

# Innovation Fund equality impact assessment

September 2012

Round 2 – V2

# Equality impact assessment for Innovation Fund

## Introduction

The Department for Work and Pensions (DWP) has carried out an equality impact assessment on the proposal to introduce the Innovation Fund, assessing the proposal in line with the current public sector equality duties.

This process will help to ensure that:

- the Department's strategies, policies and services are free from discrimination;
- the Department complies with current equality legislation;
- due regard is given to equality in decision making and subsequent processes; and
- opportunities for promoting equality are identified.

## Scope of this assessment

The equality impact assessment will show how the Department has demonstrated it has paid due regard when developing new services or processes on the grounds of the protected characteristics. These are; race, disability, gender, age, gender reassignment, sexual orientation, pregnancy and maternity, religion or belief and marriage and civil partnerships (in terms of eliminating unlawful discrimination only).

## Brief outline of the policy or service

The Innovation Fund is one part of a £60m package of support aimed at tackling some of the long term structural barriers that stop some young people from getting a job and starting their career. The Innovation Fund was officially announced on 12 May 2011 and has funding of up to £30 million over 3 years from 2012 to support social investment projects.

The Innovation Fund will involve running a small number (10) pilots in areas of social exclusion and disadvantage. It will test the effectiveness of a range of social investment models and innovative programmes aimed at disadvantaged young people and those at risk of disadvantage with a particular focus on those aged 14 and over.

Whilst the primary purpose of the Innovation Fund is to support disadvantaged young people, and those at risk of disadvantage, to participate and succeed in education and training, in order to achieve better employment outcomes (and ultimately benefit savings), it will also help us to test the effectiveness of different social investment models in the delivery of our services. The specific outcomes will not become clear

until the individual projects are evaluated but there are three overall objectives for the Innovation Fund:

- Objective One - Deliver support to help young people who are disadvantaged or at risk of becoming disadvantaged, in order to improve their employability and therefore reduce their longer term dependency on benefits.
- Objective Two- Test the extent to which we generate AME savings along with other wider fiscal and social benefits, with a focus on delivering a Social Return on Investment.
- Objective Three – 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.

Bids were invited from partnerships of investors and delivery bodies. They were asked to outline the service they propose to deliver, who will be targeted by this service, their best estimate of both the level of additionality they anticipate and the potential savings these will generate. The Innovation Fund was advertised directly to both investors and delivery bodies, and provided opportunities for interested parties to attend information events where they met and exchanged ideas to ensure a range of bids were received.

Six contracts have been awarded for Round One and the actual volume of customers expected to start Innovation Fund provision during Round One is approximately 11,800. Of these, we only expect around 7000 to achieve an outcome. This figure has increased now Round Two bids have been received.

In August 2012 we awarded an additional four Round Two projects. We expect delivery to begin by late Autumn 2012. The actual volume of customers expected to start Innovation Fund provision during round 2 is between 4100 to 5300 young people. We will be helping around 16,000 to 17,000 young people in total across both rounds of the Innovation Fund.

How customers access the service differs from project to project. This includes referrals from local authorities or schools which have high levels of young people who go on to become Not in Education, Employment or Training (NEET). Of the successful Round One and Round two bids, there does not appear to be any area of potential discrimination.

The Innovation Fund projects will operate separately and in addition to other Government provision. Eligible customers will be invited to participate on a voluntary basis and there will be no reduction in existing services to other customers as a result of the project.

## Consultation and involvement

We have consulted with a wide range of stakeholders within DWP, Other Government Departments (OGDs) and external organisations with experience in delivering social finance initiatives.

We have sought advice from policy experts in DWP and the Department for Education about the most appropriate target customer groups for the Innovation Fund. Following this consultation it has been agreed to target young people aged 14 years and over who are disadvantaged, or are at risk of disadvantage for round one. For round two, we are focussing on 14 and 15 year olds only.

Consultation across Government and with external organisations has been undertaken to learn about what has already been done in relation to social finance and specifically how they have been used to date by OGDs. We will continue to consult and seek advice (subject to commercial sensitivities) of how to implement social investment models successfully in DWP.

We have established a stakeholder review group to form part of the governance and decision making process for the project. This group has representatives from DWP Analysis, Finance, Legal, Commercial, Delivery, CIT, DWP policy, DWP strategy and Department for Education policy. We will also continue to consult with additional areas including Equality and Diversity and the Departmental Security Team at all appropriate stages.

