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Social Science in Government

Qualitative evaluation of the DWP Innovation Fund: Final report

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Summary

This is the second published report from the qualitative strand of evaluation research into the Department for Work and Pensions' Innovation Fund (IF), a three-year £30 million pilot programme which was launched in April 2012 and ceased delivery in November 2015. The IF pilot used an innovative Social Impact Bond and 100 per cent outcomes-based Payment by Results funding model to support projects targeted on young people aged 14 and over who were disadvantaged or at risk of disadvantage.

The report explores the processes of delivery and project management through the perceptions of those involved, looking in particular at the effects of the funding model and the operational relationships with schools essential for delivering early interventions with 14 to 16-year-olds.

Project deliverers, investors and intermediaries perceived the pilots to have been a great success, with targeted numbers of outcomes met or exceeded and investments largely repaid to social investors. The funding model was seen as having been a significant factor in driving-up performance and developing expertise. Projects found that the model worked best for early interventions with young people at school and less well for young people who were already not in education, employment or training. There was a widespread belief that projects had achieved better results than they would have done had the pilot been commissioned using more traditional methods.

Employability and transition to work elements were frequently seen by schools as the most valuable aspects of projects in that they were additional and different to the kind of support they themselves could provide. It was the 'non-school' and world of work elements of interventions that also particularly motivated and were said to be having the greatest impact on young people.

There was much evidence of the positive effect that interventions were having on disadvantaged young people across the age spectrum. However, concern was expressed in some quarters that those young people with the most complex needs were more difficult to recruit and help within the programme time-frame and that this might be reducing the programme's overall net impact.

A key implication for policy is the need to get the fixed parameters of the funding model and programme specification right from the outset in order to incentivise desired effects and avoid the emergence of 'perverse incentives' – the most important parameters in this regard being the types of outcomes that will be paid for by commissioners, and the rates that will be paid for different outcomes achieved. The research found that paying a high rate for an outcome will not incentivise intended behaviour if investors perceive the risk of pursuing that outcome to be too great. Equally, it was found that if a project can remain viable without targeting any more 'down-stream' outcomes, such as employment, then there was a danger that support for young people could end at the very point at which arguably they needed it most – as they started the transition from school to the world of work.

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Insite Research and Consulting is an independent consultancy and research organisation which provides research and evaluation services to government and public sector bodies in the employment and social policy fields.

List of abbreviations

BSC	Big Society Capital
CCIS	Connexions Customer Information Service
DWP	Department for Work and Pensions
IF	Innovation Fund
NEET	not in employment, education or training
PbR	Payment by Results
PRU	Pupil Referral Unit
RONI	risk of NEET indicator
SIB	Social Impact Bond
SLA	service level agreement
SPV	Special Purpose Vehicle
VCS	Voluntary and Community Sector

Executive summary

Introduction

This is a summary of second phase findings from the qualitative strand of evaluation research into the Department for Work and Pensions' Innovation Fund (IF), a three-year £30 million pilot programme which was launched in April 2012 and ceased delivery in November 2015. The IF pilot used an innovative Social Impact Bond (SIB) and 100 per cent outcomes-based Payment by Results (PbR) funding model to support projects targeted on young people aged 14 and over who were disadvantaged or at risk of disadvantage.

Conducted in the third year of the pilot, the research covered both rounds of funded projects and focused on the specific aspects of project delivery and interventions that were reported to have worked well in engaging and meeting the needs of young people and schools, and to have made a difference to reducing the risk and incidence of young people becoming or remaining disadvantaged. It highlights the ways in which different interventions and the SIB and PbR funding mechanism worked to support and secure positive outcomes for disadvantaged young people, and the lessons learned in the process.

Methods

The study used a series of face-to-face interviews to explore the perceptions and experiences of project beneficiaries and key stakeholders involved in the design, delivery and operation of the programme. In this second phase, a total of 204 face-to-face interviews were conducted across the ten IF projects (see Section 1.3). In total, 104 interviews were conducted with key stakeholders: 18 with investors, 11 with intermediaries, 24 with delivery managers, 25 with schools, 24 with frontline, client-facing staff and two with other stakeholders. Approximately half were repeat interviews with stakeholders first interviewed in 2012. Interviews for this phase of research were carried out in 2014 and 2015 in each of the ten pilots in their third and final year of operation.

A total of 100 young people (50 males and 50 females) who had participated in IF projects were also interviewed. Interviews took place between October 2014 and January 2015. Forty were repeat interviews with young people first interviewed in 2012 and 60 were new, or first time interviews. Participation in the interviews was voluntary.

Though not purposively selected for particular types of disadvantage, all participants were considered disadvantaged by projects. Included in the achieved sample were young people with a range of disadvantages and barriers to work and learning including learning difficulties, behavioural problems, being a young carer or young parent, mental health conditions, criminal records, gang involvement, being in the care system or a care leaver, alcohol or drug problems and having English as a second language.

Key findings

Commitment to social returns

Social investors were found to be committed to securing good social returns from interventions. Beyond ensuring that projects did not fail financially, investors were seen to give priority to measures that would maximise the social impact and benefit to young people even where this entailed making decisions that would likely reduce the financial rate of return achieved (see Section 3.1).

No projects were allowed to fail and particularly the larger investing institutions went to considerable lengths to support providers that were struggling to generate sufficient remunerated outcomes for financial viability. There had been a great deal of direct and 'hands-on' involvement in projects from social investors, particularly in the areas of performance management, client tracking, and outcomes-profiling systems.

The amount of data required and the intensity of performance monitoring needed to successfully manage a 100 per cent PbR funded project came as something of a 'culture shock' to many deliverers, so the support they received from investors and intermediaries was crucial. The funding model appeared to have created a high intensity of focus on performance across all projects and, within this PbR, was widely seen as having incentivised the achievement of outcomes.

A powerful funding model

The SIB/PbR model proved to be acutely sensitive to under or over-achievement of profiled outcomes targets. Because a project's financial viability could thus be threatened by variations in performance and by any delays, investors needed regular reassurance that projects were achieving outcomes to profile. This had led to constant performance monitoring which in turn had led to projects being highly dynamic and had incentivised 'continuous improvement' approaches to delivery.

The model was perceived to lay the foundations for a different way of working for many organisations, and there was a widespread belief that projects had achieved better results than they would have done had the pilot been commissioned using more traditional procurement methods (see Section 3.2).

Importance of the intermediary role

Because of the complexities of the IF funding model, and because virtually all those involved were new to SIBs, the intermediary role was found to be key to the effective running of the pilots. This was true whether or not the intermediary functions were contracted to a separate body or managed in-house (see Section 3.4).

Many respondents commented on the heavy workload in the all-important areas of finance and performance management, and on how intermediaries' expertise and the separation of roles had helped providers focus their efforts on the delivery aspects of projects where their own expertise lay.

As the capacity, experience and confidence of delivery organisations grew over time they increasingly expressed the opinion that they could take on some elements of the intermediary role themselves if they were to be involved in any future SIBs. This appeared

to be a strong testament to the amount of capacity building and internal organisational development they had experienced through IF involvement.

Best fit for delivery

The predicted timing of outcomes and achievements was critical to cash flow and the smooth running of projects and they, therefore, adapted as they went along to what was found to work most effectively within the constraints of the funding model.

What was widely found across all the pilots was that it was early intervention type programmes, targeted on young people showing signs of being at risk of becoming not in education, employment or training (NEET) in later years, which worked best within this particular SIB-funded delivery model (see Section 3.3.1).

In contrast to early intervention programmes with school-based cohorts, it proved much harder to support young people aged 16 and over who had already left school and become NEET. This was true both in relation to the different characteristics and needs of these young people, and in relation to the specific way in which they were affected by the parameters of the SIB model (see Section 3.3.2).

As projects discovered elements of their original design and delivery plans which were not working as anticipated within the model, they moved increasingly towards delivering aspects which were proving more successful. In response to these influences, pilots tended to become slightly more homogenous over time, focusing increasingly on school-based early interventions with young people at risk of continuing disadvantage.

What young people experienced as working for them

Amongst the core and supplementary elements making up the packages of support on offer, young people identified what they perceived to have worked best for them. Reflecting and reinforcing findings reported in the early implementation phase, the aspects of interventions most frequently singled out included (see Section 5):

- above all, the personal, one-to-one relationship between an IF participant and a project key worker;
- tailored support with developing career aspirations and practical help with more immediate goals with studying, examinations and qualifications;
- the provision of advice, support and signposting to help them make informed decisions about the often difficult choices regarding routes and options beyond compulsory schooling;
- working in small groups to meet and engage with young people drawn from different classes and year groups, even, in some instances, from other schools;
- the offer of holistic, outside-of-school support – especially where parents were struggling or incapable of providing support at home, for example because a young person had a mental health condition or a drug or alcohol problem;
- activities designed to widen the employment and cultural horizons of young people, such as attending college open days and visiting employer premises;
- opportunities to gain employment-related skills, experience and qualifications; and
- provision of support throughout the school-to-work transition and the availability of follow-on support after young people had left school.

Recruitment, selection and targeting

As a voluntary programme, it was ultimately the young people themselves who decided whether or not to take part. However, all the projects had systems and procedures for ensuring that young people putting themselves forward were eligible and capable of achieving an outcome within the timeframe of the intervention or programme. Because they were not attending school, school refusers, persistent truants and excluded pupils were widely considered by projects to be unsuitable candidates.

A fine balance needed to be struck between achieving the best possible outcomes for young people at risk, while at the same time acknowledging the expertise of staff and the practical limits of support that could be offered within a time bound intervention and programme. Within the school setting there was found to be a sufficiently broad target group of potential recruits who met the project eligibility criteria, as well as being capable of achieving from the wide range of claimable outcomes, for a suitable balance to be reached (see Section 6.4)

Benefits to schools

Overall, involvement in an IF project was reported as having been a positive and productive learning experience for both delivery organisations and schools. In excess of 200 schools participated in the ten pilot projects and of these, the great majority stayed involved throughout the programme.

