

Twenty-Year Evaluation of Tomorrow's People Trust Limited

Undertaken by Oxford Economic Forecasting

Executive Summary

September 2004





Foreword

DIAGEO

Diageo's business activities directly affect the lives of millions of people around the world – as consumers, employees, investors, neighbours and business partners. This brings a responsibility to be a good corporate citizen and seek to ensure that all those with a stake in Diageo may benefit from the relationship.

Being a good corporate citizen is an ambition enthusiastically embraced at all levels within Diageo. Diageo is committed to taking an active role in contributing to the economic, social and environmental well-being of those communities in which we operate.

For Diageo, Tomorrow's People is an important success story. It shows how working in partnership in the communities in which we operate can result in significant social benefits and help sustain a prosperous business environment.


Diageo's 20 years of investment have helped shape Tomorrow's People as a philanthropic organisation which conducts its activities in a highly professional and business-like manner. Having been instrumental in setting up Tomorrow's People, our support has included the transfer of business and other relevant skills, including those of senior management, as well as providing funding.

The ethos of Tomorrow's People is based on partnership. Tomorrow's People's partnerships are various – with clients, business, government and the voluntary sector – and have in common the objective of achieving shared outcomes.

The Diageo Foundation commissioned this independent evaluation of the social and economic impacts of Tomorrow's People over its 20-year history. We are very proud of the findings included in this report, which clearly demonstrate the positive impact that Tomorrow's People has had on society. The headline achievement is that Tomorrow's People has helped over 382,000 people in their journey towards finding sustainable employment.

Everybody who has been helped by Tomorrow's People to make their way in life has been given the freedom to succeed. And just as individual clients have been empowered to succeed, so has Tomorrow's People as an organisation.

In December 2004, Tomorrow's People will become legally independent from Diageo. We are immensely proud of what we have jointly achieved over the last 20 years, and look forward to continuing to work in partnership with Tomorrow's People for many years to come.



Geoffrey Bush
Director of Corporate Citizenship
Diageo



Executive Summary

Tomorrow's People is a specialist charitable trust that helps people out of long-term unemployment, welfare dependence or homelessness into jobs and self-sufficiency. Tomorrow's People is independently run, but has the support of Diageo and a number of other leading businesses and organisations.

To coincide with the twentieth anniversary of its creation, the Diageo Foundation and Tomorrow's People commissioned Oxford Economic Forecasting (OEF) to undertake an independent economic evaluation of its work. The main findings from the study are set out in this Executive Summary.

Overall Outcomes

Over the past two decades around 382,000 people have been helped by Tomorrow's People in their quest to move out of long-term unemployment through mentoring, advice and general information received. In the early days, help in finding a job was given through delivery of training and work experience schemes. In recent years, the approach has centred directly upon getting the hardest-to-reach people into work.

Of the 382,000 people helped since 1984, an estimated 250,000 people have benefited from completing an action plan – a document which sets out a list of actions, milestones and a realistic goal at the end. The remaining 132,000 people have still gained from the general information, mentoring and advice received from Tomorrow's People. From all of this help:

- Around 165,000 people have been helped **into work**, with 77% going into full-time employment.
- Around 50,000 people have been helped into **education, training or voluntary** work.

The number of positive outcomes directly achieved by Tomorrow's People is therefore around 215,000, which equates to 87% of the number of completed action plans.

Economic and Social Return on Investment

As a result of Tomorrow's People getting people into work and helping them to stay in their job, there is a considerable benefit to the Exchequer in the form of reduced unemployment benefits and increased tax receipts.

There are also wider benefits which accrue to society as a result of improvements in the health of those who find jobs through Tomorrow's People, a reduction in child poverty and social exclusion and lower levels of crime. In addition, economic benefits arise from the training assistance which Tomorrow's People has provided.

In order to calculate a return on investment Oxford Economic Forecasting has assigned a monetary value to all of these different types of benefits.

