THE SKILL MILL DELIVERS 5x RETURN ON INVESTMENT
Key Messages

The Skill Mill - a Social Enterprise directly employing young ex-offenders aged between 16-18.

Skill Mill is a most effective and cost efficient way of helping young people out of crime and into work.

01. Impact

The Skill Mill changes lives
The re-conviction rate is 7.3%, compared to 63.8% of national reoffending rates (England and Wales) for young people aged under 18 according to Youth Offending statistics.

02. Societal benefit

The Skill Mill saves money and transforms local communities and environments
The reduction in reoffending can be converted to estimates of economic and social benefit. Using Home Office figures on the costs of crime, we derive the saving from reduction of reoffending, estimated at least £111,000 per re-offence. When combined with the reoffending reduction impact from The Skill Mill, this equates to approximately £30 million saved.

03. Value for money

Based on The Skill Mill accounts it costs £20,000 per young person including the salary paid to her/him in a year for work. Overall this means that The Skill Mill is likely to generate at least £5 in benefits for every £1 spent.
Skill Mill shows us what a job is like... it’s about getting up in the morning, you have to push yourself. There are some days you don’t want to, but you have to

- The Skill Mill employee
450
Young ex-offenders employed since 2014

417
Young people have NOT re-offended

7.3%
Re-conviction rate compared to the national 63%
COST OF ALL RE-OFFENCES

committed by the prolific young offenders in the same age group as The Skill Mill young people based on National Youth Justice statistics

COST OF RUNNING THE SKILL MILL per young person including their wages

COST OF RE-OFFENCES of 33 The Skill Mill graduates so far
<table>
<thead>
<tr>
<th>Activities</th>
<th>Outputs</th>
<th>Outcomes</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>For young people:</td>
<td>For young people:</td>
<td>For young people:</td>
</tr>
<tr>
<td>Job Training</td>
<td>Financial independence</td>
<td>Positive self-image and identity</td>
<td>Feeling included in society and ready to contribute to local community</td>
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<tr>
<td>Employability Skills</td>
<td>Improved employability skills</td>
<td>Feeling empowered, safe and valued</td>
<td>Increased belief in their capacity to change</td>
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<tr>
<td>Personal development</td>
<td>Improved mental and physical health</td>
<td>Sense of purpose</td>
<td>Increased belief in their ability to work and succeed in life</td>
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<td></td>
<td>Recognition of capability</td>
<td>Have community pride – take responsibility and ownership of their local spaces</td>
<td>Improved relationships</td>
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<td>Increased self-esteem from positive feedback – customers, partners and wider community</td>
<td>Display kindness in their actions</td>
<td>Positive outlook for the future</td>
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<td>Better relationships with peers and families</td>
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<tr>
<td>For employers and communities:</td>
<td>Services and tasks in water and land-based management</td>
<td>For employers and communities:</td>
<td>For employers and communities:</td>
</tr>
<tr>
<td></td>
<td>Services provided</td>
<td>Improved perception about the young people</td>
<td>Improved environments</td>
</tr>
<tr>
<td></td>
<td>Value for money</td>
<td>Pride in the young people</td>
<td>Reduction in offending 12 months after starting the job</td>
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<tr>
<td></td>
<td>Trust the Skill Mill to do a good job and to manage all the risks</td>
<td>Fulfillment of corporate social responsibility agenda</td>
<td>Social Return of Investment</td>
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<td></td>
<td>Good quality</td>
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<td>Young people shifted from being seen a burden to becoming an asset to their families and communities</td>
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Cost-Benefit Assessment

Benefits:

The Skill Mill delivers societal benefits by reducing reoffending, and the associated decreased social costs of reoffending.

An analysis of the benefits considers the savings that can be achieved on quantifiable costs associated with reoffending.

The benefits associated with The Skill Mill depend on the re-offending rate 7.3% and the savings for the public sector and the society at large.
Benefits: Individual

Identity Shift

Working with The Skill Mill provides an opportunity for reduced drug and alcohol intake leading to direct benefits for the individuals concerned with positive follow on impacts to their communities.

The Skill Mill offers employment which is primarily outdoors and physically challenging. The combination of physical work in nature has demonstrable physical and mental health and wellbeing benefits.
The Skill Mill provides environmental maintenance services in urban and rural green spaces for the enjoyment and health and wellbeing of the community.

Work is undertaken to reduce flood risk arising from climate change. Those are additional positive environmental impacts of The Skill Mill.
Cost-Benefit Assessment

COSTS:

- Vehicle rental and fuel
- Tools
- Young employee’s wages
- Personal protective equipment / Uniform
- Insurance
- Training and Development
- Health & Safety
- Supervision
- Management / administration
- Partnership relations / contracting
- Communication

The average gross cost per young person annually is £20,000. The cost is derived from running 11 teams in 10 locations across England where each team consists of 4 young persons and a supervisor.

The teams run for 6 months (hence 8 young people in a team per year). Each young person is paid a salary with training and qualifications which is included in the cost.
## Cost-Benefit Assessment

<table>
<thead>
<tr>
<th>Per individual costs and benefits</th>
<th>2014–2023</th>
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<tbody>
<tr>
<td>Average cost of a reoffence (A)</td>
<td>£111,000</td>
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<tr>
<td>Reduction in reoffences (B)</td>
<td>0.93</td>
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<tr>
<td>Per individual benefit (C = A * B)</td>
<td>£103,230</td>
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<tr>
<td>Per individual cost (D)</td>
<td>£20,000</td>
</tr>
<tr>
<td>Cost/Benefit Ratio (E = C / D)</td>
<td>5.16</td>
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</tbody>
</table>

The Skill Mill delivers at least 5-fold return of investment

### Analysis

For the analysis of the impact, it is important to determine the rate of reoffending relative to the “counterfactual”, which would include a cohort of offenders aged 16–18 with 11+ convictions.

The Skill Mill does not pre-select young people with low propensity to reoffend determined by risk assessments of Youth Offending Teams. Those referred to us are in the top risk category and selected by Youth Offending Teams where the greatest impact will be achieved.

The average cost of youth crime based on the Home Office “Economic and Social Costs of Crime” (2018) report is ca £110,000 which only considers the average costs of crimes against the individual and not to society.

It does not include the additional savings to the entire justice system or other systems young people have been dependent on e.g. Looked After Children’s Services, health services, Social Education Need and Disability Services or the wider welfare system.
2020–2024 Finances

During the past 4 years Delivery has been through a Social Outcomes Contract with 8 Local Authorities and Central Government (Life Chances Fund) paying for outcomes achieved plus The Skill Mill’s sales revenue to increase impact into 8 areas in England taking the total number of teams to 10.

Costs are shared across the 3 sectors therefore each one sees a 15:1 social return on the investment.
Income Distribution

- Sales
- Local Authority Outcomes
- Central Government Outcomes (DCMS)

£0
£1,000,000
£2,000,000
£3,000,000
£4,000,000
£5,000,000
£6,000,000

2013-2014
2014-2015
2015-2016
2016-2017
2017-2018
2018-2019
2019-2020
2020-2021
2021-2022
2022-2023
Total

NOTE: ADDITIONAL SALES REVENUE FROM 2022/23 RECEIVED IN 2023/24 AND NOT YET REPORTED
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