An early lesson learned by delivery organisations was that although IF interventions were offered free to schools, securing their initial buy-in was far from automatic. Schools signing-up to the programme generally did so because IF projects were seen to offer tailored, one-to-one help for disadvantaged young people at risk, which they themselves struggled to provide. Even if the school employed pastoral care and inclusion staff, the provision of intensive one-to-one support, which these pupils often required, was not typically part of their remit.

Focus on employability and the post-school transition, including the delivery of work experience placements and employment related qualifications, also proved to be attractive selling points. The ability of projects to tap into external networks of employers, training providers and careers guidance organisations was seen by schools as particularly valuable, since few had access to such networks or the resources necessary to organise work experience placements or employment-related activities outside of the school setting.

Outside trips, employer visits, residential stays and other extra-curricular activities, which all IF projects offered in some shape or form, were reported by schools to be particularly effective for engaging disaffected pupils but were precisely the types of provision they could no longer organise or fund due to staffing and budgeting constraints.

Even though the IF was delivered free to schools, an important lesson learned was that a more formal and structured form of agreement was required. Establishing a Service Level Agreement could greatly enhance a school's appreciation of their obligations within the project and provide a better understanding of how they and their students could expect to benefit. Without this formality, there was room for misunderstanding which could adversely impact on success (see Section 6.5).

The effectiveness of interventions depended greatly on the quality of the relationship that projects and project workers had with the schools in which they worked. The projects that seemed to operate most efficiently and effectively in the school setting were those that had become most embedded; itself a reflection of the project's overall status, standing and perceived value by a school. Having projects embedded in a school allowed key workers to negotiate more effectively for access to pupils and to tailor delivery arrangements to suit the school's needs (see Section 6.6).

Although schools were very satisfied with IF interventions and keen to continue their involvement, this rarely translated into a commitment to fund the service themselves. Mainly this was due to funding constraints and the way in which school budgets operated (see Section 6.8).

Outcomes and impacts

All the ten IF pilots, without exception, were perceived to have been a success by representatives of the project partners. This was true even of those projects which had experienced the greatest challenges and had required significant effort to re-orientate them and turn them around when clear early indications were that their original plans and operational models would struggle to deliver profiled outcomes. Asked for their overall assessment of the projects they had been involved with, stakeholders generally responded in a highly positive manner and were fulsome with their praise of the innovations and improvements resulting from the SIB approach.

It was noticeable that constructive assessments came from all partner organisations including investors, intermediaries and delivery bodies, and from the full range of people involved at different levels of the delivery process, from management through to frontline deliverers of support to young people. Perhaps most telling was the fact that many schools were equally as positive about the projects, even though they had no direct vested interest in reporting their success (see Section 7.1).

Projects considered themselves to have broadly succeeded in what they originally set out to do. They were able to point to the degree to which they had met, or exceeded, their profiled targets for numbers of participants starting on the programme, and for numbers of achieved outcomes across the board, from improved school attendance and behaviour through to qualifications and employment. Many also pointed as proof of their success to the fact that they had remained financially viable, and had already repaid or would be able to repay investors.

While the confidence of projects in their success derived in large part from having negotiated the demands of the SIB funding model (by restructuring, reprofiling and hitting outcomes targets, and being in a strong position to repay investments), there was also a strongly expressed conviction that tangible, positive social impact was being achieved with young people and could be evidenced.

Stakeholders pointed to a plethora of data and anecdotal evidence which they believed demonstrated positive impact on participating young people. The evidence offered ranged from 'turn-around' success stories of individual young people, to institutional-level changes in schools, to assessments of benefit across comparable cohorts of non-participants (see Section 7.3).

The perception of stakeholders that projects had achieved significant social impact through the delivery of widespread positive effects on the lives of participants was supported and reinforced by the current situations and testimony of interviewed young people themselves (see Section 7.4).

Overall, young people described three main types of impact that they had experienced and which they attributed to participation in the IF pilots:

• changes in their attitudes and approach to difficult issues in their lives;

• improvements in social and familial relationships; and

• a broadening of their employment and career horizons.

Staff in schools also saw direct impacts on many young people, and consequently also positive effects on their own functioning (see Section 7.5). Collectively they pointed to three main areas of impact:

• improved attitudes to education among young people taking part, leading to better school attendance and behaviour;

• the practical re-engagement of many with learning, leading to better than expected GCSE results and other qualifications, and to improved rates of staying on at school; and

• young people planning ahead and engaging with their futures, reflected in positive destinations at 16, reduced drop-out rates post-16, the gaining of work-related qualifications, and increased numbers taking up vocational courses at school and college.

Targeting those young people most in need

The only caveat expressed amidst the generally very positive views and experiences of stakeholders was that in re-orienting provision towards early intervention for school pupils, there was a need to ensure that support was being appropriately targeted on those most in need and most at risk of becoming NEET in the future.

The aspects of delivery felt to be particularly important for achieving success with the most-at-risk and hard-to-help young people were precisely the same elements that were more difficult to accommodate within the SIB funding model and within the institutional limitations of schools: intense one-to-one work over an extended period of time; continuous contact for at least two years leading up to GCSE; holistic, 'wrap-around' support addressing family and neighbourhood issues; and help with the transition to employment, particularly after young people had left school (see Section 7.6).

Some providers were also of the view that while increasing numbers of younger recruits on the programme may have enabled their project to remain financially viable, it might have decreased the wider social impact of interventions because successes with the most disadvantaged and with those young people who were already NEET were likely to be disproportionately significant.

Conclusions

Project partners agreed that the pilots had been a success and that the innovative funding model had been a significant factor in driving-up performance and building the capacity and expertise of all concerned. All projects expected to exceed, reach or come close to meeting their targeted outcomes and were perceived by all stakeholders to have been successful in supporting and having positive impacts on participants.

Through its combination of social investment and PbR, the funding model was found to be a strong driver of behaviours and a powerful influence in terms of how projects ran and evolved. The model was found to have worked best for early interventions with young people at school and less well for young people who were already NEET. There was a widespread belief that projects had achieved better results than they would otherwise have done had the pilot used more traditional procurement and funding methods (see Section 8.1).

The focus on improving employability and supporting the transition to work was seen as additional and valuable by schools. Crucially, it was the 'non-school' and world of work elements of interventions that also particularly motivated and seemed to be having the greatest impact on young people, many of whom were struggling in a mainstream school environment.

Despite the considerable qualitative evidence of the success of projects, and the positive effect that interventions were observed to be having on disadvantaged young people, the key question as to their net impact on future NEET rates remains to be answered by other elements of the IF evaluation.

Policy implications

The research found that simply paying a high rate for an outcome (for example, a sustained job) will not of itself incentivise intended behaviour if the perceived risk is too great. Ensuring adequate cash-flow to projects through paying for early outcomes, on the other hand, runs the risk of diluting the ultimate goal and policy intent if longer-term outcomes (more strongly predictive of the desired policy goal) are not prescribed in some way. The fixed parameters of the model therefore need to be right from the outset in order to incentivise desired effects and avoid the emergence of 'perverse incentives' (see Section 8.2).

If a key objective of the programme is to ensure that young people are also supported through 'the troubled waters' of the transition from school to work, then the range of outcomes prescribed needs to be designed in such a way that effort and resource commitment do not end suddenly when young people leave school, the very point at which some may need help most.

Finally, participant selection methods and the range of criteria governing eligibility (in this case risk of NEET indicators (RONIs)) need to be tight enough so as to minimise any risk of undue 'deadweight'. This is particularly important within the context of an early intervention programme such as the Innovation Fund.

1 Introduction

1.1 Qualitative evaluation of DWP's Innovation Fund

This is the second published report from the qualitative strand of evaluation research into the Department for Work and Pensions (DWP) Innovation Fund (IF), a three-year £30 million pilot programme which was launched in April 2012 and ceased delivery in November 2015. The IF pilot used an innovative Social Impact Bond (SIB) and 100 per cent outcomes-based Payment by Results (PbR) funding model to support projects targeted on young people aged 14 and over who were disadvantaged or at risk of disadvantage. Six Round One projects were awarded Innovation Fund contracts by the DWP and commenced operation in April 2012. A further four projects were funded from a second round of bidding in 2012, commencing operation late in 2012.

The qualitative research comprises one strand of a comprehensive evaluation of the IF which includes a separate quantitative survey and impact assessment, together with administrative data analysis and estimates of cost effectiveness. Insite Research's first report, entitled Innovation Fund pilots qualitative evaluation: Early implementation findings[1], was published in July 2014 and presented findings in relation to the early months of the operation and delivery of IF pilot projects. The findings presented in this report follow on from, and should be read in conjunction with, this early implementation report, and cover both rounds of funded projects.

1.2 Research aims and objectives

This second phase qualitative research aimed to assess the operation of the pilots in order to provide independent evidence about how innovative interventions and social investment funding models have helped disadvantaged young people re-engage with education and move closer to finding sustained employment. Based on the perceptions and reported experiences of project participants and key stakeholders, this second report presents findings on how effectively the pilots have operated after almost three years of delivery, and how successful they were perceived to have been in supporting and securing education, training and employment outcomes for disadvantaged young people. The report focuses on the specific aspects of project delivery and interventions that were reported to have worked well in engaging and meeting the needs of young people and schools, and which were seen as having made a difference to reducing the risk and incidence of young people becoming or remaining not in education, employment or training (NEET). Crucial aspects of respondents' experience were identified through analysis of the frequency of mention in interview transcripts and the strength of respondents' assessments. The findings of this research are intended to be interpreted alongside, and provide a context for understanding, future impact analyses.