## Impact of the Innovation Fund

To assess the equality impact of the Innovation Fund we considered available data from the Longitudinal Study of Young People in England on the main activities of young people aged 18 broken down by characteristics<sup>1</sup>. This is the main robust survey relevant to the Innovation Fund. Extracts of this data are presented in the tables below. We also considered qualitative information from a recent research study conducted by York University on behalf of the Audit Commission<sup>2</sup>. It is recognised that this data presents information on only a subsection of the wider target group of young people. It also does not illustrate intersectionality to consider how different combinations of these characteristics could lessen or increase the impact.

As part of the procurement process we have stated that all bidders must comply with equality and diversity legislation and consider the impacts of their proposals. The procurement process involved assessing all individual pilots for any negative impacts of which there were none.

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<sup>1</sup> Data from Longitudinal Study of Young People in England, Wave 6 and YCS Cohort 13, Sweep 3 available at <http://www.education.gov.uk/rsgateway/DB/SBU/b000937/b01-2010v2.xls>

<sup>2</sup> Coles, B; Godfrey, C; Keung, A; Parrott, S; and Bradshaw, J. (2010) *Estimating the life-time cost of NEET: 16-18 year olds not in Education, Employment or Training* Research Undertaken for the Audit Commission

## Age

Table 1 below compares the activities of young people aged 18 against their Year 11 results.

**Table 1**

	<b>% Full Time Education</b>	<b>% Job with Training</b>	<b>% Job without Training</b>	<b>% Government Supported Training</b>	<b>% NEET</b>
<b>All</b>	<b>45</b>	<b>11</b>	<b>22</b>	<b>7</b>	<b>15</b>
<b>8+ A*-C</b>	<b>62</b>	<b>9</b>	<b>17</b>	<b>4</b>	<b>8</b>
<b>5-7 A*-C</b>	<b>39</b>	<b>15</b>	<b>27</b>	<b>8</b>	<b>11</b>
<b>1-4 A*-C</b>	<b>31</b>	<b>14</b>	<b>28</b>	<b>11</b>	<b>16</b>
<b>5+ D-G</b>	<b>22</b>	<b>14</b>	<b>29</b>	<b>9</b>	<b>26</b>
<b>1-4 D-G</b>	<b>18</b>	<b>9</b>	<b>25</b>	<b>6</b>	<b>42</b>
<b>None</b>	<b>23</b>	<b>6</b>	<b>15</b>	<b>5</b>	<b>51</b>

Source: Longitudinal Survey of Young People in England. DfE.

Table 2 below compares the activities of young people aged 18 against their school exclusion record.

**Table 2**

	<b>% Full Time Education</b>	<b>% Job with Training</b>	<b>% Job without Training</b>	<b>% Government Supported Training</b>	<b>% NEET</b>
<b>All</b>	<b>45</b>	<b>11</b>	<b>22</b>	<b>7</b>	<b>15</b>
<b>Permanently Excluded</b>	<b>16</b>	<b>12</b>	<b>19</b>	<b>6</b>	<b>47</b>
<b>Suspended</b>	<b>24</b>	<b>12</b>	<b>26</b>	<b>10</b>	<b>28</b>
<b>Not Excluded</b>	<b>47</b>	<b>11</b>	<b>22</b>	<b>7</b>	<b>14</b>

Traditionally DWP has only intervened significantly with young people who are NEET once they reach the age of 18 (or for those who are experiencing hardship there is some engagement from the age of 16). These statistics show that two of the key characteristics of NEETs are a lack of qualifications and exclusion from school. The successful Round One bids cover all age groups (aged 14-24) with one specific bid focusing on 14-15 year olds where one of the main objectives will be to improve behavior and attendance of young people at school. Round two projects focus solely on engaging 14 and 15 year olds. Targeting 14 and 15 year olds is a preventative measure, aimed at reducing the number of young people that go on to become long term NEET at age 16 years and above.

The York University study estimated the lifetime cost of NEET<sup>3</sup> and found that the cost of failing to intervene early can result in a life of unemployment and benefit

<sup>3</sup> Coles et al (2010): Estimating the life-time cost of NEET: 16-18 year olds not in Education, Employment or Training.

dependency, whilst participating and gaining qualifications has a positive impact in terms of employments and income. Over their lifetime, every young person who has been NEET can, on average, incur higher public finance (£56,000) and economic (£104, 000) costs.

