefit of increased earnings up to the age of 37, we can say that for every £1 invested there is a return of £2.99 created over and above the standard Every Child a Chance Trust provision. Even if you consider the very high certainty case, Unlocking Potential still breaks even.

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<sup>i</sup> Every Child a Chance Trust (2009) *The long term costs of literacy difficulties*. 2<sup>nd</sup> edition.

<sup>ii</sup> Every Child a Chance Trust (2009) *The long term costs of numeracy difficulties*.

In addition to the literacy and numeracy outcomes, Unlocking Potential also improves children's language skills and their well-being, which have not been valued. There are also the outcomes created by the connectivity between Unlocking Potential and the other programmes—for example, putting families in touch with Shoreditch Citizens has resulted in them gaining better housing. However, we have not quantified these outcomes so our estimate of the return on investment of Unlocking Potential is conservative.

**Table 4-1: Summary of return on investment for Unlocking Potential**

	To age 37 <sup>iii</sup>	Over a lifetime
<b>Very high certainty:</b> SEN support and adult basic skills classes	£1.01	£1.01
<b>High certainty:</b> adding educational psychologist time and earnings premium	£2.99	£4.12
<b>Moderate certainty:</b> adding unemployment, depression, NEET status and obesity	£9.15	£13.74
<b>Low certainty:</b> adding statement costs, truancy and exclusions and crime	£9.84	£15.32

The outcomes show how this value is created. On literacy, the input of School Home Support helps children to go through the literacy programme faster, resulting in more children going through the Unlocking Potential literacy programme in a year than the standard Every Child a Chance Trust programme. However, in literacy, Unlocking Potential does not achieve better outcomes than the standard programme. For numeracy, Unlocking Potential is more successful than the standard programme, with a success rate of 82% versus the Every Child a Chance Trust success rate of 72%. It also helps more children go through the programme by providing them with support at home to overcome barriers to learning. There is also some value created by the fact that The Mayor's Fund is paying for additional places on the Every Child a Chance Trust programme. As the Every Child a Chance Trust programme has a positive cost benefit analysis itself, some of that will be accruing to The Mayor's Fund.

#### 4.1.2 Confidence around this calculation

##### Benefits

Quantifying economic benefit is always uncertain, particularly when valuing benefits that are realised many years after the intervention, as we are with literacy and numeracy gains. However, Unlocking Potential has good outcomes data including an evaluation comparing the improved literacy and numeracy rates of Unlocking Potential and the improved literacy and numeracy rates of the standard Every Child a Chance Trust

<sup>iii</sup> Age 37 is the age to which we have longitudinal survey data from which the effects of poor literacy and numeracy are extrapolated.

programme in comparable schools. We are therefore reasonably confident in the assessment of what would have happened without Unlocking Potential. The only slight uncertainty around the calculation is whether the comparison schools provide a good estimate of what literacy and numeracy scores would have been achieved without Unlocking Potential.

The accuracy of our calculation of the value of Unlocking Potential is dependent on the accuracy of the Every Child a Chance Trust report about the value of improvements to literacy and numeracy.

## Costs

In our cost calculation, we have included a share of the overheads of The Mayor's Fund based on the proportion of The Mayor's Fund grants that were given to Unlocking Potential. This is because we have used as a counterfactual the standard Every Child a Chance Trust programme under which there is no equivalent grant-maker. However, it should be noted that investors in Unlocking Potential do not pay for the staff costs of The Mayor's Fund as the staff are funded separately. Deducting the costs of The Mayor's Fund staff, the return on investment for every £1 invested in Unlocking Potential rises to between £1.67 and £25.29, with a central estimate at high certainty of £4.93.

We are therefore confident in our economic analysis for Unlocking Potential. It has a good counterfactual and has been calculated on a conservative basis using only those outcomes that are directly linked to economic value and all the costs of providing the programme.

## 4.2 It's Your Life

This economic analysis quantifies the costs and estimated benefits of the It's Your Life project for the first two cohorts of young people who took part in the project from 2008 to 2010 and from 2009 to 2011.

