

# The economic value of youth work

A report for UK Youth

October 2022

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# Executive summary

## Background

The National Youth Work Curriculum defines youth work as a “distinct education process adapted across a variety of settings to support a young person’s personal, social and educational development” (National Youth Agency, 2020). This support for a young person’s personal development complements formal education. Youth work can involve a wide range of activities, including open access youth clubs, outdoor learning and creative activities. Data from the longitudinal study, Understanding Society, suggests that around a third of young people in the UK access youth work regularly (Understanding Society, 2018/19).

**Figure 1 - Overview of the youth work sector in England**



Sources: Frontier Economics estimates based on National Youth Sector Census, YMCA, ONS population estimates and data from Understanding Society. Above, “young people” are defined as aged 8-25.

Funding for youth services has substantially reduced in recent years. YMCA (2022) estimates that there has been a 77% cut in real-terms local authority expenditure since 2010/11.

## Purpose of the study

The main purpose of this study is to provide an estimate of the economic value of youth work in England. This work aims to answer the following questions:

- What resources are being spent to deliver youth work?
- What are the direct economic benefits and broader social impacts?
- What is the return on investment for government spending?
- What additional data is required to refine the modelling in the future?

## Methodology

We develop an economic framework for valuing the youth work sector, which divides the benefits into those creating 1) “direct” economic value, and 2) “indirect” economic value (wider societal benefits).

In estimating the direct economic value of the sector, we consider both expenditure and value-in-kind (VIK) contributions. For both monetary expenditure and VIK, we consider both labour (paid workers, volunteers) and non-labour assets.

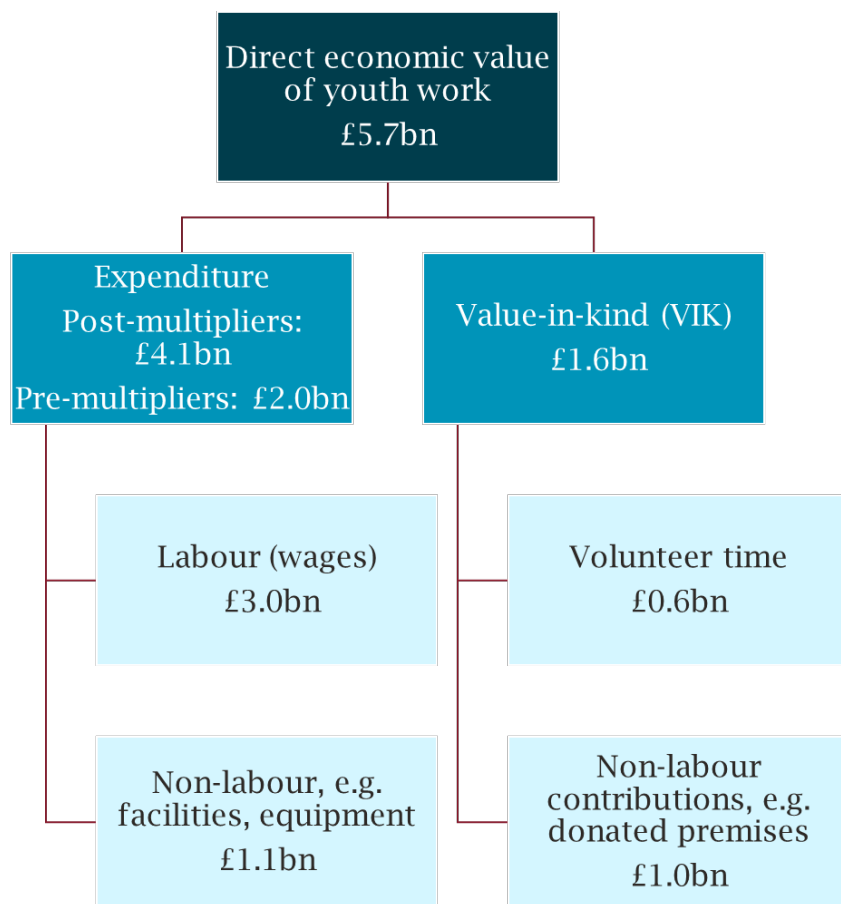
For the indirect economic value, we draw on existing published studies and have focussed on the three areas for which the most complete data and evidence is available: crime, health and employment/ education. Within these, we have also prioritised the “sub-areas” with the most complete evidence bases and have made conservative assumptions in the modelling. For these reasons, the estimates of the indirect economic value of youth work produced by this report can be considered as lower bounds of the “true” value.

## Results

### Direct economic value

We estimate the direct economic value of the youth work sector in England to be **£5.7bn** (see 0). This is the sum of two components: the total expenditure of the sector (£4.1bn – including multiplier effects) and the total value-in-kind (£1.6bn). It is likely to be an underestimate of the true value of the sector, as we have made conservative assumptions due to data availability. It is important to note that public investment in youth work (estimated to be £0.5-1bn, annually) can leverage large amounts of funding from other sources.

**Figure 2 - Direct economic value of the youth work sector in England**



Source: Frontier Economics

Note: Excluding multipliers, we estimate total (labour and non-labour) expenditure in the sector to be £2.0bn.

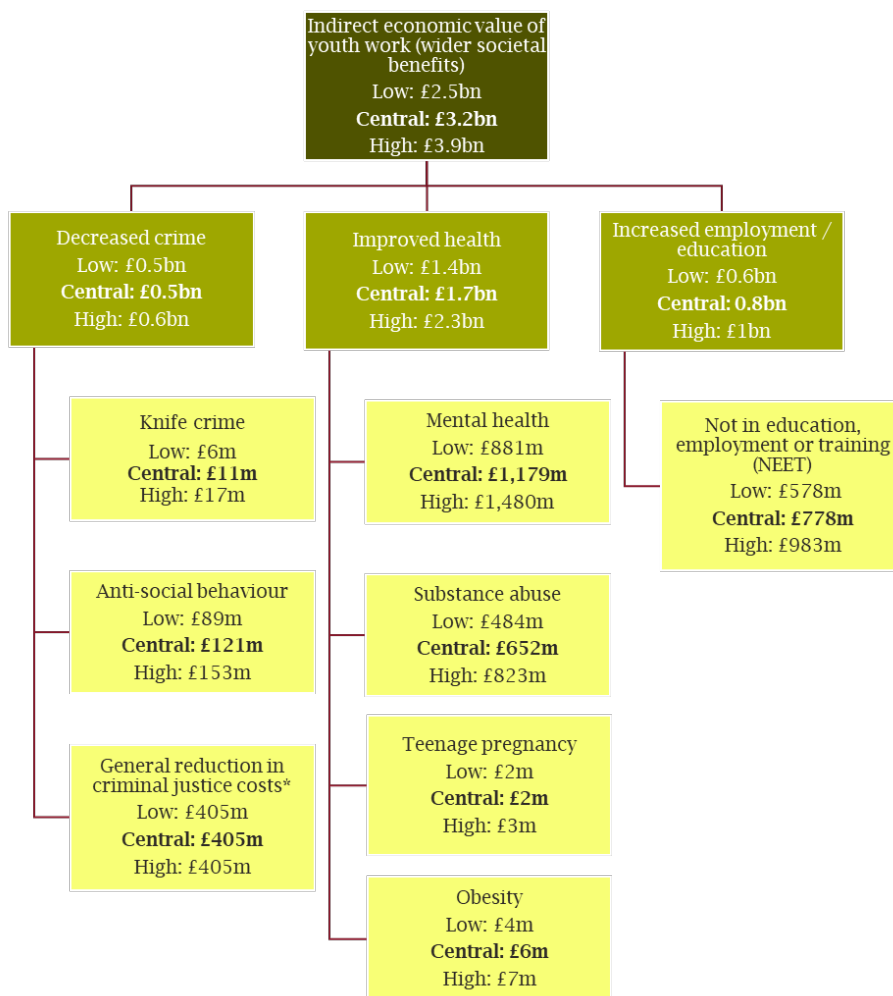
## Indirect economic value

Our estimate of the indirect economic value of the youth work sector in England is summarised in Figure 3. We estimate the total indirect value of the youth work sector to be £3.2bn, divided across:

- £0.5bn from decreased crime
- £1.7bn from improved health
- £0.8bn from increased employment and education.

The value of youth work to these sectors demonstrates the importance of cross-sector working, such as collaboration between youth organisations and schools or health providers.