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[1] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/329168/if-pilots-qual-eval-report-880.pdf

Definitive judgements of impact on the target group of disadvantaged and at-risk young people must await further quantitative and administrative data analysis after the six-month extended period of claimable outcomes beyond the official end of the programme has expired. At this intermediate stage, this qualitative report elaborates upon research and evidence published to date, highlighting the ways in which different interventions and the SIB and PbR funding mechanism worked to support and secure positive outcomes for disadvantaged young people, and lessons learned in the process. The intention is that this and further reports will inform policy and strategic decision making in the design, funding, commissioning and procurement of employment-related support services for disadvantaged young people, in addition to supporting the development of SIBs and promoting social investment more broadly.

1.3 Methods

To achieve the research objectives, the study used a series of semi-structured face-to-face interviews to explore the perceptions and experiences of project beneficiaries and key stakeholders involved in the design, delivery and operation of the programme. Six topic guides were produced for conducting interviews with stakeholders. Questioning covered the following broad areas, with appropriate variation to cover the specific roles of respondents:

• Background and project update

• Role in and experience of the project

• Partnership with others involved (including impacts on schools)

• Project governance and management

• Business and funding models and payments

• The Social Impact Bond model

• Delivery issues and challenges

• Performance and outcomes

• Perceived achievements and lessons learned

• Possible future provision for disadvantaged young people.

Topic guides for interviews with young people participating on projects covered the following areas (with appropriate variation according to whether they were repeat or first time interviewees):

• Personal details and background

• Recruitment to and involvement in the projects

• Perceived impacts of projects upon them

• Current activities/ situation, i.e. details of training, studying and work

• Future plans and aspirations.

In this second phase, a total of 204 face-to-face interviews were conducted across the ten IF projects. In total, 104 interviews were conducted with key stakeholders: 18 with investors, 11 with intermediaries, 24 with delivery managers, 25 with schools, 24 with frontline, client-facing staff and two with other stakeholders. Approximately half were repeat interviews with

stakeholders first interviewed in 2012 during the early implementation phase of the research. Interviews for this phase of research were carried out late in 2014 and early in 2015 in each of the ten pilots in their third and final year of operation.

A total of 100 young people who had participated in Round One and Round Two IF projects were also interviewed. Interviews took place between October 2014 and January 2015. Forty were repeat interviews with young people first interviewed in 2012 during the early implementation phase of the evaluation, and 60 were new, or first-time interviews. Repeat interviews were intended to track the experiences and longer-term outcomes of young people who had joined the programme during its first year of operation, while new interviews focused on young people who had joined the programme after it had been fully bedded in.

Selection of the 'top-up' sample of young people was designed to best match the characteristics of those who declined to be interviewed a second time or could not be recontacted. Sampling for the cohort of new interviewees was undertaken using a data extract provided by DWP of the first 100 recruits to have joined an IF project from March 2013. Interviewees were selected to ensure that a minimum of nine months had elapsed between them starting on the programme and being interviewed. The data extract was supplemented by lists of participants provided directly by delivery organisations and schools using characteristics and criteria supplied by Insite.

Participation in the interviews was voluntary. Young people were mainly contacted by telephone and asked if they would agree to take part in a (second) interview. Some young people still attending compulsory schooling were initially approached by a teacher or key worker and asked if they would be willing to take part in the research. Young people who completed an interview were given a £20 gift voucher as a thank you for taking part.

1.3.1   Achieved sample of young people

In the achieved sample of 100 young people, 50 were male and 50 were female. At the time of being interviewed, their age distribution was as follows:

- 14 were aged 15
- 27 were aged 16
- 19 were aged 17
- 16 were aged 18
- 10 were aged 19
- 7 were aged 20
- 2 were aged 21
- 2 were aged 22
- 1 was aged 24
- 2 were aged 25

Though not purposively selected for particular types of disadvantage, all participants were considered to be disadvantaged by projects: included in the achieved sample were young people with a range of disadvantages and barriers to work and learning including learning difficulties (including dyslexia and autism spectrum disorders), behavioural problems (including Attention Deficit Disorder, Asperger's syndrome, autism and anger management

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difficulties), being a young carer or young parent, mental health conditions, criminal records, gang involvement, being in the care system or a care leaver, alcohol or drug problems and having English as a second language. Many young people were living with a lone parent or grandparent and some had parents who were chronically ill or had drug or alcohol dependencies. Just over half the sample were still participants on an IF project, while just under half were no longer involved.

Reflecting the fact that many young people were in education at the time of being interviewed:

• 72 were either at school, in school sixth form, at a further education college or university;

• 12 were in full-time work;

• 6 had some part-time work (usually combined with part-time study);

• 3 were in apprenticeships; and

• 7 were NEET – of these, two were in voluntary work, two were looking for an apprenticeship, one was waiting for a work visa, one was receiving Jobseeker's Allowance and one Income Support.

1.3.2   Analysis

With the consent of research participants, all interviews were transcribed verbatim and underwent a preliminary analysis by the relevant researchers prior to the collective drawing up of an analysis framework based upon issues related to the research questions and success criteria, identifying cross-cutting themes with a wider relevance and applicability beyond the local delivery context.

Analysis of transcripts was carried out both manually and using MAXQDA qualitative analysis software and was supported by a series of workshops at critical stages and by briefings involving colleagues at DWP.

The final stage of analytical work involved bringing together all the outputs of the qualitative research to perform a composite analysis that organised and marshalled material for the production of detailed descriptive and analytic outputs for reporting.

1.4   Report structure

The remaining seven chapters of this report are set out as follows:

Chapter 2 provides a policy context for the study, describing the evolution of social investment, PbR and SIB funding models, and outlining the innovation design features and characteristics of the DWP's IF;

Chapter 3 explores how the SIB and PbR funding model was implemented, outlining how the pilot projects performed operationally and financially.

Chapter 4 describes the common and differentiating features which characterised the content and delivery of the ten IF projects.

Chapter 5 provides the view of IF participants themselves; this chapter explores the perceived effectiveness of delivery methods and interventions used by IF projects in engaging and supporting the target groups of young people.

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Chapter 6 covers the way in which pilot projects engaged schools, exploring school delivery arrangements, the development and evolution of partnerships, and perceived success factors in the forging of joint working relations.

Chapter 7 presents the perceived benefits and impact of IF projects on young people and participating schools.

Chapter 8 draws conclusions and outlines some policy implications.

2 Social investment and the DWP Innovation Fund

2.1 Changing youth transition and labour market

Although the proportion of young people who are not in education, employment or training (NEET) has been reducing in recent years[2], they remain an important focus of policy interest due to the greater risk of such young people becoming unemployed and reliant on welfare benefits longer term.

To help address youth unemployment and prevent disadvantaged young people from becoming NEET, in 2011 the Government announced a package of measures including a new Department for Work and Pensions (DWP) 'Innovation Fund' (IF) of £30 million to support social investment projects targeted on disadvantaged young people aged 14 and over. Also announced were proposals for a new Youth Contract to support 16–24-year-olds to participate in education, training and work (comprising £126 million from the Department for Education to support 16–17-year-olds, plus additional support via other Departments for 18–24-year-olds). Other policy reforms enacted during this period included a rise in the statutory school leaving age from 16 to 17 in September 2013, and from 17 to 18 in September 2015. A related reform was the requirement from August 2014 for all students who have not achieved a minimum grade C pass in English and/or maths GCSE by age 16 to work towards achieving these qualifications or an approved interim qualification. From 1 August 2015 all Level 3 apprentices also needed English and maths GCSEs at grade C or above before starting their training.

2.2 The DWP's Innovation Fund

Against the backdrop of a restructured youth labour market and changing school-to-work transition, the DWP IF had three key objectives:

• To deliver support to help young people aged 14–24 years who are disadvantaged, helping them participate and succeed in education or training and thereby improve their employability, reducing their longer-term dependency on the welfare state.

• To test the extent to which the IF generates benefit and other wider social and fiscal savings.

• To support the development of the social investment market and build the capacity of smaller delivery organisations.

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[2]   Recent NEET statistics can be found at http://www.ons.gov.uk/
       employmentandlabourmarket/peoplenotinwork/unemployment/bulletins/
       youngpeoplenotineducationemploymentortrainingneet/previousReleases

Following a competitive bidding process in 2012, ten individually designed projects were awarded IF contracts using a 100 per cent Payment by Results (PbR) Social Impact Bond (SIB) funding model. Six projects were awarded IF contracts by the DWP in spring 2012 and commenced operation in April of that year. A further four projects were funded from a second round of bidding in late summer 2012, commencing operation in November and December 2012.

Across both bidding rounds, key target groups of young people included:

- young people who are NEET for 26 weeks or more;

- carers (including either for their own child or others, and pregnant young women);

- young people who are Gypsy, Roma or Traveller;

- homeless (rough sleepers; living in women's refuges, hostels, friends'/relatives' floors);

- young people with learning difficulties / disabilities (definitions in line with the Learning & Skills Act and the Connexions Customer Information Service);

- looked after children/in care/care leavers;

- refugees or former asylum seekers who have been granted Refugee Status, Indefinite Leave to Remain, or Humanitarian Protection;

- substance misusers;

- young people who are supervised by the Youth Offending Team;

- young people with mental health issues;

- young people with family issues – receiving support from family intervention projects, or a parent or sibling in custody or with substance misuse issues; and

- young people involved in, or at risk of involvement in, gangs.

The six Round One pilot projects were located in Nottingham, Birmingham, Merseyside and Perth, with two in London, one in the Shoreditch area and one in the Newham area of East London. The four Round Two pilot projects were located in Greater Manchester, South Wales, the Thames Valley area and in part of West London comprising six local authorities.

Round One pilots ran to April 2015 and were targeted on disadvantaged young people between the ages of 14 and 24 years. Round Two pilots ran to November 2015 and were targeted exclusively on disadvantaged young people aged 14 and 15 years who were still at school. The ten projects ran for a maximum of three years, with outcomes monitored and claimable for a further six months beyond this end date.