### 4.2.1 The return on investment

It's Your Life mentors pre-GCSE stage children to help them achieve their potential and improve their GCSE grades. Improved GCSE grades create economic value through higher lifetime earnings, and a higher tax take from those higher earnings. These have been quantified by the Department for Education using an analysis of the productivity benefits of having five or more A\*-C grades at GCSE.<sup>iv</sup>

Using Cognitive Abilities Test (CAT) scores we are able to predict how many children without the It's Your Life programme are likely to achieve five or more A\*-C grades at GCSE. The difference between this and the grades achieved by children going through the It's Your Life programme can be assigned an economic value. In terms of costs, we have calculated the costs of delivering It's Your Life, including The Mayor's Fund's time. As The Mayor's Fund only funds half of the programme, we have only included half of the benefit in our benefit calculation.

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<sup>iv</sup> Internal DCSF analysis using LFS 2008/09 data, McIntosh, S. (2007) *A cost-benefit analysis of apprenticeships and other vocational qualifications*. Research Report No 834; and Jenkins, A., Greenwood, C. and Vignoles, A. (2007) *The returns to qualifications in England: updating the evidence base on level 2 and level 3 vocational qualifications*. Centre for the Economics of Education

Using this method, we conservatively estimate that considering improvements in GCSE results alone, It's Your Life creates £1.16 of value for every £1 invested. This does not take into account other benefits that It's Your Life creates. In particular It's Your Life selects people who are in trouble at school, many of whom have been excluded or have been in trouble with the police. The behaviour of these children is improved by the programme but we do not have adequate outcomes data to do a cost benefit analysis on them. Young people who engage in anti-social behaviour are at risk of progressing to more serious offending behaviour, although only a minority of young people who engage in anti-social behaviour go on to become 'offenders'.<sup>v</sup> But as youth crime and anti-social behaviour costs government at least £4bn a year<sup>vi</sup>, there are significant cost savings to be made by reducing anti-social behaviour as It's Your Life aims to do. It's Your Life also aims to improve the emotional well-being of the children, and some data on these soft outcomes is now being collected. However, this has not been given an economic value in this analysis.

Interestingly, the outcomes show that It's Your Life is more successful at raising the grades of girls rather than boys. However, because of the wage difference between men and women, the economic benefits from girls having higher grades are smaller than from boys having higher grades, which reduces the return on investment.

## 4.2.2 Confidence around this calculation

### Benefits

We are confident in the outcomes achieved, as they are actual GCSE grades, and the Department for Education analysis shows how these can be linked to economic values. However, it is much harder to estimate accurately the counterfactual of what would have happened without It's Your Life using CAT scores. The reason is that CAT tests are taken at the age of 11, but the children chosen to take part in the It's Your life programme are those that are getting into trouble and falling behind their academic potential. This sort of behaviour typically only starts after the age of 11. For these children, the CAT scores are therefore likely to be an optimistic predictor of grades when the young person begins the It's Your Life programme. As we do not have data giving a more accurate prediction of grades, the assumptions made are likely to underestimate the difference made by It's Your Life.

The other main assumption we have made is that the increased grades in these specific cases lead to the average increased productivity benefits. We do not have a range of estimates for the productivity benefits.

### Costs

As with Unlocking Potential, we have included the costs of The Mayor's Fund in delivering the programme, including a share of the overheads of The Mayor's Fund. As before, The Mayor's Fund's staff are funded separately from the programme, and an investor in the programme would not be paying for this part of the costs. If you separate out the costs of The Mayor's Fund staff, the return on investment for It's Your Life is £2.21.

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<sup>v</sup> Farrington, D.P. (1995) *The Twelfth Jack Tizard Memorial Lecture. The Development of Offending and Antisocial Behaviour from Childhood: Key Findings from the Cambridge Study in Delinquent Development*. Journal of Child Psychology. Vol 36. No 6.

<sup>vi</sup> Independent Commission on Youth crime and Antisocial behaviour (2010) *Time for a fresh start: The report of the Independent Commission on Youth Crime and Antisocial Behaviour*.

We are therefore quite confident in our economic analysis of It's Your Life. Although the counterfactual is not as strong as we would have liked, we have used it conservatively as we have with the cost information. However, economic analysis is always uncertain, particularly when putting a value on benefits that will not be seen for many years.

## 4.3 Young London Working

As Young London Working has not been operating long enough to have outcomes data for a cost benefit analysis, we have performed a breakeven analysis based on the projected costs and outcomes of the project.