**Figure 3 - Indirect economic value of the youth work sector in England**



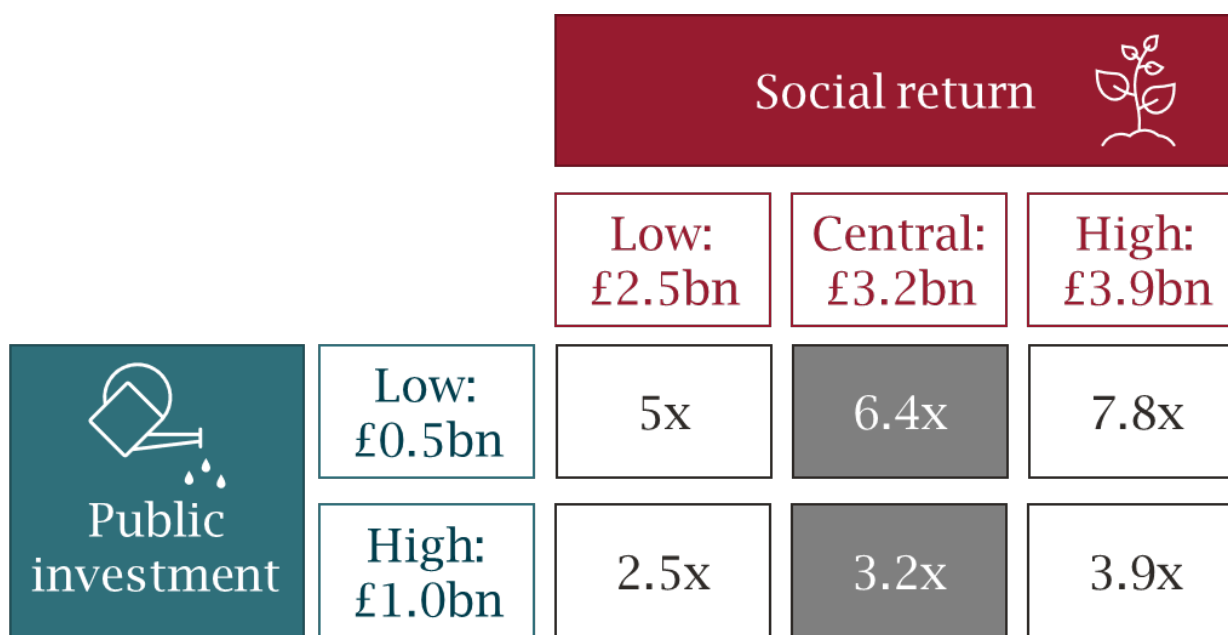
\*These categories replicate calculations made by other studies with no additional assumptions and so no range has been created

Source: Frontier Economics

## Return on investment

Figure 4 shows that comparing this range to our estimates for the wider societal benefits (social returns) results in an estimated return on investment (ROI) range of 3.2x to 6.4x, for the central benefits estimate. This means that for every pound the government invests in the youth sector, this generates between £3.20 and £6.40 in benefits to the taxpayer. Using combinations of the lowest and highest assumptions for public investment and social returns, we estimate the ROI to be a minimum of 2.5x and a maximum of 7.8x. Using the Department for Transport Value for Money Framework (Department for Transport, 2017), this estimate for the ROI in the youth sector can be considered 'high' to 'very high'.

**Figure 4 estimated return to investment in the youth sector**



Source: Frontier Economics

Our work shows that youth work is likely to deliver high value for money for the UK taxpayer, through the positive effects it has on young people in terms of mental health, wellbeing, education, employment and other areas. Youth work supports young people with the issues that matter most to them, rather than on one single issue. This leads to benefits across multiple outcomes and helps other sectors become more effective, e.g. by improving the appropriateness of referrals to specialist services.

The sector has seen significant and sustained reductions in funding over the past decade and there is evidence of widening disparity in government spending on older versus younger populations. This has come at a time when the need for access to youth services has increased. For example, during the Covid-19 pandemic, the number of young people experiencing difficulties with their mental health increased by 10% between 2017 and 2020 to a total of 1.1 million (over 1 in 4 of the population aged 11-16). Of these, 722,000 young people (17.6% of population) were experiencing more severe problems with their mental health in 2020 (an increase of 40% since 2017) (NHS Digital, 2020). Reduced funding has also led to increased inequalities in terms of access to youth services across the country. Given that effective youth work can prevent the need for intervention or resources from other sectors, the funding reductions may have led to substantial avoidable costs across the system.

Going forward, it would be important for the government to work with the sector to establish a funding environment which enables the sector to expand and reach more young people who need support across the country. The benefits of doing so would be large as this economic analysis has shown. Reducing inequalities in access to youth services could support the government agenda of reducing geographical disparities (Levelling Up).



# Background

## What is youth work?

The National Youth Work Curriculum defines youth work as a “distinct education process adapted across a variety of settings to support a young person’s personal, social and educational development” (National Youth Agency, 2020). This support for a young person’s personal development complements formal education. Youth work is used in order to allow young people to:

- Explore their values, beliefs, ideas and issues;
- Enable them to develop their voice, influence and place in society; and/or
- Facilitate the learning of a set of practical or technical skills/competencies that enable them to realise their full potential.

Youth work can involve a wide range of activities (e.g. open access youth clubs; outdoor learning; creative activities, like theatre and dance; physical activities, like football). These activities can be considered a means to an end – developing a trusting relationship between a young person and youth worker who can support their personal development – not the end in itself.

Some youth services also include a range of targeted early intervention support services which are particularly important to vulnerable or disadvantaged young people (e.g. knife crime diversion; teenage pregnancy prevention) (Sonneveld et al., 2020). Crucially, all youth work activities are carried out on young people’s terms (Ord et al., 2022).

Youth work is usually described as focussing on people between the ages of 11 and 25. However, it is sometimes used to refer to activities for children as young as 8 or people up to the age of 29. For the purposes of our analysis, we consider youth work as focussing on people between the ages of 8 and 25 (inclusive).

## How is youth work delivered?

In the UK, there are five main modes of delivery of youth work, all of which could be provided universally or targeted to specific groups of young people (UK Youth, 2020a):

- Centre or facility based;
- Detached and street based youth work;
- Outreach youth work;
- Outdoor learning;
- Digital youth work.

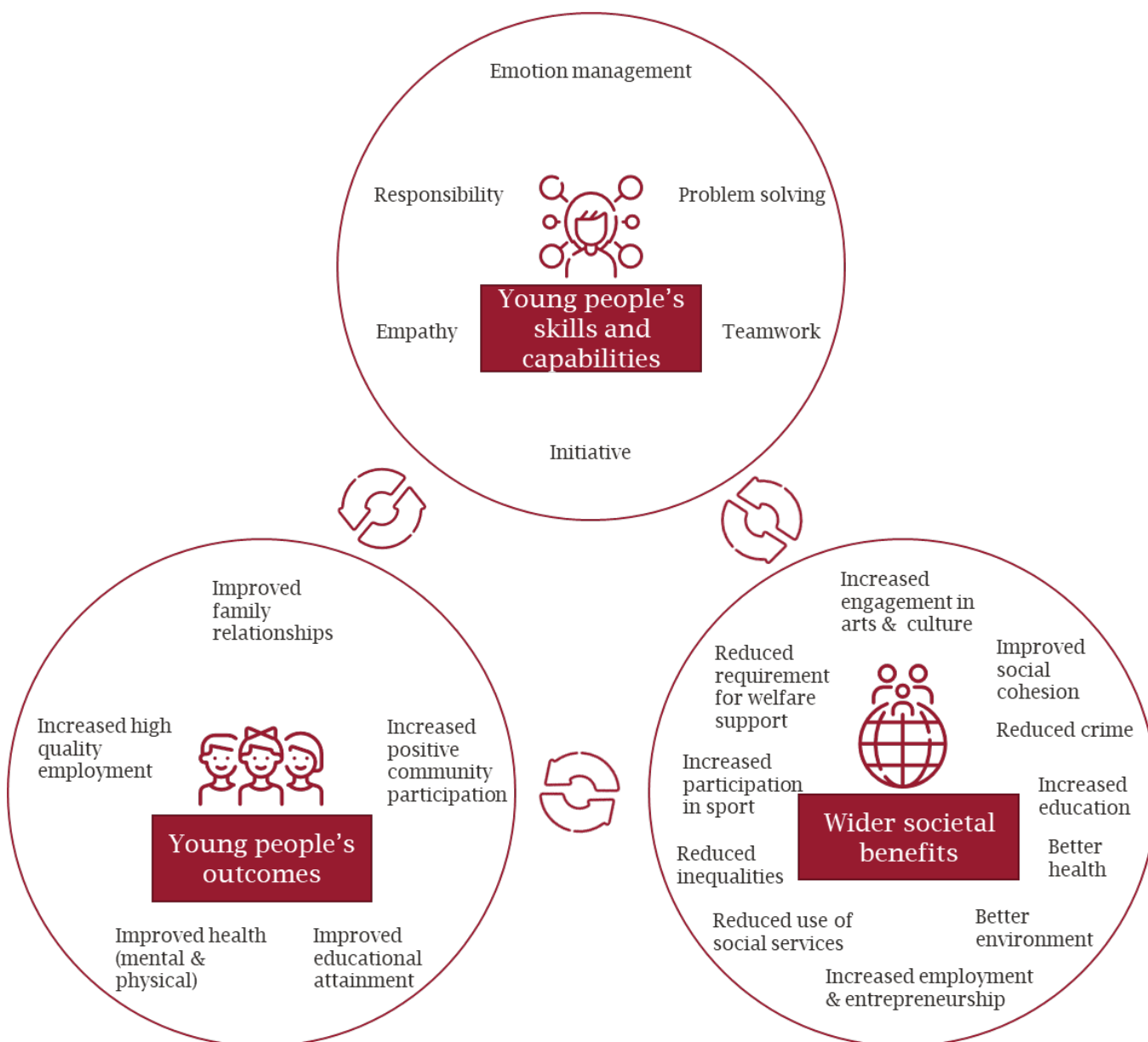
Youth work can be delivered by many types of providers: national uniformed organisations (e.g. Scouts, Girlguiding), faith-based organisations, Local Authorities, the voluntary and community sector (VCS) and organisations with embedded youth workers (UK Youth, 2020a).

