



Financial case for supported employment

*Commissioning high quality supported
employment makes financial sense*

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Commissioning high quality supported employment makes financial sense

This paper summarises the cost efficiencies that can be found by commissioning high quality supported employment services based on research in North Lanarkshire and Kent, which demonstrated net savings of £6,894 and £3,564 per person per annum.

What is high quality supported employment?

Supported employment is an evidence-based and personalised approach to support people with significant disabilities into real jobs, where they can fulfil their employment aspirations, and achieve social and economic inclusion. The steps that make up supported employment have been developed into a draft standard (for Valuing People Now)¹, and they may be summarised as follows:

- **Vocational Profiling:** An assessment to understand a person's aspirations, skills, needs, abilities, talents, experiences, preferences and informal supports and connections, to inform matching people to job vacancies.
- **Job Finding:** Using the understanding of the labour market to approach potential employers to find a potential job match.
- **Job analysis and placement:** Gathering information about the job and the workplace to assess how much input is needed to close the gap between the requirements of the employer and the abilities of the worker.
- **Job training:** On-the job support to both employee and employer to ensure the person can do the job to the quality expected by the employer, which fades over time.
- **Long-term support:** Additional ongoing assistance for both employee and employer, as needed to adapt to change at work or to develop a career.

What does the research tell us? How can supported employment help make financial savings?

Recent studies have been carried out in North Lanarkshire² and in Kent³. These studies looked at the financial flow-backs when people were supported into work, and whether these outweighed the costs of delivering supported employment. These flow-backs included

¹ Valuing Employment Now (2010) *Job Coaching or Supported Employment – approach and progress in developing standards*, Department of Health

² Beyer, S. (2008) *An evaluation of the outcomes in supported employment in North Lanarkshire*. North Lanarkshire Social Work Service

³ Kilsby, M and Beyer S. (2010) *A financial cost: benefit analysis of Kent Supported Employment: establishing a framework for analysis – interim report*. Kent Social Services

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increases in tax revenue, reductions in welfare benefits and decreased dependency on social care support. There were consistent findings between the North Lanarkshire and Kent studies, and both have demonstrated that investment into supported employment, a relatively small service area, can produce significant savings at the local authority and taxpayer levels.

The studies found that the cost of supported employment was lower than for an equivalent day services place. In North Lanarkshire, supported employment cost £7,216 per annum per job compared to £14,998 for a day service place. In Kent, supported employment cost £9,910 per annum per job compared to £11,200 for a day service place. There are savings of £7,782 and £1,290 respectively. Ongoing costs to maintain a person in employment are considerably lower as additional assistance is only provided to adapt to change at work or for continued career development, and savings increase as more people are supported into work.

The studies found that there were additional savings from a taxpayer perspective with the flow-backs. In North Lanarkshire, there was a net saving of £6,894 per person per year; and in Kent, there was a net saving of £3,564 per person per year. If this is looked at for 50 people per year placed in employment, this is a saving of £344,700 and £178,200 respectively.

The differences in cost between day services and supported employment only turn into cost efficiencies if a strategy to help people into paid employment is linked to a reform strategy for day services and other vocational or work training provision. It is suggested that Local Authorities should be looking at this research when considering their reductions in budgets, as linking supported employment development to wider reform strategies can generate considerable savings as well as delivering better outcomes for those who are reliant upon social care services.

Further advice to Members, Senior Managers and Commissioners is available upon request.

Kathy.melling@dh.qsi.gov.uk

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