### 4.3.1 The breakeven point

Young London Working aims to help young people get jobs by making it easier for them to access employability help, and making it easier for employers to find suitable young people. This can be given a financial value in terms of the wages that the young people get by being in work earlier than they otherwise would. We have worked this out by using the Annual Survey of Hours and Earnings<sup>vii</sup> to estimate the gross annual wage of the average young person aged 16–25.

We have looked at the costs of Young London Working over its lifetime, including the costs of The Mayor's Fund's time. Taking these costs into consideration, we have then worked out how much earlier young people have to be in their job in order to make those costs break even.

If Young London Working achieves its target of helping 2,000 young people into employment, it will break even for society if all these young people get a job five weeks earlier than they otherwise would have done. The table below shows the breakeven analysis from the perspective of society as a whole, the young person and the state. We have also done the analysis for two scenarios of the number of young people helped by Young London Working.

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<sup>vii</sup> Office for National Statistics. Annual survey of hours and earnings. <http://www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/ashe-results-2011/ashe-statistical-bulletin-2011.html>



**Table 4-2: Breakeven analysis for Young London Working**

<b>Benefits to:</b>	<b>Number of young people Young London Working helps into a job</b>	<b>Breakeven point</b>
Society	2,000 (all young people it aims to get into a job)	5 weeks
Young Person	2,000 (all young people it aims to get into a job)	6 weeks
State	2,000 (all young people it aims to get into a job)	30 weeks
Society	1,000 (half of young people it aims to get into a job)	10 weeks
Young Person	1,000 (half of young people it aims to get into a job)	11 weeks
State	1,000 (half of young people it aims to get into a job)	60 weeks

The average young person spends six months unemployed. If Young London Working helps 2,000 young people then the breakeven time of five weeks seems feasible.

This breakeven analysis does not include the value of the young people getting a better job than they otherwise would have done and staying in that job for longer. It also does not include the reduced costs to employers through an easier recruitment process. If it were to include these then the breakeven point would be reduced.

### 4.3.2 Confidence around this analysis

#### Benefits

The main uncertainty of the analysis is whether the young people achieve the average wage for their age group.

As we have no outcome data, we have shown the sensitivity to the potential number of young people helped.

#### Costs

We know what the grant will be over the three-year life of the programme, but we have had to make some assumptions about how much time The Mayor's Fund will spend on Young London Working in 2012 and 2013 and attach costs to that. We have included The Mayor's Fund's time in the costs because Young London Working would not exist without it. As with the other programmes, The Mayor's Fund's staff are not paid out of the money given to Young London Working so this is conservative.

## 5. To what extent is the value added by the fund attributable to its four principles?

This section looks at how far the value that we have calculated in Section 4 is attributable to the principles. To be able to do this, we have to look at how well the principles have been put into place and what has been said about their usefulness to each project (see Section 3), and also look at whether, and how, value has been created (see Section 4). This means that we can only look at this for those projects where we have done both, that is Unlocking Potential and Young London Working.

### 5.1 Unlocking Potential

For Unlocking Potential it is easy to see that connectivity is contributing to a large part of the value. This can be seen in how Unlocking Potential creates better outcomes than the counterfactual of just having the Every Child a Chance Trust programme. Connecting School Home Support with Every Child a Chance Trust enables young people to go through the literacy and numeracy programmes faster because School Home Support is able to provide support to their home, which resolves some of their barriers to learning. It also increases the success rate of the numeracy programme.

We can also say that the principle of evidence is contributing to the value of Unlocking Potential as well. If The Mayor's Fund had not chosen an intervention based on evidence, it is likely that it would not have had such good outcomes.

For partnerships, the interviews did not provide us with any evidence that they directly contribute to the value created by the programme. However, the interviews do suggest that the partnerships are creating value in other ways, such as making the programme more sustainable therefore benefitting future children.

Although Unlocking Potential scored well on implementation (see Table 3-1) it is difficult to assess how much of the value of Unlocking Potential is attributable to the principle of implementation. This is because the counterfactual is so difficult to determine because we cannot say how effective the programme would have been without the attention paid to implementation by The Mayor's Fund.

### 5.2 Young London Working

Young London Working has connectivity at the heart of its activities. It aims to create a quicker and better pathway to jobs by joining up all the services to unemployed young people and employers. We can therefore say that much of the value that is created by getting people into jobs quicker is created by the connectivity in the project.