It is important to note that youth work can sit alongside or as part of many other services specifically for young people, such as the education system (e.g. schools can have embedded youth workers). In addition, general public services also serve young people and aim to achieve many of the same outcomes as youth services (see below). The complexity and interdependency of the system means that attributing outcomes and impacts to particular youth work interventions is challenging (Ord et al., 2018).

## **What kind of outcomes does youth work aim to achieve?**

There are several types of benefits that youth work aims to achieve, which can apply both to individual young people, in terms of their skills/capabilities and outcomes, and to society more widely (see 0). In addition to the capabilities and outcomes for young people described below, youth work aims to provide a safe space young people, and to ensure they feel heard, have opportunities to connect to others and opportunities to explore issues that matter to them, with the support of a trusted adult (de St Croix and Doherty, 2022).

**Figure 5 - Impacts of youth work**



Source: UK Youth and Frontier Economics

In terms of young people's individual capabilities, youth work aims to improve skills/abilities such as responsibility, empathy, problem solving, initiative, teamwork and emotion management (McNeil and Stuart, 2022). This social and emotional learning can have significant impacts on long-term outcomes for young people by leading to higher educational attainment, better employment, better physical and mental health, improved family relationships and increased positive community participation such as volunteering and social action (Dickson et al., 2013; Marshall et al., 2021; European Commission, 2014).

More broadly, in improving the capabilities and outcomes of youth people, youth work can have wider benefits across many areas of society, including reducing crime (e.g. (re)offending rates, violence)), increased education (e.g.

more sustained educational engagement, reduced classroom disruption), better population health (e.g. reduction in harmful behaviours, improved mental health), improved social cohesion and civic participation, and reduced requirements for welfare support (as well as improved support for young people to navigate the welfare system and claim appropriate support) (Fogden, 2020; NYCI, 2012; YouthLink Scotland, 2016). There are also cultural intangible benefits from youth work, such as the development of particular types of music, e.g. Northern Soul and Grime (Rietveld, 2021; Thapar, 2022).

Through delivering youth work to young people, organisations can achieve other benefits such as those from volunteering and employment, improved decision-making due to youth involvement, building referral partnerships with other social services, and being custodians of community spaces.

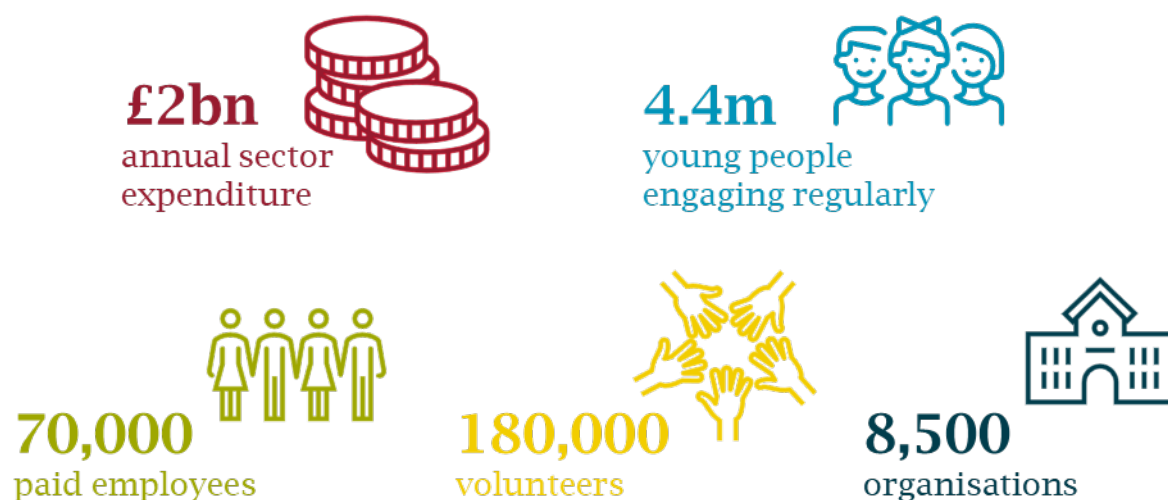
## Overview of the youth work sector

In 2020/21, local authority expenditure on youth services in England was around £380m (YMCA, 2022). In 2022, the Department for Digital, Culture, Media and Sport (DCMS) committed to a National Youth Guarantee (UK Government, 2022b), announced as part of the Levelling Up White Paper (UK Government, 2022d). The National Youth Guarantee includes the £380m Youth Investment Fund (YIF), which will provide capital funding to organisations providing youth services in “left behind” areas of England over three years.

The sector also receives a substantial amount of funding in the form of large charitable grants. Using 360GrantNav (360GrantNav, 2022), we found that there was approximately £50m of grant funding awarded to organisations whose names contained “youth” or “young” (this likely to be a conservative estimate of the total). There are several additional sources of income for the youth sector, including charitable giving from individuals and commercial income (e.g. membership fees for uniformed organisations). However, there is little collated data on these income streams (see Annex A for further discussion of this issue).

As discussed under ‘Results’, we estimate expenditure in the youth sector in England to be around £2bn. We also estimate that around 4.4m young people regularly access youth work, based on ONS population estimates and engagement rates from Understanding Society. The National Youth Sector Census estimates that the sector employs around 70,000 people across around 8,500 organisations (National Youth Agency, 2021). In addition, there are approximately 180,000 volunteers who contribute to the sector.

**Figure 6 - Overview of the youth work sector in England**



Sources: Frontier Economics estimates based on National Youth Sector Census, YMCA, ONS population estimates and data from Understanding Society. Above, “young people” are defined as aged 8-25.

Funding for youth services has been cut substantially in recent years. YMCA (2022) estimates that there has been a 77% cut in real-terms local authority expenditure since 2010/11. Real-terms, per-head spending on local authority youth services for people aged 5-17 has fallen from £158 in 2010/11 to £37 in 2020/21.

These funding cuts can be viewed against a backdrop of widening disparity in government spending on older versus younger populations. In 2021, the Intergenerational Foundation estimated that the gap in the amount of money the government spent on an older person compared to what it spent on a child has doubled over the previous 19 years (Intergenerational Foundation, 2021; Williams and Franklin, 2021).

There is evidence that these funding cuts have led to increased inequalities in terms of access to youth services: NYA (2021) shows large differences in provision between affluent and deprived areas of the country. At the same time, the need for access to youth services has increased. During the Covid-19 pandemic, the same time the number of vulnerable young people (aged 8-19 years old) in England rose from an estimated 1 million up to 3 million (APPG, 2021). The number of young people experiencing difficulties with their mental health increased by 10% between 2017 and 2020 to a total of 1.1 million (over 1 in 4 of the population aged 11-16). Of these, 722,000 young people (17.6% of population) were experiencing more severe problems with their mental health in 2020 (an increase of 40% since 2017) (NHS Digital, 2020).

## Purpose of the study

The main purpose of this study is to provide an estimate of the economic value of youth work in England. As described in further detail in the ‘Approach/methodology’ section, this work aims to answer the following questions:

- What resources are being spent to deliver youth work?
- What are the direct economic benefits and broader social impacts?
- What is the return on investment for government spending?

- What additional data is required to refine the modelling in the future?

To our knowledge, this type of study has not been attempted before for England as a whole<sup>1</sup>. In the next section, we include details of studies answering similar questions in other regions, which have informed our methodology.