On total investment of £285 million in today's prices, Oxford Economic Forecasting estimates the benefits to society from the work of Tomorrow's People are **around £450 million**; reflecting:

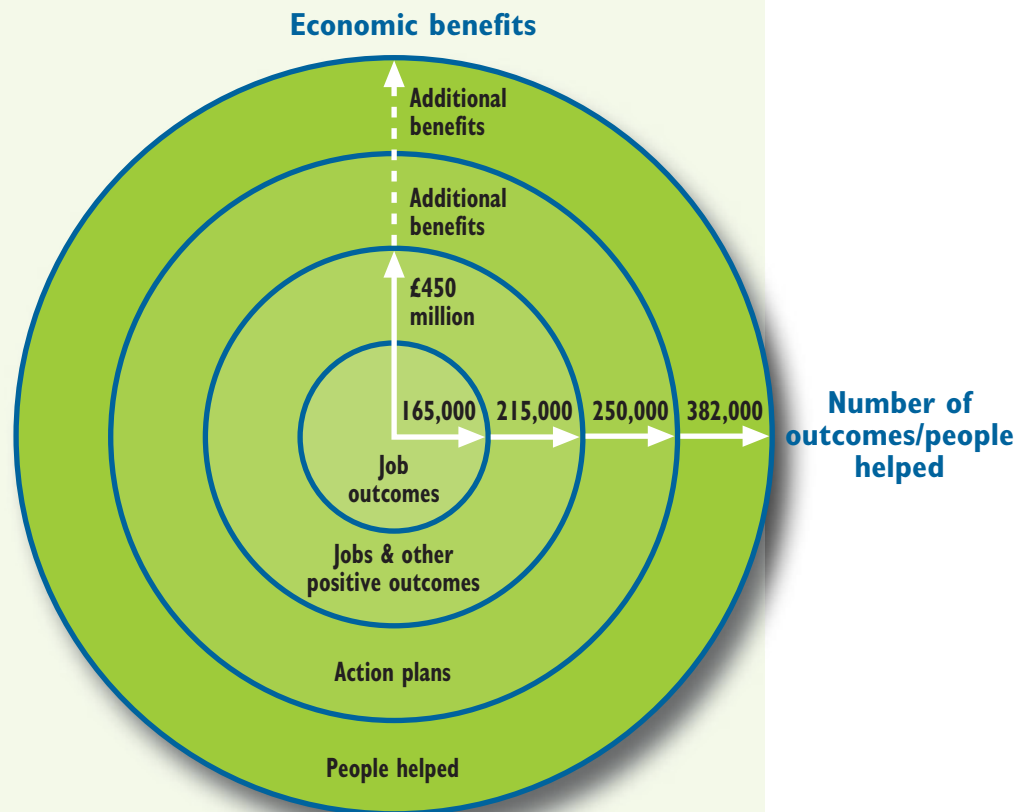
- Savings in expenditure on **benefits** of around £190 million – particularly the reduction in expenditure on Job Seekers' Allowance.

- Additional **tax** receipts of £130 million – from both direct and indirect taxes, offset to some extent by additional expenditure on in-work tax credits.
- A reduction in **health** expenditure of around £30 million.
- A reduction in the costs of **crime** of around £60 million.
- Benefits from **training** of around £30 million.
- A reduction in government **administration** costs of around £10 million.

The return on the investment made by Tomorrow's People is therefore 160%. For every £100 invested by Tomorrow's People, the whole of society is £160 better off in the long-term through lower expenditure, additional taxation receipts and wider economic and social benefits.

Over-and-above this return are the benefits which accrue to society as a result of the general help which Tomorrow's People's provides to people, but which does not directly produce a job or other positive outcome. In particular, the 132,000 people who have gained from the mentoring, advice and general information provided to them by Tomorrow's People, as well as the 35,000 people who completed an action plan but did not secure a positive outcome while enrolled on a programme.

Both these groups should have gained from becoming more employable and by moving a step closer to securing employment. However, the benefits (illustrated below) are difficult to quantify in any meaningful way as these indirect outcomes are not currently measured. If, in the future, these could be identified by Tomorrow's People then this would allow the benefits to be quantified more explicitly, further demonstrating the overall value of Tomorrow's People.



Measuring The Impact on Employment

Some of the people helped into jobs by Tomorrow's People would have either taken a job that otherwise would have gone to someone else (so-called substitution) or would, eventually, have found jobs anyway (so-called deadweight). But estimates of how many are extremely controversial. Moreover, Tomorrow's People has concentrated on the hardest-to-reach people, who most probably would not have been able to find work without Tomorrow's People's help.

Nevertheless, Oxford Economic Forecasting has been conservative and used appraisal techniques commonly applied by HM Treasury and the Department for Work and Pensions (DWP) to take into account these deadweight and substitution effects – estimating that the work of Tomorrow's People has helped at least 35,000 people into work who did not take someone else's job or who would not otherwise have found a job. Even on this conservative basis, the economic and social return of £450 million from this number of jobs is still substantial.

