



# Innovation Fund

## Key facts

### Background

The Innovation Fund (IF) is a pilot initiative aimed at supporting disadvantaged young people, and those at risk of disadvantage, aged 14 years and over. This project is a targeted and preventative measure, aimed at re-engaging young people with Education, Training and Employment.

The Innovation Fund has three key objectives:

- **Objective 1** – To deliver support to help young people who are disadvantaged, or at risk of disadvantage, helping them participate and succeed in education or training and thereby improve their employability, reducing their longer term dependency on benefits.
- **Objective 2** – Test the extent to which we generate benefit savings, other wider fiscal and social benefits, and deliver Social Return on Investment.
- **Objective 3** – Support the development of the social investment market, the capacity building of smaller delivery organisations and generate a credible evidence base which supports social investment arrangements.

This pilot is a Payment By Results (PBR) model i.e it is 100% outcome based. Social investment models comprise of one or more Investors and one or more Delivery Bodies. In some cases, there are intermediaries involved. DWP will pay the Investors or intermediaries solely on the basis of outcomes achieved. The Delivery Bodies receive funding from the Investors or Intermediaries to cover their delivery costs, so they do not have to take risks of outcome payments.

The Innovation Fund has been awarded through a competitive bidding process over two rounds. Resulting in ten Social Impact Bonds (SIBs) going live in the UK. The first six projects went live in April 2012 and a further four began delivery in November 2012. The DWP is the first government department to commission SIBs via an open competition. Of the 13 SIBs operational in the UK, 10 are Innovation Fund projects.

The six Round One projects have been operating for just over one year. The Round 1 projects cover the following locations; Birmingham, Nottingham, Perth and Kinross (Scotland), Greater Merseyside, London (Shoreditch) and London (Stratford, Canning Town, Newham and Waltham Forest)

The four Round Two projects have been in operation for six months. The Round 2 projects cover the following locations; Manchester, South Wales, Thames Valley and West London.

### Investors

There are a range of investors involved in the Innovation Fund. They include dedicated social funds, businesses, private individuals and registered social landlords.

### Evaluation

DWP have commissioned a comprehensive evaluation of the Innovation Fund which will examine the effectiveness of the pilot programme and explore the wider social and fiscal savings gained.

If you require any further information about the DWP Innovation Fund, please contact Vicki Brown at [vicki.brown@dwp.gsi.gov.uk](mailto:vicki.brown@dwp.gsi.gov.uk)

# DWP Rate Card

DWP pays for one or more outcomes per participant which can be linked to improved employability. A definitive list of outcomes and maximum prices DWP was willing to pay for Round 2 is as follows:

<b>Nature of Outcome</b>	<b>Maximum Price of Outcome</b>
Improved attitude towards school	£700
Improved behaviour	£1300
Improved attendance	£1400
Entry Level Qualification	£900
NVQ level 1 or equivalent	£1100
NVQ level 2 or equivalent	£3300
NVQ level 3 or equivalent	£5100
Entry into employment	£3500
Sustained Employment	£2000

The Maximum amount payable per individual is £11,700. The figure is based on 3 years of Annually Managed Expenditure (AME) savings.