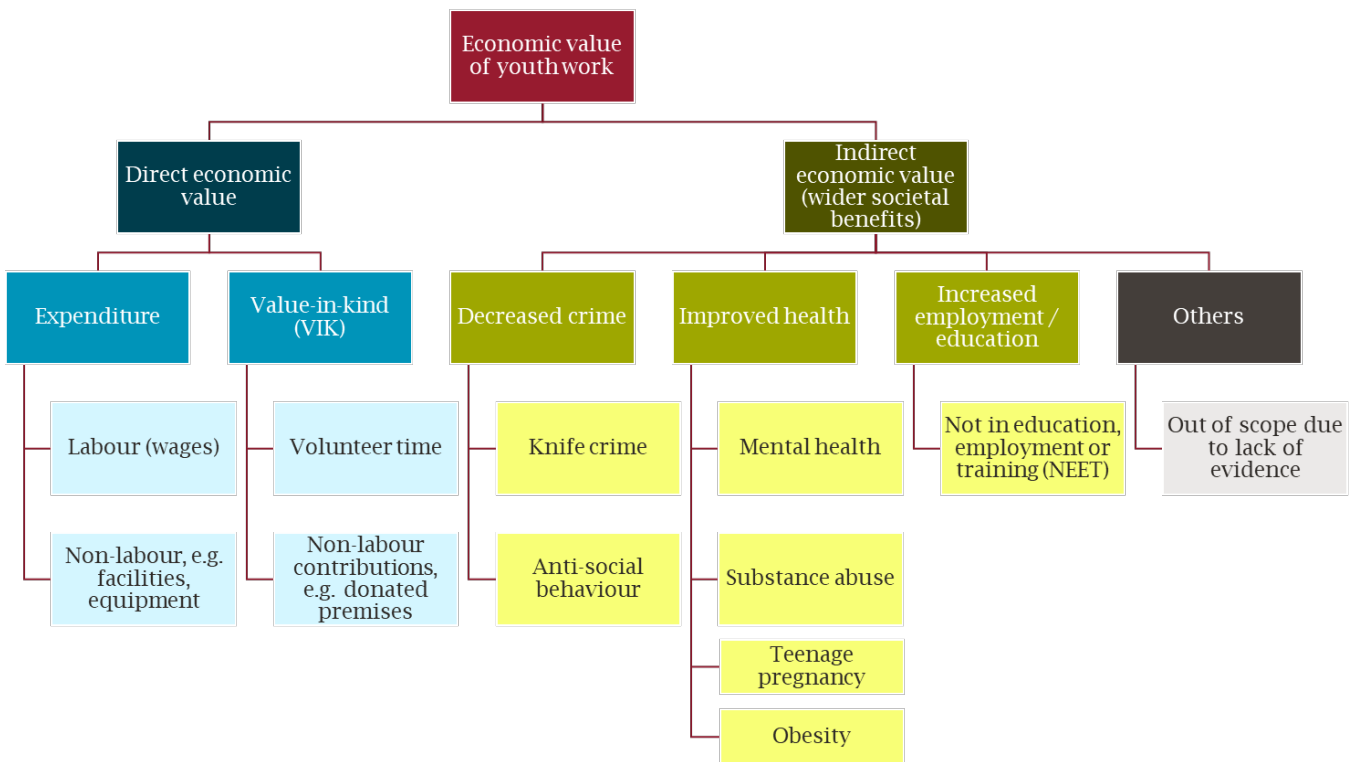
A second purpose of this study is to provide recommendations for data and evidence collection that could allow our model to be updated in order to produce estimates with less uncertainty.

## Approach/methodology

### Economic framework

0 summarises the economic framework for valuing the youth work sector, which divides the benefits into those creating 1) “direct” economic value, and 2) “indirect” economic value (wider societal benefits).

Figure 7 - Economic framework



Source: Frontier Economics

<sup>1</sup> There have been some organisations-specific studies such as Prince’s Trust (2016) and Murphy (2020).

## Direct economic value

In estimating the direct economic value of the sector, we consider both expenditure and value-in-kind (VIK) contributions. For both monetary expenditure and VIK, we consider both labour (paid workers, volunteers) and non-labour assets.

### Expenditure

Labour expenditure is defined as the amount spent on salaries/wages (plus on-costs) for youth sector workers. Non-labour expenditure is the amount spent on anything other than salaries/wages, e.g. facilities and equipment.

To the labour and non-labour expenditure figures, we apply Type I and Type II multipliers from the 2022 Office for National Statistics (ONS, 2022) input-output analytical tables. Applying these multipliers means that we account for the economic value to other sectors that expenditure in the youth work sector provides, both through wage effects (the sectors where youth work employees spend their income) and through supply chain effects (expenditure on materials needed to deliver youth work activities).

### Value-in-kind

To estimate value-in-kind labour contributions (volunteer time), we multiply estimates of:

- The average number of youth work volunteers; by
- The average number of youth work volunteer hours; by
- The hourly wage these volunteers would have received if the youth work had been paid.

To estimate the value of donated non-labour contributions we use the value of net non-labour assets from the latest annual accounts of the 'Big 8' youth sector providers (providers with the largest numbers of members): Scouts, Boys Brigade, Girl Guiding, Sea Cadets, Young Farmers' Club, YMCA, The Church of England Children's Society and Woodcraft Folk. We then scale up this value in proportion to the ratio between the Big 8 expenditure and the sum of LA expenditure and Big 8 expenditure. We exclude smaller charities from this ratio on the basis that including these services would require several additional assumptions, and smaller charities are likely to have comparatively small holdings of net assets.

## Indirect economic value

There are a large number of areas where youth work can create economic benefits. In this report, we have focussed on the three areas for which the most complete data and evidence is available: crime, health and employment/education. Within these, we have also prioritised the "sub-areas" with the most complete evidence bases. For these reasons, the estimates of the indirect economic value of youth work produced by this report can be considered as lower bounds of the "true" value. Parts of the economy positively affected by youth work but not covered in this work include: arts and culture, environment, social care, social services and sport.

We calculate the savings generated by each “sub-area” across 10 years, as we should expect the true costs of these to accrue over this time period. For example, substance abuse costs may include the immediate cost of treatment, in addition to the longer term economic and social costs generated. The annual costs across this time period are discounted by an NPV of 3.5%, the Green Book standard discount rate (UK Government, 2022c). The use of a 10 year time period makes our indirect calculations conservative, as this is on the shorter end of time spans used across similar impact studies.

## Evidence collection

To populate our model with the relevant parameters, we reviewed a list of documents provided by UK Youth. UK Youth collated this evidence by identifying three major reviews of the impact of youth work (Department of Children and Youth Affairs, 2013; Marshall et al., 2021; European Commission, 2014) and using Google Scholar to perform key-word searches to identify more specific literature about economics benefits. We supplemented this evidence with additional Google and Google Scholar searches related particularly relevant studies, as well as discussions with experts from relevant organisations such as the Youth Endowment Fund, the Youth Futures Foundation and the Centre for Youth Impact.

The final list of evidence included information on the costs and inputs of youth work (e.g. workforce and funding information), and its outcomes and impacts (e.g. evidence on the relationship between youth centre closures and knife crime).

From this process, we identified two studies, which were particularly important for informing our methodology:

- Assessment of the Economic Value of Youth Work in Ireland (National Youth Council of Ireland (NYCI), 2012). This study estimates the net economic benefits of youth work in Ireland to be around €1.21bn (£1.04bn), across youth work organisation expenditure, value of volunteering activity, justice-related benefits, health-related benefits and welfare-related benefits.
- Social and economic value of youth work in Scotland (YouthLink Scotland, 2016). This study estimates that the total value of youth work in Scotland is at least £656m, which represents a return of £7 for every £1 of public expenditure.

Our approach is to value indirect benefits over a 10 year time horizon and bring these values to the present day using discounting. The time horizon and discount rate we use are consistent with standards in the Green Book (UK Government, 2022c).

## Key assumptions

Our evidence collection and stakeholder engagement process revealed that there is a limited amount of data/evidence available on the economic value of youth work to the economy in England – especially the medium to long term impacts. It was therefore necessary to make a number of assumptions in the model. The key assumptions used in the direct and indirect economic value modelling are summarised in 0. As can be seen below, the direct economic value calculations generally use more reliable sources than the indirect economic value calculations, for



which more limited information was available. For this reason, in the 'Results' section, we report a range of values for the latter, and a single point estimate for the former. Further data sources are explored below in a deep dive on the methodology and data sources across 3 key sub-categories (knife crime, mental health, and NEET). See Annex B for a list of additional data sources not listed in this section.