The project also gets benefits from its partnerships. The interviewees for Young London Working said that partnerships were key to making the programme work. In particular, they said that partnerships with employers at the start of the programme meant that a large number of employers had signed up to the scheme. This suggests that some of the success and value of Young London Working comes from the partnership principle.

However, it is much harder to tell whether implementation or being based on evidence is adding value to the fund. Young London Working is a new programme and therefore there was no evidence about what outcomes it would create to base a decision on. Like Unlocking Potential, it is difficult to judge what difference having implementation as a principle has on outcomes.

## 6. Conclusions

When The Mayor's Fund was being set up, a consultation exercise revealed concerns that some charitable funding is inefficient because of the way it is given and used. The Mayor's Fund wanted to address this issue by ensuring that funding was allocated and used efficiently by applying four principles of good funding.

The overall conclusion of this evaluation is that The Mayor's Fund is contributing to its mission to improve the employability skills of children and young people to help them secure a better job.

The Mayor's Fund appears to be largely applying its principles well, although some improvements in some areas are possible. Interviewees generally find the principles useful. The principles are being applied in the following ways:

- **Implementation:** the delivery partners have found The Mayor's Fund to be a fair and flexible funder during implementation. However, some projects have not gone to plan and there could be more consideration of sustainability.
- **Evidence-based:** while using evidence to make decisions is strong at The Mayor's Fund, it could make improvements to its measurement of impact.
- **Partnership:** the right people are being engaged in partnership and the partnerships are useful. There might be a role for more formal partnership forums.
- **Connectivity:** in many projects there are good examples of connectivity. Connectivity could be enhanced even further through more formal structures.

Our economic analysis of three of The Mayor's Fund's projects found that it is creating value through its projects. From the interviews and the document review, we believe that this value can be attributed to the principles, particularly to connectivity, but also to partnerships and to being evidence based. It is much more difficult to tell how much value implementation is adding. This shows the value of The Mayor's Fund's model.

# Appendix 1: Cost benefit calculations for Unlocking Potential

In this economic analysis, we quantify the costs and estimated benefits of the Unlocking Potential programme in the 2010/2011 school year.

## Economic benefits

To estimate the benefits of the Unlocking Potential programme, we need to compare its outcomes to those that would have been achieved with the standard Every Child a Reader or Every Child Counts programmes. We focus on improvements in literacy and numeracy scores because we have comparison scores from the programme's evaluation and these outcomes are more readily given an economic value.

### Literacy

#### Outcomes data

Three Unlocking Potential schools chose to supplement their Every Child a Reader programme. Monitoring data shows that 56 year one children participated in Unlocking Potential at these three schools. One year after the programme, 73.6% of these children achieved Reading Level 2c+ in their Key Stage 1 assessments. This means that 41 children who had previously struggled to read are now at the expected level of literacy.

$$56 \text{ children} \times 73.6\% = 41 \text{ children}$$

#### Comparison data

The most recent Institute of Education evaluation report shows that one year after the standard Every Child a Reader programme, 73.3% of children at comparable schools achieved Reading Level 2c+ in their Key Stage 1 assessments.<sup>1</sup>

There appears to be no practical difference between the Unlocking Potential and comparison schools (the sample size is too small to test for a meaningful statistical significance). However, the evaluation report is one year out of date and so it is possible that the success rate for comparison schools may have changed. The comparison schools are also comparable to all Unlocking Potential schools, not just those funded by The Mayor's Fund.

The standard Every Child a Reader programme would have only funded places for 24 children. This means that we would have expected 18 children who had previously struggled to read to be at the expected level of literacy.

$$24 \text{ children} \times 73.3\% = 18 \text{ children}$$

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<sup>1</sup> Rogers, L. et al (2010) *Measuring the Impact of 'Unlocking Potential' Pilot on Children, Young People and Families*. Institute of Education, University of London.

## Estimate of impact

We therefore estimate that an additional 24 children are now at the expected level of literacy because of Unlocking Potential. This is because of additional children helped, rather than a better success rate.

$$41 \text{ children} - 18 \text{ children} = 24 \text{ children}^{\text{ii}}$$

## Estimate of economic benefit

A 2009 report by the Every Child a Chance Trust quantifies the long-term costs to the public purse of childhood literacy difficulties.<sup>iii</sup> We use figures from this report, updated to today's prices, to estimate the cost savings of children no longer having poor literacy.