2.3   Social Impact Bonds

A key element of the DWP IF was to pilot the use of a SIB. A SIB is a new type of commissioning for public sector services which melds a PbR funding mechanism with external investment provided by socially motivated investors with an interest in achieving

social as well as financial returns[3]. SIBs are designed to deliver publicly-funded interventions or actions to improve the prospects of a particular social group while generating wider benefits for society. In SIBs, commissioners (for example, a government department or local authority) pay contractors for specified social outcomes, rather than for delivering services or programmes. Engaging social investors and tying delivery payments and financial returns to prescribed social outcomes, is what distinguishes SIBs from traditional procurement and PbR contracting.

SIBs are structured and managed in different ways but generally involve at least four types of stakeholders and relationships: a commissioner, who determines which social outcomes will be paid for, the agreed level and measure of achievement, how much they will pay for agreed outcomes and the eligible target group for the programme or intervention; investors, who provide up-front finance and working capital to pay for programme set-up and delivery costs in advance of cash flow being generated by outcomes being achieved; service providers who are contracted or sub-contracted to deliver an intervention or service to the target group; and the intended beneficiaries of interventions, variously called participants, clients or service users. Many (though not all) SIBs are structured around a Special Purpose Vehicle (SPV) which sits between commissioners and delivery organisations and acts as the legal contracting body for the intervention, contracting with the commissioner and service providers and channelling investors' funding. The SPV in turn provides working capital to contracted providers, receives outcome payments, repays investments and distributes financial returns. Some SIBs may also employ or contract with an intermediary to manage and monitor performance, help support delivery organisations and process financial claims and payments.

SIBs offer a number of potential benefits over traditional 'fee for service' methods of procurement and contracting. Focusing on results rather than processes serves to strengthen the connection between the funding of public services and the achievement of desired social goals such as reducing unemployment or reoffending rates or the number of children in care. Outcome-based contracting also allows delivery organisations greater scope for innovation and flexibility since only the outcomes are prescribed, not the means of achieving them. Service providers best placed to tackle complex social problems have the freedom to design interventions that meet clients' needs and to adapt delivery arrangements to optimise performance.

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[3]   Readers interested in SIBs, PbR contracting and the general topic of social investment are referred to the following publications in what is a fast growing body of literature: Growing the social investment market: 2014 progress update, HM government; Choosing Social Impact Bonds, A Practitioner's Guide, Bridges Ventures 2014; Roncile J., Stanworth, N., Hickman, E., Fox, T (2014) Social Impact Bonds: The State of Play; Brown, A. and Norman, W. (2011) 'Lighting the touchpaper: Growing the market for social investment in England,' The Boston Consulting Group and The Young Foundation;; Social Finance (January 2013) A Technical Guide to Developing Social Impact Bonds, Social Finance Ltd; 'Payment by results and social impact bonds in the criminal justice sector: New challenges for the concept of evidence-based policy' Criminology and Criminal Justice, 11(5), 395; Loxley, J. (January 2013); Fox and Albertson (2011) Social Impact Bonds, CCPA Review of Economic and Social Trends; Shan Mugalingam, C. *et al.* (2011) 'Growing social ventures: The role of intermediaries and investors: who they are, what they do and what they could become', The Young Foundation and NESTA, Policy Paper.

Commissioners capture the resources, expertise and entrepreneurial skills of investors and delivery organisations but only pay for outcomes achieved.

In a difficult fiscal climate of reducing public expenditure budgets, social investment offers the possibility of opening up new funding streams for the delivery of publicly funded services in key policy areas. That the financial risk attached to delivering the contract lies mainly with investors rather than with service providers or commissioners, is also seen as more efficient and cost effective since, in contrast to traditional contracts, poor performance or the non-delivery of outcomes is not rewarded from the public purse. The commissioner may not be required to pay anything if outcomes are not achieved, but if they are attained, investors will recoup their financial outlay and may also receive a return on their investment.

Because the initial finance needed to pay for delivery is provided by social investors rather than service providers, by reducing financial constraints and risk, SIBs can provide opportunities for voluntary, community and social enterprise organisations to participate in PbR contracts. Without up-front finance, many such organisations would struggle to raise the investment monies and working capital needed to establish programmes and pay for delivery before contracted outcomes are achieved and evidenced, and payments from commissioners received. The involvement of external investors and focus on outcomes also has the potential to build capacity in service providers and other partner organisations by embedding a more entrepreneurial and performance driven culture. Investors, intermediaries and service delivery organisations are all incentivised towards the shared goal of maximising performance against contracted outcomes.

2.4   Growing the SIB market

The first SIB in the UK was launched in 2010 by the Ministry of Justice and sought to reduce rates of recidivism among short sentence prisoners leaving Her Majesty's Prisons in Peterborough and Doncaster[4]. In 2012, using £600 million derived from dormant UK bank and building society accounts, topped up by contributions from four of the largest high street banks, Big Society Capital (BSC) was established to help grow the UK social investment market. BSC is a social investment 'wholesaler' which provides finance to other social investment organisations that, in turn, provide finance and support to frontline charities, social enterprises and voluntary organisations. The same year saw the DWP launch its £30 million IF. By 2014, there were 17 SIBs in the UK operating across a range of departmental and policy areas including criminal justice, health, families with multiple and complex needs, children in care, education and youth unemployment.

Although the social investment market has grown, it remains nascent and relatively small. To further stimulate the market, unlock new social finance and support the development of more SIBs, the UK Government recently announced a number of targeted initiatives and established several new funds. In 2014, to increase understanding of SIBs across government and to provide support to those interested in developing SIBs, the Cabinet Office established a Centre for Social Impact Bonds[5].

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[4]   Those interested in reading more about this pilot should refer to Disley *et al.* (2011) *Lessons learned from the planning and early implementation of the social impact bond at HMP Peterborough*, Ministry of Justice Research Series 5/11.

[5]   More information can be found at: https://data.gov.uk/sib_knowledge_box/home and at www.gov.uk/social-impact-bonds

The Cabinet Office also announced two new funds, a £20 million Social Outcomes Fund and a £40 million Big Lottery Commissioning Better Outcomes Fund. Between them these funds will provide a 'top-up' contribution to outcomes-based commissions (SIBs or straightforward PbR) designed to deal with the development of SIBs in complex policy areas. The world's first social investment tax relief was also introduced in 2014 for individuals investing in eligible investments.

With approximately £10 million of funding from the Cabinet Office, £5 million from the DWP and £1 million from the Ministry of Justice, four new SIBs went live in April 2015 as part of the Youth Engagement Fund, designed to improve educational qualifications and help secure employment for up to 8,000 disadvantaged young people aged 14–17. Three further SIBs will be supported by the Social Outcomes Fund to help people with long-term health conditions, mental illness and children in care. These seven new initiatives will bring the number of SIBs to have been implemented in the UK up to 32, more than all the SIBs to date in the rest of the world.

2.5   Breaking new ground

The DWP's IF programme formed an important element of this new and rapidly evolving policy field, with ten of the 17 SIBs operational by 2014 implemented as part of this pilot. The IF set out to break new ground in the development of SIBs by incorporating a 100 per cent PbR funding model which paid for individual job, qualification and behavioural outcomes across a diverse range of projects. Payment for outcomes was based on the estimated potential benefit savings to the Treasury from preventing at-risk young people from becoming long-term unemployed in the future. For Round One pilots, payments were broadly based on two years of potential benefit savings to the Treasury taking into account an assessment of likely 'deadweight' (what project participants might otherwise have been expected to achieve in the absence of the intervention). This calculation of benefit savings was increased to three years for Round Two projects. Appendix A lists the different outcomes that were eligible for payment in the pilots up to a specified 'cap' for each individual participant and up to an overall contract cap, and sets out the rates payable for each of these outcomes in each of the two rounds.

One hundred per cent PbR contracting, the generation of social investment funding and the preventative, or early intervention, principle at the core of the approach, represented new departures for DWP. The aim was to use these innovative funding mechanisms to test the effectiveness of intervening early in tackling the complex issues faced by multiply disadvantaged teenagers which can result in higher levels of unemployment as adults. Reflecting this emphasis, a key distinction from other SIBs was the use of individual-level proxy or 'intermediate' outcome payments – including educational qualifications, improved school attendance and improved behaviour – known to be linked to employability and therefore to improving the chances of a young person entering and sustaining employment. The payment of these intermediate outcomes made the business proposition more attractive to social investors by enabling cash flow to be generated quickly, acknowledging the fact that employment was likely to be a long way off for many IF participants, so too distant and risky a prospect for many investors. Also new territory for DWP was the young age of beneficiaries, many of whom were still in compulsory education. This placed the education system and, in particular, secondary schools at the heart of the IF pilot, requiring their engagement and active participation throughout.

Though all the project partners were familiar with SIBs and most delivery organisations had experience of PbR contracting, with the exception of one social finance organisation, neither DWP, delivery organisations, investors nor intermediaries, had previously been involved in a SIB-funded initiative of this kind. Likewise, though project partners were aware of changes in the youth labour market and the evolving policy context for the schooling and further education of young people, the implications and effects on the delivery and outcomes of IF projects were largely unknowable in advance and so generally unforeseen in delivery models and business plans. As such, the IF was a genuine pilot and demonstration project for testing the effectiveness of using social investment and 100 per cent PbR funding and for finding out what works in terms of intervening early to improve the educational attainment and employment prospects among disadvantaged young people.

3 The SIB and PbR funding model

This chapter outlines how the pilot projects were implemented and how they performed operationally and financially. It focuses in particular on the ways in which the Social Impact Bond (SIB) model and Payment by Results (PbR) funding mechanism were perceived to have shaped behaviours, improved performance and helped (or hindered) projects in achieving their targeted outcomes.