**Table 2 - Key model assumptions**

TYPE OF VALUE	FIELD	SUB-FIELD/ ASSUMPTION	VALUE	SOURCE	RELIABILITY	FURTHER NOTES
Direct economic value	Labour expenditure	Number of paid youth work employees	69,048	National Youth Sector Census (NYA, 2021)	Reliable source – national body for youth work	Total number of organisations multiplied by average workforce (scaled to FTEs in the model)
		Average wages of youth workers	£29,354	CYP Now (2022)	Reliable source – national body for youth work	Average of the midpoints of the two categories of youth worker  Scaled down to reflect England only and London Allowance
		Proportion of employees that are part-time	52%	Information given by the NYA on request	Reliable source – national body for youth work	The proportion is for Local Authorities only. We assume the same proportion across all charities.  Applying this to the total workforce gives 33,143 full time employees and 35,905 part time employees
		Multiplier effects	Labour, Type 1: 1.43  Labour, Type 2: 1.39	ONS	Reliable source – UK government	Further explanation of multiplier effects in the Results section below
Non-labour expenditure		Total non-labour expenditure	£545m	Assumption based on National Youth Council of Ireland (2012)	Reliable source – Irish representative body for voluntary youth organisations in Ireland	We apply the ratio of labour to non-labour expenditure of youth work organisations in Ireland (74:26) to our estimate of labour expenditure  Figure is before applying multipliers
		Multiplier effects	Non-Labour, Type 1: 1.28	ONS	Reliable source – UK government	Further explanation of multiplier effects in the Results section below

TYPE OF VALUE	FIELD	SUB-FIELD/ ASSUMPTION	VALUE	SOURCE	RELIABILITY	FURTHER NOTES
			Non-Labour, Type 2: 1.61			
Value-in-kind	Number of volunteers	181,251	National Youth Sector Census (NYA, 2021)	Reliable source – national body for youth work	Total number of organisations multiplied by average volunteer workforce	
	Value of volunteer time	£9.50	UK Government (2022) National Minimum Wage	Reliable source – UK government	2022, for ages 23 and over	
	Days of volunteering per volunteer, per week	1		Assumption based on knowledge of the sector and expert input from sector stakeholders	Conservative assumption	
	Non-labour contributions	£980m	'Big 8' Annual Reports <sup>2</sup>	Reliable source – direct figures from the relevant organisations	Scaled up to include LA non-labour contributions. See above under 'Direct Economic Value' for further explanation	
Indirect economic value	Multiple	Proportion of young people engaging with youth work	36%	Understanding society UK household longitudinal study (2018/19)	Reliable source – national UK Household Longitudinal Study based at the University of Essex	Proportion of 10-15 year-olds who attend youth clubs, scouts, girl guides or other organised activities at least once per week. <sup>3</sup>
	Multiple	Discount rate	3.5%	HM Treasury Green Book (UK Government, 2022c)	Reliable source – UK government	
	Crime	Proportion of knife crime incidents caused by young people	Low: 41% Central: 55% High: 69%	Ministry of Justice (2021) data on knife crime	The MoJ data shows that the 10-17 year old age range accounts for	

<sup>2</sup> The 'Big 8' youth sector providers are those with the largest numbers of members: Scouts, Boys Brigade, Girl Guiding, Sea Cadets, Young Farmers' Club, YMCA, The Church of England Children's Society and Woodcraft Folk.

<sup>3</sup> We note that, given that 10-15 year-olds may be more likely than older young people to engage in youth work, this may lead to an overestimate of the true proportion engaging. However, the definition of youth work is also restricted in this measure and does not include all types of engagement, e.g. outreach activities, which may lead to an underestimate of the true value. In the absence of evidence on which effect is stronger, we use the value from Understanding Society (36%).

TYPE OF VALUE	FIELD	SUB-FIELD/ ASSUMPTION	VALUE	SOURCE	RELIABILITY	FURTHER NOTES
					19% of cases. We can use this as a reasonable starting point to estimate the proportion of incidents for our age cohort of interest (10-25 year olds)	
Crime		Reduction in incidents of knife crime due to youth work across participants	Low: 4% Central: 5% High: 6%	Assumption based on correlations estimated in APPG (2020)	Reliable source, but correlation not causation, not tracking individuals	See below for further details.
Crime		Reduction in anti-social behaviour due to youth work across participants	Low: 4% Central: 5% High: 6%	Assumption based on the literature and expert input from sector stakeholders	Evidence point is a survey (UNISON, 2014) rather than data on the impact. The survey is also not representative (only youth centre workers who are UNISON members).	
Health		Reduction in substance abuse generated by youth work across participants	Low: 3% Central: 4% High: 5%	Assumption based on National Youth Council of Ireland (2012)	We are replicating a reliable source (National Youth Council of Ireland, 2012) but it does not give information on how this assumption is made	NYCI assumes that youth services decrease the number of young people admitted to adolescent treatment centres by 4% (as a proportion of total participants)
Health		Reduction in the number of teenage pregnancies generated by youth work across participants	Low: 4% Central: 5% High: 6%	Fletcher et al. (2008)	Causation, tracks individuals but interventions are targeted towards reducing teenage	This paper cites two studies that estimate the effects of interventions targeting teenage pregnancy: one reduces teenage pregnancies by over half; the other, 36%.

TYPE OF VALUE	FIELD	SUB-FIELD/ ASSUMPTION	VALUE	SOURCE	RELIABILITY	FURTHER NOTES
					pregnancies specifically rather than youth services in general	As these are interventions targeting teenage pregnancy, as opposed to providing wider youth work services, we use a more conservative central assumption of 5%
Health		Proportion of mental health costs borne by young people to the UK economy (excluding under 12s)	18%		There is data on the prevalence of mental health problems across different age cohorts, but this does not necessarily align with costs generated. As such we have assumed a uniform distribution of costs for simplicity	We assume the economic and social costs of mental health populations are spread evenly across the population. We only include ages 12 and over in this calculation
Health		Reduction in incidence of mental health difficulties	Low: 1.1% Central: 1.5% High: 1.9%	Dibben et al (2017)	Causation, tracks individuals, specific to youth work.	See below for further details.
Health		Reduction in obesity rate	Low: 0.075% Central: 0.1% High: 0.125%	Appendix 7 of Youth Link Scotland (2016)	We are replicating a reliable source but Youth Link Scotland do not give information on how this assumption is made. It appears to be an assumption made for the purpose of estimating outcomes	
Education		Reduction in number of NEETs	Low: 3% Central: 4% High: 5%	Assumption based on the literature. Central estimate	We are replicating a reliable source but the Irish	

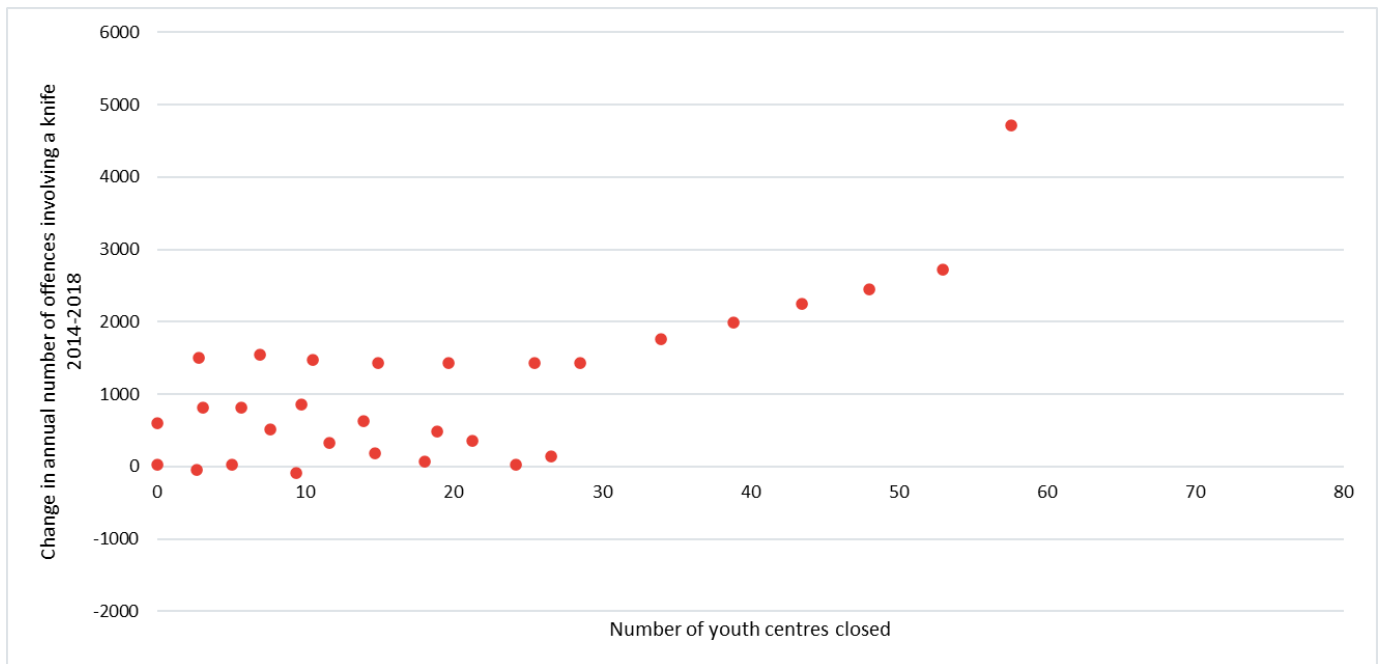
TYPE OF VALUE	FIELD	SUB-FIELD/ ASSUMPTION	VALUE	SOURCE	RELIABILITY	FURTHER NOTES
		generated by youth centre participation		aligns with National Youth Council of Ireland (2012)'s welfare calculations	study does not give information on how this assumption is made	

## Detailed methodology

As shown in 0, for many of the areas of indirect economic benefit, we have used assumptions based on the literature and expert input from sector stakeholders.

For the relationship between youth work and incidence of knife crime, we draw on evidence from the All-Party Parliamentary Group on Knife Crime (APPG, 2020), which shows a clear correlation between youth centre closures and changes in the number of knife crime incidents during 2014-2018, by local area (see 0). From this data, we estimate a correlation coefficient of 49.6. This implies an increase in approximately 50 knife crime incidents for every youth centre shut down. However, this relationship is not necessarily causal and other factors may also have contributed to increased knife crime over the period. We therefore assume a more conservative estimate of the relationship.

