

DEMONSTRATING THE ECONOMIC VALUE OF *City Gateway*

FACT SHEET

ANALYSIS OF THE SOCIAL & ECONOMIC BENEFIT OF LEARNING

OVERVIEW

City Gateway creates significant positive benefits on their main stakeholder groups: learners, society, taxpayers, and the local business community. Using a two-pronged approach that involves an investment analysis and a regional economic impact analysis, the model applied in this study calculates the benefits to each of these groups. This fact sheet presents the key findings.

INVESTMENT ANALYSIS

BENEFITS TO LEARNERS

- City Gateway's funding means its programmes are offered at minimal cost to participants. Learners as a whole forwent **£7 million** in earnings that they would have generated had they been working instead of learning.
- In return for the monies that learners invest in City Gateway (i.e., forgone earnings), they will receive a present value of **£41.4 million** in increased earnings over their working lives.
- Every £1 that learners pay for their education at City Gateway yields **£5.90** in higher future wages. This translates to a **16.3%** annual rate of return.

BENEFITS TO SOCIETY

- Society as a whole invested **£22.1 million** in City Gateway through direct outlays and the loss of potential output from learners who spent time at City Gateway rather than working.
- In return, society in the UK will receive a present value of **£92.5 million** over the course of the learners' working lives, in the form of an expanded tax base and a variety of social benefits related to reduced crime, lower unemployment, and increased health and well-being. These benefits can be considered conservative since they do not include those likely to result from City Gateway's early intervention activities.
- Society will receive **£4.60** in return for every £1 invested in City Gateway, a **14.8%** average annual rate of return.

FOR EVERY £1 SPENT

£5.90

Gained in lifetime higher earnings for learners

£4.60

Gained in added income and savings to society

£3.00

Gained in added tax receipts and avoided costs to taxpayers

SERVICES AT CITY GATEWAY

City Gateway offers a wide variety of services to residents of some of London's poorest boroughs, making sure that young people and others who might otherwise fall out of the economy can instead prosper. These early intervention services centre on providing training and apprenticeship and traineeship opportunities for young people aged 16-24 with some of London's most important businesses.

City Gateway also offers a variety of services to women and disadvantaged families. The City Gateway Women's Programme operates multiple centres, which offer free drop-in classes, vocational services and counselling, free advice, and more, to an average of over 200 women per week. Meanwhile, the Families Service and Nurseries runs playgroups and provides support services to many local families.

In total, City Gateway facilitated 333 apprenticeships in the study period. Those included 232 Business and Administration apprenticeships (145 advanced and 87 intermediate), 88 Customer Service Apprenticeships (3 advanced and 85 intermediate), 2 Exercise and Fitness Apprenticeships, and 11 traineeships of various kinds.

BENEFITS TO TAXPAYERS

- Taxpayers in the UK paid **£5.2 million** to support the operations of City Gateway in 2014-15.
- The present value of the added tax revenue stemming from the learners' higher lifetime incomes and the increased output of businesses amounts to **£13.7 million** in benefits to taxpayers. Avoided costs to the public sector add another **£1.8 million** in benefits due to a reduced demand for government-funded social services in the UK.
- Similar to the social perspective, these benefits are conservative given that while it is recognised that the early intervention activities provided by City Gateway in young learners' lives will benefit taxpayers, those benefits are not specifically quantified in this analysis.
- Taxpayers see an average annual rate of return of **10.6%** from investing in City Gateway, with a benefit-cost ratio of **£3.00** in benefits returned for every £1 in costs.

REGIONAL IMPACT ANALYSIS

IMPACT OF OPERATIONS

- City Gateway employed **161** full-time and **106** part-time faculty and staff in 2014-15. Staff costs amounted to **£6.6 million**, much of which was spent in the Tower Hamlets and surrounding boroughs to purchase groceries, clothing, and other household goods and services.
- City Gateway is a buyer of goods and services and spent **£1.7 million** to support their operations in 2014-15. Their expenditures further benefited many local suppliers in the Tower Hamlets and surrounding boroughs.
- The net impact of City Gateway expenditures in the Tower Hamlets and surrounding boroughs comes to approximately **£6.2 million** in added income in the regional economy each year.

IMPACT OF ADDED WORKFORCE SKILLS

- Many of City Gateway's learners stay in the Tower Hamlets and surrounding boroughs. Their enhanced skills and abilities **bolster the output** of local employers, leading to higher regional income and a robust economy.
- The accumulated impact of former City Gateway learners who are currently employed in the regional workforce amounts to **£24 million** in added income in the Tower Hamlets and surrounding boroughs' economy each year. Given City Gateway has been experiencing enrolment increases and this trend is expected to continue, this annual impact is likely to increase from £24 million per year.

TOTAL IMPACT ON LOCAL BUSINESS COMMUNITY

- Altogether, the economic impact of City Gateway to the local business community in the Tower Hamlets and surrounding boroughs is **£30.2 million** each year.
- Total added income created by City Gateway and their learners represents roughly **639** average wage jobs.

INCOME CREATED BY CITY GATEWAY

Impact of City Gateway expenditures

£6.2 MILLION

Impact of added workforce skills

£24 MILLION

Total income created per year

£30.2 MILLION

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