Cost Effectiveness

The help provided by Tomorrow's People has been achieved at relatively low levels of cost. Taking into account that some of the people helped into jobs would have taken other people's jobs or would have found a job anyway, but also the considerable gain to the Exchequer from reduced unemployment benefits and increased tax receipts, Oxford Economic Forecasting calculates the net cost per job created by Tomorrow's People in recent years to be around £500 compared to £5,000-£8,000 for New Deal.

Gross cost per job created by Tomorrow's People is around £2,050 compared to £3,500 for New Deal and £3,700 for Employment Zones. Tomorrow's People is particularly good at getting people into sustainable jobs – some 90% of clients are still in work three months later compared to 79% on New Deal.

The Role of Diageo

The origins of Tomorrow's People date back to the inner-city unrest across the UK in the early 1980s. Stagnating local economies, high long-term unemployment, poor housing and deteriorating relationships with the authorities were widely seen as catalysts for the outbreak of riots in many metropolitan centres. The board of Grand Metropolitan PLC – which subsequently merged with Guinness to become Diageo – was understandably concerned about the impact of the UK's social problems on its own business, as well as their wider implications. These concerns led to the creation in 1984 of a charitable trust that later became Tomorrow's People.

Tomorrow's People has now become a vital link in a national network of employers, government initiatives and community support groups, aimed at helping to reduce long-term unemployment. With a current team of 170 people and existing expenditure of £6 million per annum, help is provided all over the UK regions and to many different client groups in need.

Since these origins, Diageo has played a critical role in the continued operations and development of Tomorrow's People, investing £25 million in today's prices and dedicating a significant amount of management time and resources.

Without the initial ideas and this ongoing support, Tomorrow's People is unlikely to exist in its current shape and form. And most of the £450 million benefits to society are unlikely to have arisen.

A Distinctive Approach Targeted at The Hardest-to-Reach

The aim of Tomorrow's People is to bridge the gap between jobseekers, employers and government to ensure the labour market works more efficiently. It has developed a distinctive bespoke approach to helping the unemployed based on:

- **Innovative programmes to tackle unemployment** – tailored to meet the needs of different groups and localities, many of which have then been emulated by the government and other charities.
- **One-on-one contact with clients** – allowing targeted advice, mentoring, confidence building and practical help with finding and applying for jobs or appropriate training. A Tomorrow's People adviser will spend 45-60 minutes with a client per meeting, compared to the 14 minutes they would receive at Jobcentre Plus.
- **Quality and dedication of its staff** – Tomorrow's People employs professional experts in recruitment, training opportunities and government employment initiatives, who understand the problems faced by clients.
- **Help for the hardest-to-reach groups** – including ex-offenders, those returning to work after time caring for children or relatives, those claiming incapacity benefit but who wish to return to the workplace, and young people.
- **Community outreach** – working in libraries, community centres, doctors' surgeries, places of worship and schools, as well as in JobCentres – reaching out to people in their everyday environment.
- **An environment of trust** – many clients come forward by word of mouth, recommended by friends and relatives who have already been helped and trust the organisation to deliver.
- **Good links with employers** – understanding their requirements and building trust that applicants forwarded will be appropriate for their organisations.
- **Focus on after-care** – so that both the employer and employee know that if any problems arise in the early stages of their relationship they can call on Tomorrow's People for support.
- **Independence from government** – making it easier to win the trust of clients who may be wary of speaking to 'authority-figures'.

The Challenges Ahead

This study has quantified the benefits which accrue to the economy and wider society as a result of Tomorrow's People's activities over the past 20 years. Although unemployment is much lower now than when Tomorrow's People was founded, its work is as vital as ever. In particular, there is a substantial problem of economic inactivity and of disguised unemployment in the form of long-term illness.

Tomorrow's People is still very much at the forefront of action to help the unemployed and socially excluded and is well-placed to tackle these new problems as they arise, particularly with the help of Diageo, its other partners and with the general backing of government.





Tomorrow's People Trust Limited
Rothermere House, 49-51 Cambridge Road, Hastings, East Sussex TN34 1DT
Tel: 01424 718491, Fax: 01424 718519
www.tomorrows-people.co.uk

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