These average cost savings are shown in Table 3. Following the report, we present a range of estimates with different levels of certainty. The most conservative estimate is £5,221, which only takes into account special educational needs (SEN) support at school and adult basic skills classes. The least conservative estimate is £66,832, which takes into account costs over a lifetime and costs that can be less directly causally linked to poor literacy in childhood.

**Table 3: Summary of average cost savings for literacy**

	To age 37	Over a lifetime
<b>Very high certainty:</b> SEN support and adult basic skills classes	£5,221	£5,221
<b>High certainty:</b> adding educational psychologist time and earnings premium	£11,725	£15,519
<b>Moderate certainty:</b> adding unemployment, depression, NEET status and obesity	£38,280	£57,248
<b>Low certainty:</b> adding statement costs, truancy and exclusions and crime	£44,903	£66,832

Helping 24 children to be at the expected level of literacy therefore saves between £123,258 and £1,577,708, depending on the level of certainty and time period considered. These total cost savings are shown in Table 4.

<sup>ii</sup> Calculation appears incorrect due to rounding.

<sup>iii</sup> Every Child a Chance Trust (2009) *The long term costs of literacy difficulties*. 2<sup>nd</sup> edition.

**Table 4: Summary of total costs savings for literacy**

	To age 37	Over a lifetime
<b>Very high certainty:</b> SEN support and adult basic skills classes	£123,258	£123,258
<b>High certainty:</b> adding educational psychologist time and earnings premium	£276,804	£366,358
<b>Moderate certainty:</b> adding unemployment, depression, NEET status and obesity	£903,684	£1,351,456
<b>Low certainty:</b> adding statement costs, truancy and exclusions and crime	£1,060,023	£1,577,708

## Numeracy

### Outcomes data

Three MFL Unlocking Potential schools chose to supplement their Every Child Counts programme. Monitoring data shows that 80 year two children participated in Unlocking Potential at these three schools. Immediately after the programme, 82% of these children achieved Mathematics Level 2c+ in their Key Stage 1 assessments. This means that 66 children who had previously struggled with maths are now at the expected level of numeracy.

$$80 \text{ children} \times 82\% = 66 \text{ children}$$

### Comparison data

The most recent Institute of Education evaluation report shows that immediately after the standard Every Child Counts programme, 72% of children at comparable schools achieved Mathematics Level 2c+ in their Key Stage 1 assessments.<sup>iv</sup>

In contrast to Every Child a Reader, here there does appear to be a practical difference of 10% between the Unlocking Potential and comparison schools (again, the sample size is too small to test for a meaningful statistical significance). However, the same caveats still apply: the evaluation report is one year out of date and so it is possible that the success rate for comparison schools may have changed. The comparison schools are also comparable to all Unlocking Potential schools, not just those funded by The Mayor's Fund.

Furthermore, the standard Every Child Counts programme would have only funded places for 30 children. This means that we would have expected 18 children who had previously struggled to read to be at the expected level of literacy.

<sup>iv</sup> Rogers, L. et al (2010) *Measuring the Impact of 'Unlocking Potential' Pilot on Children, Young People and Families*. Institute of Education, University of London.

30 children x 72% = 22 children

### Estimate of impact

We therefore estimate that an additional 44 children are now at the expected level of numeracy because of Unlocking Potential. In contrast to Every Child a Reader, this is because of both additional children helped and a better success rate.

66 children – 22 children = 44 children

### Estimate of economic benefit

Another 2009 report by the Every Child a Chance Trust quantifies the long-term costs to the public purse of childhood numeracy difficulties.<sup>v</sup> We use figures from this report, updated to today's prices, to estimate the cost savings of children no longer having poor numeracy.

These cost savings are shown in Table 5. Following the report, we present a range of estimates with different levels of certainty. The most conservative estimate is £4,177, which only takes into account special educational needs (SEN) support at school and adult basic skills classes. The least conservative estimate is £69,964, which takes into account costs over a lifetime and costs that can be less directly causally linked to poor numeracy in childhood.

**Table 5: Summary of average costs savings for numeracy**

	To age 37	Over a lifetime
<b>Very high certainty:</b> SEN support and adult basic skills classes	£4,177	£4,177
<b>High certainty:</b> adding educational psychologist time and earnings premium	£14,334	£20,136
<b>Moderate certainty:</b> adding unemployment, depression, NEET status and obesity	£42,662	£64,164
<b>Low certainty:</b> statement costs, truancy and exclusions and crime	£43,858	£69,964

Helping 44 children to be at the expected level of numeracy therefore saves between £183,887 and £3,080,112, depending on the level of certainty and time period considered. These total cost savings are shown in Table 6.