3.1 Social investment and social investors

There was a range of types of investor in the ten pilot projects, from the very large to the relatively small, from the professedly 'philanthropic' to the more commercially-minded, and from those charged with the remit of developing the market for social investment to those involved primarily for their own learning and experience. What was not clear to delivery partners, nor to all intermediaries, in the early days of the Innovation Fund (IF) programme, was where the balance would fall for investors in relation to their social and financial priorities, and how this might translate into possible pressure upon providers, or investor involvement in delivery and interventions.

By and large, partners were pleasantly surprised at how committed they found their investors to be in wanting to secure good social returns from projects. Beyond seeking to ensure that projects did not fail financially (and that therefore investments would be repaid), investors were seen to give priority to measures that would maximise the social impact and benefit to young people. This was reported to be the case even where this entailed making decisions that would likely reduce the financial rate of return achieved. Investors were found to be genuinely interested in producing wider social impact and were driven by the need and desire to demonstrate this over and above immediate commercial considerations. There were many examples quoted which demonstrated this commitment. No projects were allowed to fail and investors went to considerable lengths to support and capacity build providers that were struggling to generate sufficient outcomes for financial viability, although the risk of incurring losses was clearly high. No investors withdrew their involvement from projects – indeed in one instance, where an investor wanted to withdraw its investment early (because of changes in its own business priorities rather than any loss of faith in the project) it decided not to do so when it realised the difficulties this might cause to the delivery organisation.

In other projects, investors endorsed the decision to encourage some young people to stay on at school post-16 or undertake voluntary work, for example, when this was seen as the best option for them, even though no funded outcome would likely be achievable or claimable within the timeframe of the project by this route. In another, investors agreed that extra tuition in English and maths could be funded for participants approaching GCSEs to see if this could effectively boost Level 2 achievement, even though the cost incurred reduced any likely financial return. A number of projects also reported that they had reached the maximum contract value and level of outcome payments that they could claim, or were on target to do so before the end of the programme. Nevertheless, the projects were

continuing to deliver support to their participants even though the cost of this delivery, having reached the payment 'cap', would reduce investment returns.

The genuine commitment to making the IF projects a success and to achieving social impact over and above making a commercial return on investment, while self-evident for some ('none of them came into this just to make money because that's not the type of investors they are …'), had been something of a revelation to other stakeholders. It was seen as an important element in the development of strong and effective partnerships, and a reason in some projects for greatly improved relations between partner organisations as the programme progressed.

> '*We get on very well with* [our investors] … *it's completely different from those very difficult early days when we couldn't bear each other … They came through for us … it was difficult but we've got over it … It's a partnership … they've also turned their attention towards social impact more and more.*'

> (Intermediary)

This was true even in some projects which required sustained intervention and capacity building of providers by intermediaries and investors to pull them back to financial viability after difficult and challenging starts.

In ensuring the success of IF projects, there had been a great deal of direct and 'hands-on' involvement from social investors in the management of projects, particularly from the larger investing institutions. They had worked very actively to develop relationships, sometimes against the odds and in the face of strong initial resistance from deliverers, to ensure that all projects were a success. In the process, it was acknowledged that much learning, capacity building and organisational development had taken place.

> '*Two and a half years down the track … we've learnt so much about how to do this better next time, in terms of the relationships that we were building and the models that we wanted to evolve.*'

> (Intermediary)

Key areas of capacity building had been in performance monitoring and management, client targeting and tracking and outcomes profiling systems. The requirement for tight management of projects through the use of performance data was seen as axiomatic by investors and intermediaries but this 'granular' level of data collection and analysis was widely acknowledged as being new territory for most providers. The amount of data and intensity of performance monitoring needed to successfully manage a 100 per cent PbR funding model therefore came as something of a surprise and 'culture shock' to many deliverers initially, so the support they received from investors and intermediaries was crucial. Having had the benefit of almost three years' delivery, providers were now also in a much better position to be able to look ahead and to predict with greater certainty the kind of outcomes they were capable of achieving:

> '*The big shift in our practice is around … predictive forecasting … We were very good at knowing what had happened and why it had happened… all looking back…* [but] *very poor at looking forward and anticipating what might happen in the light of a new policy or changes to the employment landscape, we're much, much better at that now.*'

> (Delivery Manager)

Much of this help from investors had been provided 'pro bono' to projects, and there had been considerable (unpaid) input to supporting the programme. For example, one investor seconded a member of staff full-time for six months to help turn around a struggling project. Equally, key players on the boards of Special Purpose Vehicles (SPVs) had donated significant amounts of extra time as deemed necessary to help manage difficult transitions and improve lagging starts and outcomes performance.

Social investors had also made considerable efforts to measure and to report the impacts being made by support interventions through their own independent monitoring systems and evaluation studies. One of the key ideas behind such efforts was the recognition that the strictly defined outcomes that are eligible for funding under the IF programme did not encapsulate the full depth and diversity both of individual and of broader social impact being achieved. Indeed, several projects made the point that they felt they were achieving greater social impact than was being recorded by paid outcomes, both in terms of 'softer' measures such as improved confidence and motivation among young people and in terms of outcomes achieved that could not be claimed for due to contractual restrictions, for example, or because the specific outcomes were not profiled within original business plans.

> *'That's part of the overarching evaluation of the programme with the investors, so they're interested in non-funded impact as well as funded impact.'*

> (Deliver Manager)

Foremost among the latter were Level 3 qualifications resulting from unexpected progress made by some participants, in particular staying on at school after achieving better than targeted GCSE results.

> *'We've got no capacity to claim Level 3 qualifications, yet we've got loads of young people who have got Level 3 qualifications.'*

> (Deliver Manager)

Interest in monitoring and evaluating social impact was said both to satisfy internal needs to be seen to be socially effective, and also to provide the data and evidence required to market interventions and provision to new clients and commissioners and to grow individual programmes of activity. In several of the projects, money had been spent commissioning independent evaluations from academic and other researcher organisations to meet these ends.

3.2 Outcomes-based delivery and PbR

While the social investment aspects of the SIB model added an important dimension to the IF programme, it was a 'pure' PbR programme – with no set-up cost or base-level funding and no payments for starts available – which had perhaps the greatest impact on the experience of those involved. As one person commented, the model in effect required each project to be run like a small business, with outcomes payments being the sole source of income and cash-flow to allow continued delivery. The tripartite structure involving investors and a Board was said to have added 'a further level of scrutiny' over performance and led to the growth of professionalisation which was seen as necessary in running PbR contracts successfully. The funding model appeared to have created a high intensity of focus on performance across nearly all projects and PbR was widely seen as having incentivised better performance.

'There are pros and cons to every type of funding but [with the IF] *there have been … much clearer lines of accountability and a much more stringent eye on evidence and impact … whereas a more traditional* [model] *… is not quite as intense and … you are not driven towards the standards of excellence that I think we've been driven to* [with] *the Social Impact Bond.'*

(Delivery Manager)

One project worker compared working on the IF pilot to the way she had been used to working previously:

'It's a different way of working from where we were before … It does focus your attention on the purpose of the project … and I think that's a good thing.'

(Project Worker)

Though the intensity of focus was sometimes experienced as pressure by delivery bodies when targets were not being met or when design flaws in initial plans were exposed and needed remedial action, this pressure was recognised as having been effective and beneficial both in terms of the achievement of targeted outcomes and in relation to organisational capacity building.

'I think it has helped us greatly in developing much sharper, almost ingrained now, performance management practices.'

(Delivery Manager)

On one project which underwent a reorganisation and restructuring and several significant reprofilings of its outcomes and timetable in order to return it to financial viability, the overall experience was, nevertheless, seen by the delivery organisation as having been 'really positive'. The Operations Manager described his organisation's initial relationship with investors and Board members as 'really frightening' due to the amount of detailed data demanded and the level of scrutiny brought to bear on every aspect of delivery. However, ultimately both the Board, and the investor who was a key Board member, were acknowledged to have been 'incredibly supportive'. Although something of a 'baptism of fire', the delivery organisation had come through the experience with its capacity significantly enhanced – and even ready to take on another SIB project.

'It's been a journey … but a really positive experience … it's been a good thing for us to do.'

(Delivery Manager)

The demands deriving from PbR were therefore largely seen as ultimately positive, since the progress and achievement of young people was the lynchpin of success. As one intermediary put it:

'It certainly focuses the mind on making sure that young people are improving their performance. There are some ways in which real impact differs from the kind of impact that we're asked to record, and there are some data-gathering difficulties. But I would say that that focusing the mind – it helps our systems and processes to be more efficient.'

(Intermediary)

However, the SIB/PbR model proved to be acutely sensitive to under or over achievement of profiled outcomes targets. A project's financial viability could thus be threatened by variations in performance and by any delay in profiled outcomes achievement. Indeed, because for this type of project cash flow is dependent almost entirely upon outcomes being achieved, they found that there was no 'steady state' for delivery and that an element of uncertainty continued to be felt right through to the end. Because many projects had re-profiled outcomes achievement towards the end of the programme, significant risks remained right up to 'the eleventh hour' in terms of whether projects would achieve their targeted outcomes. This was particularly true for several of the re-profiled projects which were heavily 'back-loaded' and which were dependent for their rate of return on GCSE results and job outcomes in the closing few months of the programme. Some projects with short interventions were still recruiting new schools and new participants in January 2015, and several said that staff retention among those on fixed contracts was becoming a concern as the programme drew to a close. The heightened issue of timing that existed around ensuring that outcomes were achieved, evidenced and claimed as efficiently as possible, was a practical, logistical and financial one – but no less real for that.