**Figure 8 - correlation between youth centre closures and offences involving a knife**



Source: APPG (2020)

The methodology for calculating the impact of youth work on knife crime costs is as follows:

- We adjust a UK government source on the number of knife crime incidents to account for England only (UK Government, 2021)
- We adjust this to estimate knife crime incidents caused by young people only using data from the Ministry of Justice (see assumption in table above)
- We adjust this to account for knife crime incidents caused by young people engaging in youth work only using the Understanding Society proportion (see assumption in table above)
- We calculate the total cost by multiplying this figure by the costs for each type of knife crime (UK government, 2018a), in proportion to their prevalence within the generic 'knife crime incident' category (Centre for Crime and Justice Studies, 2007). We exclude prison and half of court-related costs to avoid double counting with the General Reduction in Criminal Justice costs sub-category
- We estimate the reduction in knife crime costs generated annually by multiplying by the reduction/"effect" assumptions in 0 (low: 4%; central: 5%; high: 6%)
- We find the lifetime cost by applying a 10 year NPV calculation

Data sources for the other crime calculations can be found in Annex B.

For the relationship between youth work and mental health, we draw on several published sources. For example, using data from the National Child Development Study, Dibben et al., (2017) estimates that individuals who participated in Scouts or Girlguiding as children had 18% lower odds of having a mood or anxiety disorder by age 50.<sup>4</sup> In addition, evidence shows that almost three quarters of young people show improvements in their emotional and social capabilities after attending UK Youth programmes (UK Youth, 2020b). More broadly, as discussed above ('Overview of the Youth Work Sector'), the past decade of youth service funding cuts has coincided with deteriorating mental health of young people. This evidence, taken together with expert opinion from sector stakeholders, has informed our assumptions.

It is important to note that the ranges within these categories are conservative. In particular, the mental health calculations are concerned with illness specifically and do not include sub-categories such as stress. The authors of the study (Knapp et al, 2011), used as the basis for our mental health calculations themselves describe their estimate of the financial cost of mental ill health in the UK (£117.9bn) as 'conservative'. This is because, among other outcomes, it does not include the potential costs of people who would benefit from treatment but not receive it, nor costs to the criminal justice system and housing system linked to poor mental health.

The methodology for calculating the effect on mental health costs is as follows:

- We use the Knapp et al (2011) for the total annual cost of mental health problems to the UK economy

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<sup>4</sup> Although Dibben et al also find that "previous or current participation in voluntary and church groups was not associated with better mental health". This suggests a parameter lower than 18%

- We adjust this to account for mental health problems experienced by young people engaging in youth work only, assuming mental health problems are uniformly distributed across all ages, and applying the Understanding Society engagement proportion
- We estimate the reduction in mental health costs generated annually by multiplying by the reduction/“effect” assumptions in 0 (low: 1.1%; central: 1.5%; high: 1.9%)
- We find the lifetime cost by applying a 10 year NPV calculation

Data sources for the other health calculations can be found in Annex B.

For the relationship between youth work and education/employment benefits we also draw on a range of evidence sources, summarised in UK Youth (2021a). For example, a recent evaluation of the EmpowHER programme, which uses social action to raise confidence and overall wellbeing of young women, found positive impacts on school performance (UK Youth, 2021b). A review of the impact of youth charity, The Prince’s Trust (Prince’s Trust, 2016), found that three in four young people supported by the Trust move into work, education or training following involvement with one of its programmes (the proportion of young people who were NEET when they started a Prince’s Trust programme is more than six times the national average). A review of the impact of employment-specific interventions (Kluve et al., 2017) found an average increase in the probability of employment or training of around 5 percentage points, although not all interventions covered by the review could be defined as youth work, and many took place in lower-income countries. Other research shows that youth work contributes to personal development and social participation (Sonneveld et al., 2020).

The methodology for calculating the effect on NEET costs is as follows:

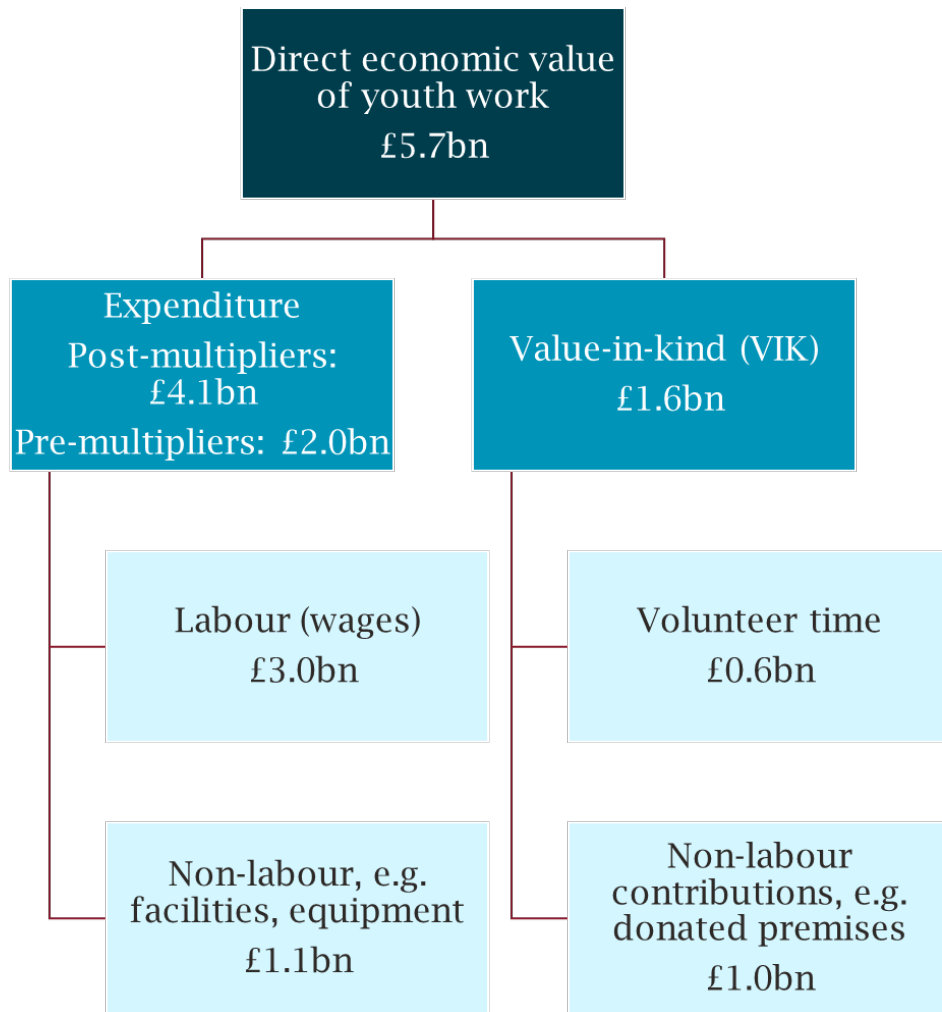
- We use a study from the University of York (Coles et al, 2010) for the total lifetime cost of NEET per individual to the UK economy, adjusting for inflation. We note that this study is also used by PWC/Youth Futures Foundation (2022) in its estimate of the impact of reducing the UK NEET rate by 5 percentage points, to the same level as Germany.
- We remove the sub-costs cited by the study for substance abuse and early motherhood from the total figure to avoid double counting across sub-categories
- We estimate the total NEET costs generated by young people engaging in youth work using this figure, ONS population data, and the Understanding Society engagement proportion
- We estimate the reduction in lifetime NEET costs generated by multiplying by the reduction/“effect” assumptions in 0 (low: 3%; central: 4%; high: 5%)

# Results

## Direct economic value

Our estimate of the direct economic value of the youth work sector in England is summarised in 0. **We calculate the direct economic value of the youth work sector in England to be £5.7bn.** This is the sum of two components: the total expenditure of the sector (£4.1bn – includes ONS multipliers) and the total value-in-kind (£1.6bn).

**Figure 9 - direct economic value of the youth work sector in England**



Source: Frontier Economics

Note: Excluding multipliers, we estimate total (labour and non-labour) expenditure in the sector to be £2.0bn.

The estimated £4.1bn in expenditure is equal to **£2.0bn before applying ONS multipliers.** These are type I multiplier effects, which account for supply chain effects where additional employment is generated in other industries if X number of people are employed in the industry in question, and type II multiplier effects, which account for the additional output generated across the economy as a result of increased employment (and income). It is important to note that there is a considerable difference between this estimate of annual expenditure (£2.0bn) and *known*



government funding to the sector (approximately £0.5bn<sup>5</sup>). See Annex A for a more detailed discussion of this issue and robustness checks around our expenditure estimates.