**Table 6: Summary of total costs savings for numeracy**

	To age 37	Over a lifetime
<b>Very high certainty:</b> SEN support and adult	£183,887	£183,887

<sup>v</sup> Every Child a Chance Trust (2009) *The long term costs of numeracy difficulties*.



basic skills classes		
<b>High certainty:</b> adding educational psychologist time and earnings premium	£631,059	£886,488
<b>Moderate certainty:</b> adding unemployment, depression, NEET status and obesity	£1,878,153	£2,824,742
<b>Low certainty:</b> adding statement costs, truancy and exclusions and crime	£1,930,817	£3,080,112

## Economic costs

To estimate the costs of the Unlocking Potential programme, we need to quantify the additional costs of its design and delivery compared to the standard Every Child a Reader or Every Child Counts programmes. These are the additional costs to both the delivery charities and to The Mayor's Fund.

### Additional costs to the delivery charities

In 2010/2011 The Mayor's Fund gave a grant of £200,000 to School Home Support and Every Child a Chance Trust to cover the additional costs of the Unlocking Potential Programme. This included funding for additional staffing to provide extra programme places, SEAL (Social and Emotional Aspects of Learning) programme enhancement and a School Home Support worker. We assume that this was a full-cost recovery grant. However, some of the grant to School Home Support was spent on children that did not go through the Every Child a Chance Trust programme as they had an underspend on the Unlocking Potential work. We have therefore scaled back the grant to School Home Support so as not to count the 8% of time that they spent with other children. The total programme cost is therefore £184,165.

### Additional costs to The Mayor's Fund

We estimate that it cost The Mayor's Fund £119,790 to fund the Unlocking Potential programme. This includes the value of the time spent designing and delivering the programme, plus an allocation of other staff time and general office costs based on Unlocking Potential's share (26%) of The Mayor's Fund total grant portfolio in 2010.

The Unlocking Potential programme therefore cost a total of £303,955 in 2010/2011 (£184,165 + £119,790).

## The return on investment

The return on investment depends on the level of certainty and time period considered. As shown in Table 7, every pound invested in the programme returns over one pound.

**Table 7: Summary of return on investment for Unlocking Potential**

	To age 37	Over a lifetime
<b>Very high certainty:</b> SEN support and adult basic skills classes	£1.01	£1.01
<b>High certainty:</b> adding educational psychologist time and earnings premium	£2.99	£4.12
<b>Moderate certainty:</b> adding unemployment, depression, NEET status and obesity	£9.15	£13.74
<b>Low certainty:</b> adding statement costs, truancy and exclusions and crime	£9.84	£15.32

## Appendix 2: Cost benefit calculations for It's Your Life

In this economic analysis, we quantify the costs and estimated benefits of the It's Your Life project for the first two cohorts of young people who took part in the project from 2008 to 2010 and from 2009 to 2011.

### Economic benefits

To estimate the benefits of the It's Your Life project, we need to compare its outcomes to those that would have been achieved without the project. We focus on attainment at GCSE because this is an outcome that can be quantified and there is secondary data for comparison.

#### Attainment at GCSE

##### Outcomes data

The first cohort of young people was 16 boys and nine girls. Monitoring data shows that 11 boys and seven girls attained five A\*-C grades at GCSE after participating in the project for two years.

The second cohort of young people was 11 boys and ten girls. Monitoring data shows that seven boys and six girls attained five A\*-C grades at GCSE after participating in the project for two years.

##### Comparison data

We have the CAT (Cognitive Abilities Test) scores at age 11 for all young people who participated in the project. These scores can be used to predict GCSE results at age 16. To some extent they are therefore a 'before' measure of GCSE attainment.

However, it is possible that attainment at GCSE would have actually been worse than predicted by CAT scores. The young people who are selected for the project are those who are thought to have the potential to do well but are at risk of doing poorly because of exclusion from school. CAT scores, usually taken before such behaviour becomes a problem, may therefore over-predict future GCSE results.