> *'Our biggest risks on the programme are about the mechanics of outcomes claiming, rather than feeling that we're not having the impact that we need to have.'*

> (Intermediary)

As a consequence of the financial sensitivity of the model, investors needed regular reassurance that projects were performing to profile. Almost all the pilots found this had led to frequent demands for information on outcomes, on progress towards outcomes and anticipated stages and timescales (even on an individual basis) towards achieving each paying result. This constant requirement to monitor performance had in turn led to projects being highly dynamic throughout their interventions and incentivised 'continuous improvement' approaches to delivery. As a consequence, there was a widespread belief that projects had achieved better results than they would have done had the pilot been commissioned using more traditional procurement methods.

> *'What we've seen in the … IF programmes that we supported – they have definitely delivered more impact by virtue of being commissioned this way* [as SIBs] *than they would have done otherwise.'*

> (Investor)

DWP contracts accommodated this flexibility of response from projects to emerging issues of performance by allowing a high degree of reprofiling to take place throughout the programme. Provided the overall value 'cap' of a project's contract was not exceeded and no new types of outcomes introduced that were not originally present, the balance between different outcomes in a project's business plan could be changed quite significantly if needs be to meet emerging circumstances and to correct errors of judgement made in original bids. In many projects, these reprofiling exercises were not just one-off solutions to problems arising in the early stages of the programme, but were multiple or ongoing adjustments throughout. Several projects were still 'tweaking' their performance to maximise outcomes even in the final few months of their contracts.

3.3   Best fit with the SIB model

3.3.1   Early intervention

What was widely found across all the pilots was that it was early intervention type programmes, targeted on young people showing signs of being at risk of becoming not in education, employment or training (NEET) in later years, which worked best within this particular SIB-funded delivery model. A number of reasons were identified as to why this might be the case. The younger age of those subject to early intervention meant that they were all pupils aged under 16 years who could be accessed via their schools. They formed an essentially 'captive market' and could thus be identified, recruited and supported more easily and in much larger numbers than could individuals who had already left school and become NEET and who by definition had no institutional location through which they could be approached and supported.

Not only were larger numbers of recruits accessible in this younger age group, but there was also greater flexibility available in terms of shifting the cut-off or boundary line within which recruitment could be undertaken. In the sorts of schools that were engaged with by projects – mainly located in deprived areas and in areas with high levels of NEET – there was generally great depth in numbers, within each year group, of young people showing some signs of being at risk and in need of additional support. The caseloads of key workers could be more easily managed in this context, and if need be, numbers could be adjusted quickly to meet any emerging requirements of the project's business plan for additional recruitment. Further, the very structure of schools into academic year groups provided a convenient context for the timing and delivery of interventions, particularly in relation to key moments such as doing GCSE exams. Projects were thus able to think of interventions as being structured in terms of cohorts of pupils working within a fixed timetable towards the achievement of key outcomes at set times.

Partly as a result of the institutional setting of early interventions, and partly as a consequence of the younger age-group, outcomes for this type of project were easier and less resource intensive to evidence. Attitude, behaviour and attendance outcomes could be evidenced and claimed mainly on the basis of observations and measurements already being undertaken by schools. Qualification outcomes were for the most part integral to the central purpose and intent of school regimes and built in to academic rhythms and other structures of support. Compared to job entry and sustained employment, which formed the key outcomes for young people over the age of 16, outcomes based on behaviour and qualifications were relatively easy to claim on a 'one-off' basis and did not require further evidencing at future points in time. This contrasted with job outcomes which had to be evidenced twice, once when the job started and again when it was sustained at 26 weeks. Employer practices and procedures often made this difficult as well as being expensive and time-consuming for providers.

> *'It's much more exacting that we'd imagined it would be … We've got two people doing it full time, which was never the case in the germination of this programme … You would think it would be relatively easy to establish appropriate rigour around employment outcomes, but it's very tricky indeed.'*

> (Delivery Manager)

Although there were price differentials between different types of outcomes – with employment outcomes paying considerably more than behaviour improvements and lower-level qualifications – projects found that a larger number of lower-paying outcomes coming relatively early in a programme (rather than close to the end as would be the case with most job outcomes) proved to be far less uncertain and much more conducive of the healthy and sustained cash-flow essential to the viability of the SIB model.

> *'The jobs just were never there in that volume … and it would never happen if there were four times the money …'*

(Delivery Manager)

The practical consequence arising from the specific features of early intervention programmes was to greatly lower the risk presented to and experienced by investors. By increasing and speeding up the generation of income to projects for cash-flow, and reducing levels of uncertainty over ultimate outcomes to be achieved, early intervention appeared to lend itself much better to the SIB/PbR funding model than other forms of delivery and support. Early intervention is entirely founded upon the expectation that there will be strong causal links and progression between staged achievements right up to gaining and sustaining employment (and avoiding becoming long-term NEET). More than one project believed that, although it was still too early to make definitive claims about the extent to which this was happening, the evaluation data that they had collected to date gave indications that early and 'soft' outcomes were leading on to other achievements, as well as having other intrinsic benefits.

3.3.2   Already NEET young people

In contrast to early intervention programmes with school-based cohorts, it proved much harder to support young people aged 16 and over who had already left school and become NEET. This was true both generally in relation to the different characteristics and needs of these young people, and specifically within the parameters of the SIB model. Again, there were several reasons put forward for this. Young people already NEET and out of school tended to be located in widely scattered locations and to present a logistical challenge simply in identifying and reaching them. Finding and chasing up these young people often involved considerable levels of 'outreach' work, including visits to their homes, and was very resource intensive in its use of support staff time, as well as rather 'hit and miss' in terms of then successfully persuading them to take part in a voluntary programme.

The logistical difficulties encountered in accessing already NEET young people were further exacerbated by the frequently poor experiences they had at school and their resulting alienation from formal, mainstream educational institutions. Bespoke support delivered in non-threatening community settings was considered to be the most effective means of progressing these 'hardest-to-help' young people.

> *' … a lot of the devil of the engagement is in the detail – the feeling of the building and the atmosphere and the way they are handled …'*

(Delivery Manager)

Because of their local presence and standing, community based organisations believed they were best placed to address the barriers faced by such disadvantaged young people successfully.

> *'With the hard to reach, because they are hard to reach, you have to have community-based organisations who know these people, who can reach out to them, who have got the skills and the experience to be able to do that. And they didn't win that overnight … they've had to work at it, and 99 per cent of them are NGOs* [non-governmental organisations] *or third sector organisations.'*

(Investor)

Customers who were already NEET were also more likely than school-aged pupils to present with multiple, serious and engrained issues and barriers which may not have previously been identified or addressed, and were less likely to have existing support networks encouraging them to make positive choices.

> *'I think otherwise I would have just sat there … they've pushed me and told me that I need to do something, because I haven't got a mum and dad …'*

(Young Person)

Not only did this mean that they were more likely to require longer-term support, including sometimes specialist professional help, but also that there was much more uncertainty about whether they would be able to achieve an outcome within the timeframe of the programme. Longer-term support could thus frequently be needed and without any guarantee of reaching a claimable outcome in time.

> *'In year three … we're still working with people who were recruited right at the start, but are still not in a position really to gain employment because they have a lot of barriers … those individuals … they're too far away for this programme, in the three years, to help them.'*

(Delivery Manager)

Another issue was that although those young people already NEET were, by definition, out of school, they were still a rather younger cohort (mostly aged 16–19 years) than many delivery sub-contractors had expertise in supporting, and many of these young people were said to be relatively immature and unready for the workplace. This immaturity presented challenges to many organisations used to dealing with older clients aged 19 and over. When placed with mainstream employers, some of these younger people acted in inappropriate ways. Pranks such as setting off fire alarms and disrespecting female work colleagues upset long-established relationships some sub-contracted providers had with employers offering work placements which led to some withdrawing from the IF programme. Most of these young people were deemed to require at least 12 to 18 months of support before they were capable or securing a recognised qualification of entering a job – and this support was seen as needing to be constant and relatively intensive.

Over the period of the pilots, the policy and labour market context also changed due to the raising of the statutory school leaving age and the fact that there are virtually no job opportunities any longer for 16 and 17-year-olds. Part of the cultural change that some of these deliverers struggled with was the shift this entailed away from 'work first' approaches when engaging with this younger age group. Sub-contractors with 'off the shelf', work-first type interventions for 18 to 20-year-olds – involving a short course or qualification, work experience and help with job search – as the basis of their expertise, discovered that these methods did not work effectively with many NEET 16 and 17-year-olds. Several delivery bodies familiar with delivering other DWP-funded programmes also struggled to meet the 'guided learning hours' requirements for claiming qualification outcomes under the IF. A

particular problem identified was that many already NEET young people had basic skill deficiencies and no entry-level qualifications and needed a great deal of support to address these needs first before they were capable of progressing further. Even participants with a Level 1 qualification had only perhaps one poor GCSE and getting them to a Level 2 within three years was said to be unrealistic, particularly among those with limited reading and writing skills.

Several delivery organisations who had initially heavily targeted already NEET young people felt that the structure of outcomes on the IF programme was not conducive of successful support for this group in other ways too, particularly in not recognising the length of time needed to gain claimable outcomes. One suggestion put forward was that there should be a sliding scale of payments that would reward the distance travelled in getting a young person to an outcome, as this could vary enormously in terms of time and effort depending on where they started out.

> *'It's often those young people who are working at entry level who probably need some of the most intensive support to get anywhere … we'll give a lot of support to those young people and not actually be able to claim any funding at all …'*

(Project Worker)

With young people joining the labour market later than in previous decades, the focus on jobs as PbR outcomes in original plans was also found to be difficult to achieve within the timescale available. It was felt that programmes would need to be of longer duration to justify such a focus and some questioned whether investors would be willing to risk their money for this length of time. The outcomes matrix for the IF pilots was thus seen by many as needing revision if it was to accommodate the realities of working with this particular group of NEET young people. These included recognition of other key stages in moving young people forward who were not yet ready for employment, such as entry-level and Level 1 qualifications, work experience and voluntary work placements.