## Indirect economic value

Our estimate of the indirect economic value of the youth work sector in England is summarised in 0. We estimate the total indirect value of the youth work sector to be **£3.2bn**, divided across:

- £0.5bn from decreased crime
- £1.7bn from improved health
- £0.8bn from increased employment and education.

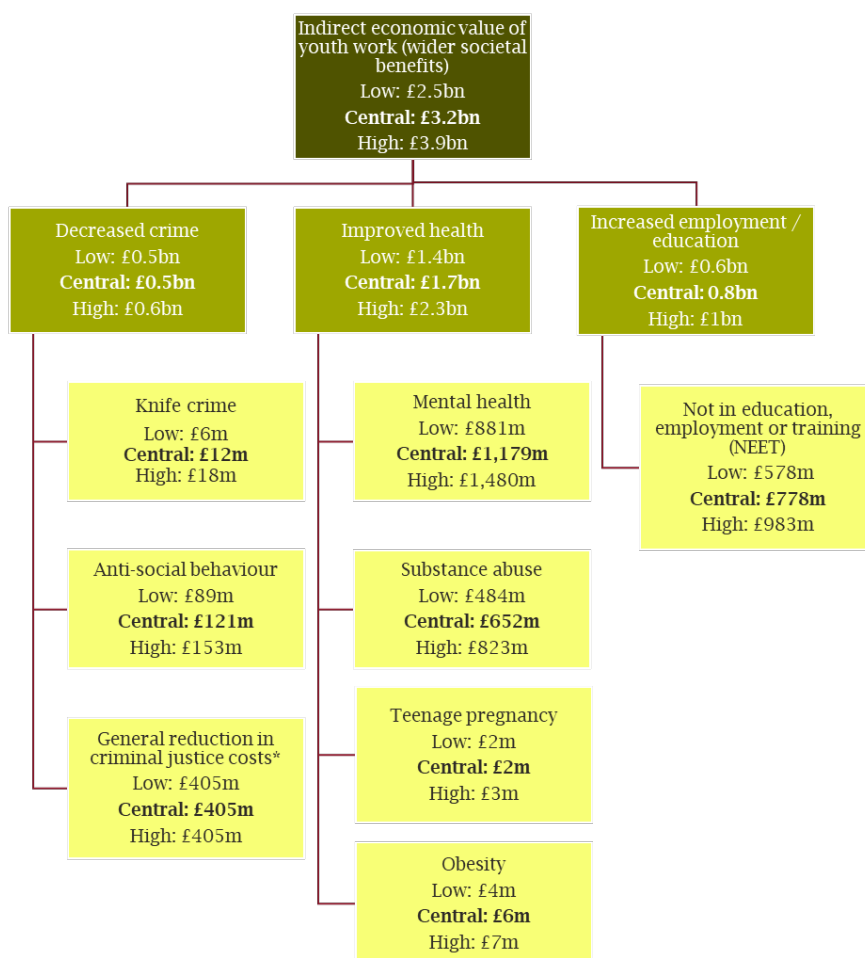
The central figure of £3.2bn is estimated using the central assumptions laid out above. These central assumptions are made using evidence from the literature. The range of **£2.5bn - £3.9bn** is calculated using 'low' and 'high' adaptations of the central assumptions, generated by multiplying the central assumptions by 75% and 125% respectively.

Improved mental health and increased employment/education are the largest components of the estimated indirect value of youth work. This is driven by the large societal costs of poor mental health and young people becoming NEET. Mental health difficulties are extremely prevalent, meaning that even small reductions in incidence at individual level lead to large economic savings across the population. There is also a relatively large number of young people who are NEET (compared to those, say, involved in knife crime), which leads to high total costs. In addition, becoming NEET has "scarring" effects (i.e. reduced earnings), which accumulate over an individual's lifetime (ONS, 2021).

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<sup>5</sup> This is the sum of annual LA funding (£380m) and the YIF national funding divided over three years (£127m).

**Figure 10 - Indirect economic value of the youth work sector in England**



\*These categories replicate calculations made by other studies with no additional assumptions and so no range has been created

Source: Frontier Economics

Note: Improved mental health and increased employment/education are the largest components of the estimated indirect value of youth work. This is driven by the large societal costs of poor mental health and young people becoming NEET. Mental health difficulties are extremely prevalent, meaning that even small reductions in incidence at individual level lead to large economic savings across the population. There is also a relatively large number of young people who are NEET (compared to those, say, involved in knife crime), which leads to high total costs. In addition, becoming NEET has "scarring" effects (i.e. reduced earnings), which accumulate over an individual's lifetime.

## Discussion of results



### Return on investment

For this study, known annual government investment in the youth sector is around £0.5bn: the sum of annual LA funding (£380m) and the YIF national funding divided over three years (£127m). Assuming that there is up to an additional £0.5bn of annual government funding – distributed across departments other than DCMS, e.g. DHSC and DfE – we estimate government investment to lie in the range of £0.5bn to £1.0bn.

0 shows that comparing this range to our estimates for the wider societal benefits (social returns) results in an estimated **return on investment (ROI) range of 3.2x to 6.4x**, for the central benefits estimate. This means that for every pound the government invests in the youth sector, this generates between £3.20 and £6.40 in benefits to the

taxpayer. Using combinations of the lowest and highest assumptions for public investment and social returns, we estimate the ROI to be a **minimum of 2.5x** and a **maximum of 7.8x**.

**Figure 11 - estimated return to investment in the youth sector**

		Social return 		
		Low: £2.5bn	Central: £3.2bn	High: £3.9bn
Public investment 	Low: £0.5bn	5x	6.4x	7.8x
	High: £1.0bn	2.5x	3.2x	3.9x

Source: Frontier Economics

The Department for Transport publishes a Value for Money Framework (Department for Transport, 2017), which is used to evaluate existing and potential transport investments. It includes a guide stating that, for every £1 invested, benefits:

- Less than £1 indicate poor VfM
- Between £1 and £1.50 indicate low VfM
- Between £1.50 and £2 indicate medium VfM
- Between £2 and £4 indicate high VfM
- Greater than £4 indicate very high VfM

Although this guide was developed for the transport sector, it suggests that the estimated ROI for the youth sector can be considered 'high' to 'very high', with even the minimum ROI estimate (£2.50) considered 'high'.

In the health sector, Public Health England (now the Office for Health Improvement and Disparities) has published the Health Economics Evidence Resource (HEER) (UK Government, 2017), which provides a summary of the economic evidence underpinning public health interventions. Again, although not directly relevant to the youth sector, it provides a useful benchmark for ROI for public investments.

We apply filters to the evidence in the HEER tool to include studies that are:

- Related to young people

- UK-based
- Include an ROI estimate

0 shows that there is significant variation in the ROI estimates for these youth-specific public health interventions. The majority of interventions have estimated ROIs that are approximately in line with our range (2.5-7.8x). However, school-based social and emotional learning programmes to prevent conduct problems in childhood appear to have an extremely high estimated ROI – it is not clear from the original source (Knapp et al., 2011) what is driving this very large figure.

**Table 3 - ROI on youth-related public health interventions**

ACTIVITY	INTERVENTION	BENEFIT-COST RATIO (ROI)	REFERENCE FOR ORIGINAL SOURCE
Sexual health advice, promotion and prevention activities	Teenage pregnancy	11x	Teenage Pregnancy Associates (2012)
Specialist drugs misuse services for children and young people	Specialist drug and alcohol services for young people	4.7-8.4x (long term)	Frontier Economics (2010)
The Healthy Child Programme (HCP) (0-5)	Parenting interventions for the prevention of persistent conduct disorders	8x	Knapp et al. (2011)
	Pre-school programmes	1.4-9.2x (average 3.7x)	Department for Education (2013)
	Child mental health: counselling services	7.5x	Pro Bono Economics (2010)
Investing in social and emotional learning	School-based resilience programme	5.1x	Public Health England (2017)
Investing in school-based interventions	School-based interventions to reduce bullying	14.4x	Knapp et al. (2011)
	School-based social and emotional learning programmes to prevent conduct problems in childhood	83.4x	Knapp et al. (2011)

ACTIVITY	INTERVENTION	BENEFIT-COST RATIO (ROI)	REFERENCE FOR ORIGINAL SOURCE
Investing in parenting interventions	Parenting interventions for the prevention of persistent conduct disorders	7.9x	Knapp et al. (2011)

Source: PHE Health Economics Evidence Resource (HEER), Frontier Economics

## Limitations of this analysis

As described above, the availability of evidence to inform this modelling was limited. Therefore, we have restricted the study to include only the areas and sub-areas of indirect value for which the volume of reliable evidence is greatest. The estimates produced by this work can therefore be considered a lower bound of the “true” economic value of the youth sector, where the true value includes other parts of the economy that benefit from youth work (e.g. arts and culture), as well as sub-areas within parts of the economy we have included in the model (e.g. domestic violence could be included within crime; school exclusions could be included with education/employment).