In the absence of other data, we use GCSE results predicted by CAT scores as our estimate of attainment without the project. Monitoring data shows that in the first cohort 12 boys and three girls would have attained five A\*-C grades at GCSE. In the second cohort six boys and four girls would have attained five A\*-C grades at GCSE.

##### Estimate of impact

In the first cohort we estimate that one fewer boy and four more girls attain five A\*-C grades at GCSE than would have been predicted.

11 boys – 12 boys = -1 boy

7 girls – 3 girls = 4 girls

In the second cohort, we estimate that one more boy and two more girls attain five A\*-C grades at GCSE than would have been predicted.

7 boys – 6 boys = 1 boy

6 girls – 4 girls = 2 girls

These are small samples, but it appears that It's Your Life may be more effective in increasing GCSE attainment compared to predication for girls than for boys. It is also interesting that although more young people attained good GCSEs in the first cohort, when predicted results are accounted for, the impact seems to be greater for the second cohort.

### Estimate of economic benefit

In economic analysis, better qualifications are typically valued by estimating the 'return to education', or the increased productivity of the average individual through being better qualified. The lifetime productivity differentials between those who attain five A\*-C grades at GCSE and those who do not are given in Table 10.

**Table 10: Lifetime earnings differentials<sup>i</sup>**

	Boys	Girls
Lifetime productivity differential between 5 A*-C grades at GCSE and fewer than 5 A*-C grades	£104,642	£88,946

For cohort one, one fewer boy achieving five A\*-C grades results in a loss of £104,642. Three more girls achieving five A\*-C grades results in a gain of £355,783. This implies a net gain of £251,141.

For cohort two, one more boy achieving five A\*-C grades results in a gain of £104,642. Two more girls achieving five A\*-C grades results in a gain of £177,891. This implies a net gain of £282,533.

The net gain of both cohorts is therefore £533,674 (£251,141 + £282,533)

These estimates are summarised in Table 11.

<sup>i</sup> Internal DCSF analysis using LFS 2008/09 data, McIntosh, S. (2007) *A cost-benefit analysis of apprenticeships and other vocational qualifications*. Research Report No 834; and Jenkins, A., Greenwood, C. and Vignoles, A. (2007) 'The returns to qualifications in England: updating the evidence base on level 2 and level 3 vocational qualifications.' Centre for the Economics of Education.

**Table 11: Summary of total productivity differentials**

	A. With It's Your Life	B. Without It's Your Life	Difference (A—B)
<b>Cohort one</b>			
Number of boys attaining 5 A*-C grades	11	12	-1
Average productivity differential for boys	£104,642	£104,642	N/A
Total productivity differential for boys	£1,151,061	£1,255,703	-£104,642
Number of girls attaining 5 A*-C grades	7	3	4
Average productivity differential for girls	£88,946	£88,946	N/A
Total productivity differential for girls	£622,619	£266,837	£355,783
<b>Total productivity differential for both</b>	<b>£1,773,680</b>	<b>£1,522,540</b>	<b>£251,141</b>
<b>Cohort two</b>			
Number of boys attaining 5 A*-C grades	7	6	1
Average productivity differential for boys	£104,642	£104,642	N/A
Total productivity differential for boys	£732,493	£627,851	£104,642
Number of girls attaining 5 A*-C grades	6	4	2
Average productivity differential for girls	£88,946	£88,946	N/A
Total productivity differential for girls	£533,674	£355,783	£177,891
<b>Total productivity differential for both</b>	<b>£1,266,167</b>	<b>£983,634</b>	<b>£282,533</b>

### Costs to the delivery charity

The Mayor's Fund gave a grant to Globetown Learning Community (GLC) of £30,000 per cohort per year, or £60,000 per cohort over two years. GLC then supplements this to bring the total funding for a cohort to £120,700 over two years. The Mayor's Fund therefore funds 49.7% of the project.

### Costs to The Mayor's Fund

We estimate that it costs The Mayor's Fund £52,708 to fund the first cohort and £56,578 to fund the second cohort. This includes the value of the time spent designing and

delivering the project, plus an allocation of other staff time and general office costs based on It's Your Life's share (12%) of The Mayor's Fund's total grant portfolio in 2010.

## The return on investment

Unlike the other two projects, The Mayor's Fund does not fully fund It's Your Life. We therefore attribute 49.7% of the economic benefit to the Mayor's Fund, based on its share of funding.