> *'We have a lot of young people that go into unpaid volunteer work placement, because they need that support … but we can't count them as job outcomes … that's quite challenging … from a target point of view because … they get so much from it.'*

(Project Worker)

3.4 The role and significance of intermediaries, investors and SPVs

The specification for the IF programme allowed for the accommodation both of projects with separate intermediary bodies and those without. In the event, only four projects went forward without a separately commissioned intermediary organisation (three Round One projects and one Round Two project) while the other six pilots all involved intermediaries distinct from other partner organisations. Because of the complexities of the IF funding model, and because virtually all those involved were new to SIBs, the intermediary role was found to be key to the effective running of the pilots. This was true whether or not the intermediary functions were contracted to a separate body. In those pilots without a separate intermediary body, these functions were taken up by investors, generally via the Boards of the separately constituted SPVs set up to hold IF contracts and manage investments.

Many respondents commented on the heavy workload that fell to intermediaries and investors in the all-important area of performance management and performance improvement, and of how their expertise and the separation of roles had helped providers focus their efforts on the delivery aspects of projects where their own expertise lay:

> ' … We're a stronger provision because of the SIB … [the intermediary and investor] are very clear about what they want to achieve, they're very good with their scrutiny of data and the claims and putting it all together. They run the SIB … so they're brilliant on that, so I don't have to worry about that.'

(Delivery Manager)

The tasks involved had often been extensive and time-consuming, in particular ensuring up-to-date and appropriate data were available, developing tools for the analysis and understanding of the data gathered, and reporting ongoing situations and results back to investors. Although these tasks had, for the most part, been anticipated, the extent of the intermediary role in directly managing change when projects encountered problems or difficulties was more involved in practice than anyone expected. In some cases, the hands-on management that was required extended to relocating project management within delivery organisations, restructuring staffing arrangements, rationalising sub-contracting structures and bringing-in additional or alternative delivery provision. In driving-up performance in this way, intermediaries were themselves capacity built in the process. One intermediary manager described the journey his organisation had undergone as a transition 'from being project managers to being performance managers' – a move seen as critically important and defining of the IF experience.

While almost all acknowledged the importance of the intermediary role in achieving success (and survival) for projects, there were some voices critical of the cost of contracting this work to a separate organisation. In the view of several delivery managers, the high fees involved in contracting for these services had placed an additional financial burden on projects which they had not initially costed for. Some believed these costs could be reduced or avoided, either through the reallocation of responsibilities among partners, or through a simplification of the processes of outcomes verification and payment by more direct contact between deliverers and commissioners (DWP).

As the capacity, experience and confidence of delivery organisations grew over time, they increasingly expressed the opinion that they could take on some elements of the intermediary role themselves if they were to be involved in any future SIBs. This appeared to be more a testament to the amount of capacity building and internal organisational development they had experienced through IF involvement than a suggestion that their own pilot could have operated in this way from the outset. Investors too said they had learned important lessons from their close involvement in all aspects of the IF programme. Such growing all-round confidence notwithstanding, there were those who believed that it was precisely the separation of roles within the SIB model which gave it its strength and dynamism. Separation of the finance and performance management elements from the operational and delivery aspects of projects was seen by some as having been particularly beneficial.

'I do think we've … fire-walled the Coaches … [from the] granular reporting to the external audience and a more holistic approach to performance management … So we want [the Coaches] to focus on professional practice and… not to cherry-pick the easiest kids and we want to make sure that they're offering support in line with need, rather than payment and outcome … to make sure you're not translating some of the panic around cash flow into the way that frontline workers operate.'

(Delivery manager)

One stakeholder, although initially resistant to delineating roles in this way, came to think of it as intrinsic to success:

'For somebody it has to be about the numbers … The numbers tell a story and it's legitimate. That means that that group has to worry about numbers; people on the ground worry about the interventions. Now that's a fantastic divide … So often, people that are trying to offer services are encumbered by the numbers that go with them – if you get your processes sorted out there's no need for that.'

(Intermediary)

In the early days of the IF pilots there was much talk about the role of intermediaries being to act as a 'buffer' between investors and deliverers, managing potentially different priorities amongst partners. Over time the emphasis appeared to change and it became clear that for most stakeholders the primary function of intermediary action was to facilitate good communications amongst all bodies involved, from investors through to the smallest of deliverers. For the model to work effectively required strong buy-in from all those involved, and a key role for intermediaries was to ensure and foster such commitment. A number of projects suffered set-backs where such buy-in was not achieved throughout the body of stakeholders. It was particularly evident in projects whose delivery models incorporated numerous small sub-contracted (often specialist) delivery organisations who felt somewhat distanced from the project's core and who had the greatest 'cultural shift' to achieve internally if they were to operate effectively within the SIB model. Several projects in particular found themselves paying fees to sub-contracted delivery organisations who were unable to produce outcomes in the numbers, or within the timescales, required. In each of these cases sub-contractors were shed in the process of reprofiling and restructuring business plans. Elsewhere too there was a general trend towards simpler and more streamlined partnerships with a smaller number of key players involved fully committed to the central requirements and ethos of the social investment model.

Importantly, the SIB/PbR model was perceived to lay the foundations for a different way of working for many organisations. The sensitivity of the model to both under- and over-estimating the number of outcomes that could be achieved, and the time required to achieve them, caused early and in some cases, ongoing, difficulties for several providers. Because of a general lack of any prior information about what projects were capable of achieving and by when, there were often major changes required to what had been initially poor profiling; it further became apparent that within the model, the timing of predictions and achievements was critical to cash flow and the smooth running of projects. To keep this at the forefront of people's minds, and continually addressed, required active, ongoing management and a great flexibility of response. It was in ensuring that this did indeed happen that the intermediary role came into its own and made its most important contribution – ensuring that projects adapted as they went along to what was found to work best within the model.

4   Project offers & delivery arrangements

Though the Social Impact Bond (SIB)/Payment by Results (PbR) model was common to all ten projects, within this basic framework, the pilot projects funded under the Innovation Fund (IF) represented a diverse range of approaches with different content and emphases. There were a number of reasons for this diversity, including some changes to programme and outcomes specification between Rounds One and Two of commissioning. Most notable of these was the Round Two shift in emphasis away from young people who were already not in education, employment or training (NEET) towards early intervention projects with young people still at school. Diversity was also due to different interpretations of the SIB model and the 'black box' approach adopted to the delivery and content of project interventions. The Department for Work and Pensions (DWP) specified the types of outcomes which were being sought from the target group of young people and which would attract funding, but projects were left to their own discretion to decide precisely how they would tailor approaches to achieve these outcomes according to the expertise of providers and in response to local circumstances and needs.

In addition to this and in recognition that the IF was operating in territory new to most of those involved, the programme was run very much as an 'active experiment', with considerable flexibility given by DWP commissioners to projects to enable them to re-design interventions, restructure delivery plans and implement operational modifications in response to changing circumstances and live experiences. A major element in this dynamic process proved to be getting accustomed to the different operational and financial pressures of PbR and the demands of the SIB funding model. As projects discovered elements of their original design and delivery plans which were not working as anticipated within this model, they moved increasingly towards aspects which were proving more successful. In response to these influences, pilots tended to become slightly more homogenous over time, though many important distinctions remained. This chapter describes the most significant of these similarities and differences.

4.1   Project sizes and delivery models

The size of programmes, in terms of the number of young people projects aimed to engage with, varied considerably across the ten pilots. As at March 2015, the numbers of starts on projects ranged from 600 at the lower end of the scale, through to 4,000 and more in the two largest projects. In general, the different sizes of pilots reflected their varied approaches to supporting and achieving outcomes with young people. The larger programmes adopted a rolling intake delivery model based on breadth and volume of starts that focused on achievement of a relatively small number of outcomes per individual participant, including behaviour and attendance outcomes and Level 1 qualifications awarded at the end of time-limited courses (typically 12 or 13 weeks). Other projects adopted more intensive delivery models with lower volumes and fixed cohorts of recruits. These generally more in-depth approaches sought to achieve staged progression with young people that could result in multiple outcomes per individual as they moved from school to further education or training and on into employment.

Many of the pilot projects increased the number of programme starts over the three years of delivery compared to their original delivery plans. This was typically for one of two reasons. Several projects realised that projected numbers of outcomes per young person would be lower than anticipated, and that this required a greater throughput of recruits. It was noticeable in the management data returned to DWP that despite outcomes being conceived as a hierarchy (in which one led to the next, which then increased the probability/possibility of then achieving the next, and so on) that actual average numbers of discreet outcomes achieved per young person starting on the programme were often quite low[6]. Other projects found that the length of time needed in practice to get young people to secure higher-level qualifications and job outcomes was longer than could be achieved within the timeframe of the programme, so effectively abandoned this notion of progression from one outcome to the next.

Projects typically responded by recruiting additional schools in which to run provision and by refocusing support and interventions onto young people who were still in compulsory education. Several projects whose original bids focused strongly on recruiting young people who had left school and were already NEET increased the number of starts by working more with schools and with younger school-aged cohorts.

4.2 Ages and characteristics of participants

The original specification for the IF was that projects should address young people aged between 14 and 24 years who were either already NEET or showed signs that they were at serious risk of becoming so in the future without some intervention and support, re-engaging them with education or training and connecting them with the world of work.

Four of the Round One projects engaged with the full age range and had participants from across the age spectrum (and hence both in and out of school), while one dealt exclusively with 14 and 15-year-olds at school. Another project targeted only those over 16 who were already NEET and had left school. This latter project had nearly two thirds of its participants aged 18 and over and was the only one to have a majority in this age bracket. One other project had 40 per cent of its starts aged 18 or over, while in all the others this older age group made up a relatively small minority (15 per cent or less). All four of the Round Two projects were aimed at 14 and 15-year-olds as the IF moved to being essentially an early intervention programme.