Other research has demonstrated that once young people have become NEET this can have a major impact on their future and, by the age of 21, young people who have been NEET for six months or more are more likely than their peers to be unemployed, earn less, receive no training, have a criminal record and suffer from poor health and depression<sup>4</sup>. There is also a strong correlation with being NEET and early parenthood<sup>5</sup>.

This evidence supports the decision to target the Innovation Fund specifically at young people aged 14 years and over. By taking positive action to target activity at young people aged 14 years and over there is an opportunity to prevent young people becoming NEET, or more quickly intervene should they do so. There is a longstanding body of evidence to highlight that poor attendance has adverse effects on future educational achievements and is associated with disruptive behaviour.<sup>6</sup>

The activities supported by the two rounds of the Innovation Fund are expected to be directed towards people under the age of 21. However, the majority of the successful Round One bids proposed to work with all ages. There is no discrimination, therefore, against any age group.

Existing services for all customer groups will not be affected by the introduction of the Innovation Fund, including those who are NEET and aged 18 or over.

**Disability**

Table 3 below compares the main activities of young people aged 18 by characteristics.

**Table 3**

	All	Disabled	Non-Disabled	Don't Know
% Full Time Education	45	45	44	51
% Job with Training	11	9	12	10
% Job without Training	22	17	23	13
% Government Supported Training	7	6	7	5
% NEET	15	22	15	21

<sup>4</sup> Social Exclusion Office (July 1999) *Bridging the Gap: New Opportunities for 16-18 Year Olds not in Education, Employment or Training*

<sup>5</sup> National Audit Office (2010) *Against the Odds: Re-engaging young people in education, employment or training* available at <http://www.audit-commission.gov.uk/SiteCollectionDocuments/AuditCommissionReports/NationalStudies/NEETsAgainsttheodds.pdf>

<sup>6</sup> Department for Education (2003) *Absence from Schools: A study of its causes and effects in seven LA's.*

**Source:** Longitudinal Survey of Young People in England, Department for Education.

These characteristics show that young people who are disabled are marginally more likely to be NEET at the age of 18 than those who are non-disabled. There are no criteria included in the Innovation Fund specification which would require prospective investor/delivery partners to target their services at disabled young people. However it is possible that outcomes for disabled customers may attract a higher rate of return than those for non-disabled customers to reflect this imbalance. All Round One and Round Two successful projects have been assessed to ensure they do not discriminate against disabled customers. As part of the procurement process bidders were required to comply with equality legislation by providing reasonable adjustments to ensure that services are accessible to disabled customers, and submit written evidence of such if required.

**Gender**

Table 4 below compares the main activities of young people aged 18 by characteristics.

**Table 4**

	<b>All</b>	<b>Male</b>	<b>Female</b>
<b>% Full Time Education</b>	<b>45</b>	<b>42</b>	<b>48</b>
<b>% Job with Training</b>	<b>11</b>	<b>11</b>	<b>11</b>
<b>% Job without Training</b>	<b>22</b>	<b>22</b>	<b>22</b>
<b>% Government Supported Training</b>	<b>7</b>	<b>9</b>	<b>5</b>
<b>% NEET</b>	<b>15</b>	<b>16</b>	<b>14</b>

These characteristics show that gender does not have a significant impact on whether a young person becomes NEET at the age of 18.

**Gender Reassignment**

No data is available to assess if the Innovation Fund will have an equality impact relating to gender reassignment, as the department does not collect it. It is not anticipated, based on knowledge of policy and provision design, that gender reassignment will affect young persons eligibility or take-up because the provision will offer support tailored to the individual.

**Ethnicity**

Table 5 below compares the main activities of young people aged 18 by characteristics.