The economic benefit therefore equates to £265,289 for both cohorts (49.7% of £533,674).

Turning to the economic costs, we estimate that It's Your Life costs The Mayor's Fund a total of £229,286 for both cohorts (grant of £120,000 to GLC to fund two cohorts for two years plus direct costs of The Mayor's Fund).

This implies that £1.16 is returned for every £1 invested in the programme.

## Appendix 3: Breakeven calculations for Young London Working

In this economic analysis, we do a breakeven analysis based on the projected costs of the Young London Working project. We do this type of analysis because the project does not yet have the outcomes data to do a cost-benefit analysis.

### Economic costs

To estimate the projected economic costs of the Young London Working project, we need to quantify the costs to both the delivery partner and to The Mayor's Fund.

#### Cost to the delivery charity

The Mayor's Fund is planning on giving a grant of £1,705,100 from 2010 to 2013 to Working Links to get the project up and running. This includes funding for staff, infrastructure, marketing and publicity, and implementation. We assume that this was a full-cost recovery grant.

#### Cost to The Mayor's Fund

We estimate that it will cost The Mayor's Fund £536,126 to fund the Young London Working project from 2010 to 2013. This includes the value of the time spent designing and delivering the programme, plus an allocation of other staff time and general office costs based on Young London Working's share of The Mayor's Fund total grant portfolio in 2010. This is quite a speculative cost as we do not have costs for 2012 and 2013.

The Young London Working project is therefore projected to cost The Mayor's Fund a total of £2,241,226.

$$£1,705,100 + £536,126 = £2,241,226$$

### Economic benefits

To do a breakeven analysis, we need to calculate the outcome required for the project to 'break even', or to pay for itself. We focus on the outcome of young people becoming employed faster as a result of participating in Young London Working. With no outcomes data yet, we cannot quantify the economic benefit of the quality of the employment—just simply the number of months before the average young person would have got a job without the project.

Young London Working aims to get 2,000 young people aged 16 to 25 into employment. Given the total cost of the Young London Working project of £2,241,226, this implies a cost of £1,121 per young person getting into employment.

$$£2,241,226 / 2,000 \text{ young people} = £1,121$$

This means that Young London Working needs to generate £1,121 of economic benefit per young person getting into employment to break even. Perspective matters here—we need to consider economic benefit to the young person, to the state and to society.

In the absence of any data yet, we assume an equal proportion of young people of each age. Using the Annual Survey of Hours and Earnings, we estimate that the gross annual wage of the average young person aged 16 to 25 is £12,107. This is the economic benefit to society. Of this £1,955 goes to the state and £10,151 goes to the young person, based on current income tax and National Insurance figures. This is summarised in Table 10.

**Table 10: Summary of annual economic benefit per young person**

	Economic benefit per young person
To the young person +	£10,151
To the state =	£1,955
To society	£12,107

## The breakeven point

Given the above figures and the cost per young person getting a job, the average young person needs to be employed five weeks earlier for the project to breakeven for society.

$$£1,121/£12,107 \times 52 \text{ weeks} = 5 \text{ weeks}$$



**Table 13: Summary of breakeven points of Young London Working**

<b>Benefits to:</b>	<b>Number of young people Young London Working helps into a job</b>	<b>Breakeven point</b>
Society	2,000 (all young people it aims to get into a job)	5 weeks
Young Person	2,000 (all young people it aims to get into a job)	6 weeks
State	2,000 (all young people it aims to get into a job)	30 weeks
Society	1,000 (half of young people it aims to get into a job)	10 weeks
Young Person	1,000 (half of young people it aims to get into a job)	11 weeks <sup>ii</sup>
State	1,000 (half of young people it aims to get into a job)	60 weeks

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<sup>ii</sup> Calculation appears incorrect due to rounding.



## New Philanthropy Capital

New Philanthropy Capital (NPC) is a consultancy and think tank dedicated to helping funders and charities to achieve a greater impact.

We provide independent research, tools and advice for funders and charities, and shape the debate about what makes charities effective.

We have an ambitious vision: to create a world in which charities and their funders are as effective as possible in improving people's lives and creating lasting change for the better.

For **charities**, this means focusing on activities that achieve a real difference, using evidence of results to improve performance, making good use of resources, and being ambitious to solve problems. This requires high-quality leadership and staff, and good financial management.

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