

Under embargo until 00:01 BST 19<sup>th</sup> September, 2011

## NEW REPORT HIGHLIGHTS £100BN IMPACT OF MAJOR SOCIAL ISSUES AND EMPHASISES IMPORTANCE OF EARLY INTERVENTION

- New report analyses three of society's most difficult issues with costs approaching £100bn each year
- Research shows early interventions can help improve economic well-being of society
- Private funders are well placed to invest in innovative approaches to help tackle social problems
- Early-stage preventative approaches can cost a fifth of current social support

A groundbreaking new report, published today (Monday, September 19<sup>th</sup> 2011) by Barclays Wealth, highlights some of the most expensive social issues in the UK – with the combined costs identified in the report approaching £100bn each year. Taking a 'return-on-investment' approach to philanthropy and applying economic analysis to UK charitable giving, the report explores how private funders are well placed to help tackle the root causes of these issues. Such efforts can bring significant savings to public finance, as well as improving the lives of individuals and their economic prospects.

The report, entitled *Early Interventions: An Economic Approach to Charitable Giving*, was developed in association with charity think tank and consultancy New Philanthropy Capital (NPC). Using a prioritisation process to review 30 of the costliest social issues in the UK, researchers further analysed three issues in detail to understand causes and links, before looking at interventions. These three issues and their associated impact on the public purse are:

- Children with conduct problems (£51bn)<sup>i</sup>
- Adults out of work due to mental health problems (£45bn)
- Chaotic families (£12bn)

Commenting on the research, Emma Turner, Director of Client Philanthropy at Barclays Wealth said: "It is clear that these three issues are proving a significant burden to the welfare state, from an economic as well as a social point of view. However, these issues don't necessarily elicit the most generous response from private funders.

The more light that is shone on these types of social issues and the impact of interventions – such as those highlighted in this research – the more chance there is of private funding being made available to help.”

### Early intervention

The report argues that early intervention is vital in tackling those issues which can contribute to entrenched social problems at a later stage. Furthermore, funding early-stage, preventative approaches can bring about significant economic savings for the state.

The report identifies that there are currently 1.3 million young people in the UK with serious behavioural issues. According to one case study, the cost to society of dealing with just one individual with these problems could exceed £148,000 by the time they reach the age of 16. However, over the same time period, supporting an individual, via intensive family support, counselling in schools and Multisystemic Therapy<sup>ii</sup>, could cost £32,000 - equating to nearly a fifth of the cost of current crisis services.

Iona Joy, Head of Charity Effectiveness at New Philanthropy Capital said: “A charity that helps to divert a young person from crime and into a job not only improves the lives of potential victims, members of the community, and indeed the young person in question, it can also reduce the costs of policing, courts and custody. It further helps the young person to earn a wage, pay tax and contribute to the economy. Many charities aim to improve people’s lives regardless of economic benefits, however taking an economic approach to allocating charitable funding helps us to understand the value of tackling some of the toughest social problems faced in the UK.”

Another costly issue examined in the report is adults facing employment challenges due to mental health problems. Mental health problems affect one in six adults at any one time, with costs of £45bn per year due to related unemployment and reduced productivity.

At present, there are 1.3 million people with mental health problems who rely on benefits, yet many of this group would like to return to employment. The report argues that early workplace intervention by employers could reduce this number greatly. Specialist employment support for those out of work with mental health issues, as well as supporting employers to make workplaces more conducive to good mental health, have been shown to deliver savings of up to £2.50 for every £1 invested.

A further key issue analysed in the report is chaotic families. The report estimates that 140,000 families cost society £12bn each year through reliance on public sector services and wider social costs. This figure could be

greatly reduced by employing proven methods of intervention, for example, targeted support for families has an estimated cost of £19,500 for each family per year – an average saving of £40,000 annually per family. Moreover, these savings are dramatically increased in the case of the most problematic families, with savings reaching over £130,000 per year in some cases.

### A compelling case for private funders

Whilst the report shows that funders can vary greatly in their style of charitable giving – in terms of time, involvement and funds at their disposal – they are now in an increasingly advantageous position to ensure the funds they invest in a philanthropic cause can make a difference. However, there are also many considerations private funders must think about when making decisions about the charitable sectors they want to fund, such as their level of ambition, their willingness to engage with other partners and their attitudes to risk.

In order to help funders decide how they are best suited to approach issues and interventions and what level of risk – or return – they are looking to take, the report outlines a framework to help donors make these decisions, based on their own ambitions and risk appetite. In addition, the report refers to distinct funder profiles, which range from the time-poor “Gift Givers” to the “Change Makers” – committed philanthropists willing to take risks on new initiatives.

Emma Turner commented: “Private funders have an unrivalled capacity to fund initiatives that the government cannot. It is now clear that there is a growing group of enlightened funders, defined as Change Makers, who understand that the current method of responding to social problems only once they reach crisis point has limited success. This group of funders is willing to take risks on new philanthropic initiatives that address the root cause of problems, rather than just the visible symptoms.

“In bringing these difficult issues, which are often neglected, to the attention of funders - we need to provide powerful reasons for why they should invest in these interventions and what they can achieve by doing so.” Emma Turner continued, “If we want to tackle some of society’s biggest problems, and persuade funders to choose routes such as early intervention funding, we have to find new and better ways of making the argument more compelling.”

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**About Barclays Wealth**

Barclays Wealth is a leading global wealth manager, and the UK's largest, with total client assets of £170bn, as at 30 June 2011. With offices in over 20 countries, Barclays Wealth focuses on private and intermediary clients worldwide, providing international and private banking, investment management, fiduciary services and brokerage.

Barclays is a major global financial services provider engaged in retail banking, credit cards, corporate and investment banking and wealth management with an extensive international presence in Europe, the Americas, Africa and Asia. With over 300 years of history and expertise in banking, Barclays operates in over 50 countries and employs over 145,000 people. Barclays moves, lends, invests and protects money for customers and clients worldwide

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Twitter page: [www.twitter.com/barclayswealth](http://www.twitter.com/barclayswealth)

**About NPC**

New Philanthropy Capital (NPC) is a charity think tank and consultancy dedicated to helping funders and charities to achieve a greater impact. NPC provides independent research and advice for donors and charities, encouraging debate about what makes a charity effective, and building knowledge and tools to support effectiveness. It is the only organisation to offer advice based on our own in-depth research of social issues and unique methodology of analysing charities.

For further information about NPC, please visit our website [www.philanthropycapital.org](http://www.philanthropycapital.org)

### About this report

This report attempts to analyse social issues and interventions according to their potential for improving 'economic well-being' and is intended for funders who may be ambitious about the impact of their giving. It is aimed to provide ground-breaking research that will encourage people to think about tackling social problems in new ways.

### Methodology

New Philanthropy Capital (NPC) conducted research for this report between February and June 2011, surveying experts to determine the research priorities, and reviewing published economic data to explore the costs of different social issues. NPC then conducted more detailed analysis on a subset of issues by reviewing further literature and interviewing over 30 experts. A steering group with representatives from government, research institutes, charities and funders provided valuable help in guiding our research. The report attempts to use the best available data, but that data has limitations and the research process is experimental.

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<sup>i</sup> £51bn relates to the cost of crime committed by adults who are estimated to have had conduct disorder in childhood. 80% of crime is committed by adults who had conduct problems as children, equating to around £51bn a year.

<sup>ii</sup> Multisystemic Therapy involves intensive whole-family support by a dedicated worker who visits several times a week for several months. The worker also liaises with schools and other agencies (youth offending teams, mental health services) to help solve problems in a holistic way.