**Table 5**

	<b>% Full Time Education</b>	<b>% Job with Training</b>	<b>% Job without Training</b>	<b>% Government Supported Training</b>	<b>% NEET</b>
<b>All</b>	<b>45</b>	<b>11</b>	<b>22</b>	<b>7</b>	<b>15</b>
<b>White</b>	<b>41</b>	<b>12</b>	<b>24</b>	<b>7</b>	<b>16</b>
<b>Mixed</b>	<b>48</b>	<b>11</b>	<b>21</b>	<b>4</b>	<b>16</b>
<b>Indian</b>	<b>78</b>	<b>5</b>	<b>8</b>	<b>1</b>	<b>9</b>
<b>Pakistani</b>	<b>67</b>	<b>5</b>	<b>10</b>	<b>3</b>	<b>16</b>
<b>Bangladeshi</b>	<b>63</b>	<b>3</b>	<b>13</b>	<b>3</b>	<b>18</b>
<b>Other Asian</b>	<b>79</b>	<b>2</b>	<b>8</b>	<b>3</b>	<b>8</b>
<b>Black African</b>	<b>85</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>7</b>
<b>Black Caribbean</b>	<b>57</b>	<b>8</b>	<b>15</b>	<b>4</b>	<b>16</b>
<b>Other</b>	<b>62</b>	<b>3</b>	<b>16</b>	<b>1</b>	<b>18</b>

This data shows that there is a slightly higher likelihood of young people from an ethnic minority background becoming NEET. However, no group is significantly higher than the overall NEET population. We will closely monitor that the Innovation Fund supports people whatever their ethnic background is.

## **Religion or Belief**

No data is available on the religion or faith of young people who will be eligible for the Innovation Fund. All individuals undertaking Innovation Fund provision will be treated fairly, irrespective of their religion or beliefs. They will not be asked to undertake any activity which goes against their beliefs, and allowances will be made to reflect religious holidays and practices. It is not anticipated, based on knowledge of policy and provision design, that the religion or belief of individuals will affect their eligibility or take-up as providers will offer support tailored to individual circumstances.

## **Sexual Orientation**

No data is available to assess if the Innovation Fund will have an equality impact relating to sexual orientation. It is not anticipated that sexual orientation will affect customers' eligibility or take-up because the Innovation Fund provision will offer support tailored to the young person's individual circumstances.

## **Pregnancy or maternity**

No data is available to assess whether the Innovation Fund will have an equality impact relating to pregnancy or maternity, although we have established a correlation between disadvantaged young people and an increased chance of pregnancy or maternity. It is not anticipated that pregnancy or maternity will affect customers' eligibility or take-up because the provision will offer support tailored to the young person.



## Marriage and Civil Partnership

No data is available to assess if the Innovation Fund will have an equality impact relating to marriage or civil partnership. It is not anticipated that marriage or civil partnership will affect customers' eligibility.

## Staff Impact

We do not anticipate the introduction of the Innovation Fund will involve substantial changes to the customer journey or the role of Jobcentre Plus advisors. We do not anticipate, therefore, any equality issues relating to the impact on staff but this will be kept under review as the pilots progress.

## Monitoring and evaluation

The department has commissioned a comprehensive, independent evaluation of the Innovation Fund pilot. This evaluation will gather evidence on:

- delivery: exploring how the social investment models are set up and how providers deliver the Innovation Fund to learn lessons for future policy making;
- performance: establishing the outcomes and destinations of Innovation Fund participants, how quickly they re-engage with education and increase their chances of securing future employment;
- impact and value for money: assessing the impact of the projects on re-engagement with education and employment and considering the costs and benefits of the pilot.

In addition to measuring the outcome rates and other impacts of the Innovation Fund, the evaluation will provide an assessment of programme performance and effects by participant sub-group. This analysis will support the Equality Impact Assessment and will contribute to measuring the Innovation Fund's contribution to improving the labour market position of disadvantaged and those at risk of disadvantaged groups.

The evaluation will be supplemented with DWP Management Information (MI) to monitor pilot performance through a limited number of key measures (for example starts, outcomes and sustained outcomes). This will be available on a monthly basis and will be used to account for public spend and inform performance improvement. Participant characteristics captured through MI include:

- gender;
- age;
- ethnicity;
- Statement of Educational Needs (SEN;)
- Disability; and
- nature of NEET or at risk of NEET.

Where data is available, the diversity breakdown of the Innovation Fund participants will be monitored to ensure any unintended effects are identified and addressed.

MI collected will be used to account for public spend, enable performance improvement and inform evaluation.

## Next steps

This equality impact assessment will be regularly reviewed as the pilots progress.

## Contact details

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