Furthermore, across all areas of indirect economic value, there is generally good quality evidence on the costs to the economy of certain outcomes, e.g. knife crime, poor mental health or young people being NEET. However, there is generally far less evidence available to quantify the effects of youth work on reducing these outcomes. We have therefore made informed assumptions for a number of “effect” parameters, as shown in 0. The following section contains recommendations for further data collection and analysis, which would help to reduce uncertainty in any future study of the economic value of the youth work sector.

## Recommendations for data and evidence collection

Based on our review of the data and evidence, in 0, we outline a number of key evidence gaps in the youth sector. Beginning with direct economic value, there is reliable evidence on labour expenditure and value of volunteering time (although all estimates require some assumptions). However, there are **gaps in the evidence base around the level of national non-labour expenditure, and around the value of non-labour value-in-kind contributions**. These gaps could be filled by including relevant questions as part of the NYA National Youth Sector Census. It should also be noted that much of the key data around direct economic value (including the National Youth Sector Census and the LA data collected in YMCA (2022)) was **limited to England and Wales**, as opposed to the whole of the UK.

Moving to indirect economic value, there is a **significant lack of evidence on the quantitative, causal relationship between youth work and particular outcomes over the long term**. This applies to evidence on both the effectiveness of specific youth work interventions and the effects of participation in any kind of youth work. This appears to be the case in other countries as well: for example, National Youth Council of Ireland (2012) includes a number of assumptions on the effects of youth work on various outcomes, in place of quantitative evidence.

In terms of the data and methods required to identify causal relationships, it is helpful to use the Maryland Scientific Methods Scale (SMS) as a guide (What Works Growth, 2022). The SMS is a five-point scale ranging from 1, for evaluations based on simple cross sectional correlations, to 5 for randomised control trials (RCTs). For understanding the relationship between specific interventions (e.g. engagement with a youth outreach programme) and outcomes of interest (e.g. involvement in violent crime), it may be feasible to perform an RCT (SMS Level 5), where individuals are randomly assigned to “treatment” or “control” groups. The treatment group is given access to the intervention, whereas the control group is not. Specific outcomes (which can be bespoke to the research questions) can then be measured before and after the intervention.

However, RCTs are resource-intensive and therefore expensive. In addition, they would generally only be feasible for evaluating specific interventions, as opposed to quantifying the effects of broader engagement with youth services as a whole. As an alternative, researchers could consider exploiting “natural experiments” (SMS Level 3 or 4), where individuals are “naturally” allocated to either a group that participates (or may participate) in the intervention or a group that does not. As above, outcomes can then be compared between the two groups over time (i.e. a differences-in-differences approach).

Existing longitudinal data sources/cohort studies could be useful for this purpose. For example, Understanding Society includes a variable to indicate attendance at “youth clubs, scouts, girl guides or other organised activities” (and is available for the whole of the UK). The outcomes of a treatment group of individuals who attended these activities regularly could be compared over time with a control group that did not. Understanding Society includes a wide variety of outcome variables across many of the areas that youth work aims to target. Another example of a potentially useful longitudinal study is Growing Up in Scotland (Growing up in Scotland, 2022), which contains similar information on youth work engagement and outcomes, although the oldest cohort is currently relatively young (aged 14 in 2019/2020).

#### Table 4 - key gaps for evidence collection

TYPE OF VALUE	QUESTION REQUIRING EVIDENCE	KEY GAPS FOR EVIDENCE COLLECTION
Direct economic value	What is <b>non-labour expenditure</b> in the youth work sector?	National data on non-labour expenditure for all types of providers. This could potentially form part of the next NYA youth work census.
	What is the value of <b>non-labour value-in-kind</b> contributions to the youth work sector?	We are currently using net assets from the Annual Reports for the ‘Big 8’ to calculate this. However, we do not currently have figures for Local Authorities or charities.
	What are the sources of <b>income</b> for the youth work sector?	Government funding sources/levels beyond the YIF. Other sources/levels of income for the sector, e.g. commercial, private. This could potentially form part of the next NYA youth work census.

TYPE OF VALUE	QUESTION REQUIRING EVIDENCE	KEY GAPS FOR EVIDENCE COLLECTION
<b>Indirect economic value</b>	What is the statistical, causal relationship between youth work and <b>crime</b> ?	<p>Causal evidence on the effects of youth work activities on all types on crime, including violent crime, anti-social behaviour, domestic abuse and reoffending rates.</p> <p>Note: the analysis included APPG (2020) provides useful evidence on the <i>correlation</i> between youth centre closures and incidence of knife crime. However, there may be other factors at play, and the statistical relationship cannot be considered causal.</p>
	What is the statistical, causal relationship between youth work and <b>health</b> ?	<p>Causal evidence on the effects of youth work activities on all areas of health, including mental health, harmful behaviours (e.g. smoking, drinking, drug-taking), positive behaviours (e.g. safer sex, health screening), and exercise/obesity levels.</p> <p>For health, it is important to consider not only the direct costs of ill-health (e.g. treatment costs) but the indirect costs (e.g. productivity losses due to absenteeism/presenteeism).</p>
	What is the statistical, causal relationship between youth work and <b>employment/education outcomes</b> ?	Causal evidence on the effects of youth work activities on all areas of employment/education, including sustained engagement with education and training, higher educational attainment, work-readiness skills and sustained employment.
	What is the statistical, causal relationship between youth work and <b>community participation</b> ?	Causal evidence on the effects of youth work activities on all areas of community participation, including volunteering and social action.

Source: Frontier Economics

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## Annex a - funding/expenditure sensitivity analysis

As explained above, we estimate the total direct economic value of the youth sector to be £5.7bn. Of this figure, £4.1bn is in expenditure (as opposed to VIK), which equates to **£2.0bn** before applying ONS multipliers. It is important to note that there is a considerable difference between this estimate of annual expenditure (£2.0bn) and *known* government funding to the sector (approximately £0.5<sup>6</sup>). In other words, from our data collection, we are able to “account” for only around a quarter of total expenditure in terms of government income to the sector, and therefore assume that the remainder is composed of charitable income from organisations/individuals and commercial sources (as well as additional government funding outside of the YIF). Therefore, to test the reliability of our expenditure estimates, we perform some robustness checks, below.

0 shows the income of the Big 8 youth organisations, and the proportion of this funding that comes of government, reported in the most recent annual accounts available. We find that the mean proportion of government funding for this group of organisations is 30%. This average is inflated by a very high proportion for the Sea Cadets, and the median proportion is 24%. This proportion is **in line with our estimated ratio of government to non-government expenditure** (0.5:2.0, i.e. 25%).

It may be that the Big 8 organisations are not representative of the sector, and receive less government funding than the average provider. However, if we were to assume that annual national government funding beyond the YIF is around another £0.5bn, then the proportion of government public funding rises to around 50%. Research by the NYA also finds that both income stream categories ‘Charitable or voluntary donations’ and ‘Grants Trusts and Foundations’ are more common sources of income for youth service organisations, than both public funding categories (National Government grant funding, and Local Authority grant funding).<sup>7</sup>

**Table 5 - Funding of the ‘big 8’ organisations**

ORGANISATION	YEAR	TOTAL INCOME (£ THOUSANDS)	GOVERNMENT FUNDING (£ THOUSANDS)	% GOVERNMENT FUNDING
Scouts	2021	27,100	3,900	14%
Boys’ Brigade	2021	1,725	567	33%
Girl Guiding	2020	16,288	1,122	7%
Sea Cadets	2021	14,259	11,511	81%
Young Farmers' Club*	2018	1,114	113	10%
YMCA	2021	14,400	4,064	28%
The Church of England Children's Society	2021	34,000	6,900	20%

<sup>6</sup> This is the sum of annual LA funding (£380m) and the YIF national funding divided over three years (£127m).

<sup>7</sup> National Youth Sector Census (NYA, 2021), p. 23

ORGANISATION	YEAR	TOTAL INCOME (£ THOUSANDS)	GOVERNMENT FUNDING (£ THOUSANDS)	% GOVERNMENT FUNDING
Woodcraft Folk	2020	914	411	45%
Mean				30%
Median				24%

Source: Annual Reports for each organisation

## Annex B - Additional data sources

**Table 5 - Additional data sources**

FIELD	SUB-FIELD/ ASSUMPTION	VALUE	SOURCE
Crime	Costs of anti-social behaviour	-	Crowther and Formby (2004)
Crime	Of the 21+ age range, proportion of ASB incidents caused by young people	20%	ASBOs data, Statista (2014)
Crime	Criminal justice costs and reduction in costs generated by youth centres	EUR5.1m costs estimated avoided	National Council of Ireland (2012)
Health	Total annual costs of drug and alcohol misuse	£32.2bn	UK government (2018)
Health	Proportion of drug and alcohol abuse treatment costs borne by young people	45% for drug abuse, 6% for alcohol abuse	UK government (2020)
Health	Number of teenage (under-18) pregnancies	14,857	Nuffield Trust (2022)
Health	Average cost per teenage pregnancies	\$10,475	Rosenthal et al (2013)
Health	Lifetime cost of obesity per person and rate of obesity	£9,909, 13.0%	YouthLink Scotland (2016)



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