There were also differential outcome payments for different age groups. In Round Two, a number of intermediate outcomes were introduced relating to improved attendance and behaviour in school and entry-level qualifications. Outcomes for already NEET participants were restricted to higher-level qualifications, training and employment. For example, it was not possible to claim an outcome and receive payment for a Level 1 qualification with young people aged 18 and over when they started on the programme. The scale of payments for all outcomes was also increased for Round Two projects, arguably making it easier for these later projects to sustain cash flow. Partly as a result of this, Round Two projects were more likely to stick to their initial delivery plans and did not undergo the same degree of restructuring and reprofiling of outcomes, as did Round One projects.

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[6] As at September 2015, the average number of outcomes per participant (starts) across all ten of the projects was only 1.2, ranging from 0.5 to 2.7 for individual projects.

In terms of participants' characteristics, some projects targeted and recruited young people with a broad range of needs and barriers to education and employment, whereas others were more focused on specific categories of young people, for example, those with a history of offending, those in care and those with learning difficulties. Regardless of any shift in emphasis towards early intervention, project deliverers were keen to emphasise their continued focus on disadvantaged and at-risk young people:

> *'We were really clear about wanting to focus on the most disadvantaged young people.'*

> (Delivery Manager)

School-aged participants who were at risk of continuing disadvantage had issues ranging from low educational attainment, poor self-esteem and self-confidence, motivational, emotional and behavioural difficulties, through to being in trouble with the police, to having chaotic or troubled home lives including have a parent or parents with a drug or alcohol dependency. Many younger participants had behavioural problems or learning difficulties, including dyslexia, autism spectrum disorders and special educational needs. Some were in care or young carers for a parent with a mental health condition or disability. Young people who had left school and were already NEET at the time they started on the IF programme tended to have more complex and multiple needs and barriers. Participants included young offenders, current or former drug users or gang members, those with mental health conditions, young parents and care leavers.

As previously noted, there were a number of important consequences for projects attendant upon the different ages and characteristics of their participants. The younger age group were all still at school and relatively easy to access and recruit to the programme. Some were also being supported by pastoral care and social inclusion teams in schools. Young people aged 16 and over, on the other hand, were scattered across local communities and required more resource intensive outreach methods of contact. Their often complex and multiple needs and generally limited support to date also meant they were typically much harder to engage and to help.

4.3   Staffing ratios and caseload sizes

Nine projects had included in their plans some level of involvement with schools. The sole exception being the single Round One pilot which targeted exclusively those young people whose destinations after leaving school had become 'not known' on the local CCIS (Connexions Customer Information System) database. Even in this project, key workers became increasingly involved with schools indirectly as they sought to intervene early by trying to identify those young people most at risk of becoming 'not-knowns' in advance and to offer support to prevent them becoming not-known and NEET.

The number of schools each pilot engaged with varied enormously. While on average approximately 15 to 20 schools were involved per project, this ranged by the end of the programme from six in the smallest project, to more than 80 in the largest. Perhaps more significant than the absolute number of schools involved was the effect this had on the ratio of institutions to key workers, and of key workers to participants. In a central London pilot, for example, the model was to have one key worker or coach based exclusively in each of the schools involved, and in another explicitly school-based pilot, the ratio was one key worker to two schools, with staff splitting their week between the two locations. In projects where the emphasis was on delivering shorter interventions in the form of courses, the ratio rose to six schools per key worker who then spent on average less than one day per week in each.

A consequence of the number of schools involved was its potential impact on key workers' caseload sizes, although this was not an automatic relationship because other factors also played their part, notably how many young people were recruited at each school. The numbers of those in need of support, especially at the targeted schools which were poorly performing and/or located in areas of high deprivation and with locally high levels of young people becoming NEET, meant that these projects were able to recruit as many as 35 eligible pupils per year group. However, this was exceptional and the average was around eight to 10. Some projects delivering time-limited interventions were able to recruit more than one cohort in the course of a year, though for the majority of projects, interventions were with a single cohort of young people in each school year.

Bearing in mind these factors, caseloads of key workers ranged from around 50 up to more than 100 young people in different projects. Caseload numbers were mainly significant for those aspects of projects which involved one-to-one support from a key worker, and became important for projects in which emphasis was placed on continuing, ongoing, support throughout the three years of the programme (and in some cases even beyond). In these cases, because no young people formally 'left' provision, caseloads grew year on year with the addition of new cohorts of recruits. Although as time progressed, individuals might require less time of a key worker and be more 'light touch' than the more recent recruits requiring intensive work at the outset, they nevertheless remained on caseload.

As the IF programme entered its third year, project managers were giving greater consideration to the optimum size of caseloads and the implications of this for intensity and effectiveness of support. The main concern of frontline workers was what high caseloads could reduce the quality of support they were able to deliver. Some key workers noted that the time they had available for one-to-one working with young people diminished as their caseloads grew over time.

> *'The quality of the experience is absolutely key … in months where our starts are down, our conversion rates grow and when our starts go up, the conversion rates fall. So the quality of that experience and … the coach time… you can correlate down to how much individual attention can be given to some young people.'*

> (Delivery Manager)

Some shifted practices towards more group work, though acknowledging this did not always address the more deep-rooted problems some participants presented with. In one project, some key workers were using discretionary budgets available to them to buy-in additional help in order to spread caseloads that had become too large to effectively manage on their own, and to meet the needs of young people with more complex issues.

4.4 Changing young people's 'mind-sets'

Improving young people's resilience and facilitating a shift in their 'mind-set' was an important and intrinsic element of all projects in the process of getting them to improve their behaviour and to re-engage with their education and the world of work. Key to achieving such a shift, and a core element of all projects, was establishing a relationship of trust with a key worker, identifying the specific problems and needs of each individual and motivating a realignment of their personal aspirations. Re-engagement with education could then be sought as individual young people came to see where they wanted to get to, what they might realistically achieve, and how they could change their mind-sets and behaviour to help realise these goals.

Projects employed a number of different strategies to try to effect a positive change in the attitudes and motivations of young people, but it was widely accepted that establishing a good relationship with a young person needed to take place early on in an intervention if it was to be built upon positively, and for a sufficient length of time to allow a participant to be supported to a positive (and claimable) outcome. To this end, several projects included in their offer an intensive period of activity and support following recruitment aimed at kick-starting the process of change. Typically, this initial period included a period of one-to-one work for building support relationships and identifying individual needs, and the delivery of activities that could grab young people's attention and spur a desire for change.

There was some concern by delivery organisations and contractors that the central importance of this aspect of projects was not always reflected directly in the payable outcomes available, although frontline staff saw it as the 'vital ingredient' underlying success in other areas and other outcomes.

> *'The one way that we think we help young people, that isn't represented on the outcomes, is by that mind-set change … the skills and capabilities internal to young people, that coaches … spend lots of their time working on and are proudest of improving – but of course it's difficult to include in a PbR contract.'*

> (Intermediary)

Activities used for the purpose of changing mind-sets were many and various but included experiences in work settings that gave young people an unaccustomed level of responsibility, visits to places and institutions outside young people's 'comfort zones', inspirational talks, experiences such as horse-whispering and the flying of birds of prey, and residentials of varying duration that could lift young people temporarily out of their home life, family situations and local neighbourhoods which were a major part of the troubled background of many participants.

One project explicitly employed the particular methodology of cognitive behavioural therapy in the first year of engagement with recruits. Other projects used a variety of 'tools', either developed in-house or brought in from elsewhere, by which to construct psychological profiles and 'life pictures' of young people which they themselves could interact with and respond to. In many instances these profiling tools formed a central and integral part of personal development and/or employability courses that were being delivered to groups, but with the possibility also of additional one-to-one support as appropriate and at a time when young people felt ready.

4.5   Links to the world of work

Among the variable aspects of projects in the IF programme was the manner in which they conceived of and incorporated links to the world of work within their intervention activities. Employability and personal development courses formed the core of many projects and generally involved an element of looking at the labour market, at individuals' suitability for different kinds of work, and young people's hopes and expectations regarding employment. Where such courses were delivered within tightly constrained time-slots there was less available space for additional activities, but where courses were spread out over a longer period or formed just one element in a longer period of support and contact, they were frequently accompanied by reinforcing experiences which included visits to workplaces and bringing-in outside speakers. Other support tended to involve more 'traditional' forms of improving employability such as help with CV writing, job-search, job and apprenticeship

applications, but in some cases also involved advocacy with employers and employer liaison work.

Periods of work experience were available to young people within many of the projects, as were short training courses and volunteering opportunities, especially in the smaller programmes dealing with the over 16s. Projects dealing exclusively with 14 and 15-year-olds were less likely to provide such opportunities due to the obvious constraints attendant upon working with school-aged cohorts, although after-school and holiday periods were used by several projects to organise workplace and cultural visits. One such project ran a number of its own community businesses which it used to great effect to provide supported work experience to young people, many of whom then moved on to paid jobs elsewhere after six or nine months. This progression process was further helped by strong relations with many local employers, some of whom were actually also investors in the IF programme.

Round Two projects had no or very few job outcomes in their business plans and generally had very much less in the way of employment-related support within their programmes. Plans for providing volunteer mentors from the world of work in one project ran into difficulties because of a poor response from local employers. In another, a new phase of activity introduced work-related elements into the programme involving some outside speakers from the world of work, but was still primarily focused on school-related and qualification outcomes. However, it was not a simple case of all the projects seeking job outcomes having stronger and more numerous elements in their programmes linking with employment, and all those projects without job outcomes in their business plans having few or none. A notable exception to this general picture was the Round One project in central London, which recruited exclusively 14 and 15-year-olds, was embedded in local schools, but which placed a major importance on using the experience of real employers and workplaces as a central plank of their intervention. The key difference in this project appeared to be that, rather than simply looking to these local employers (big corporates in the City of London) directly as a source of jobs, they were viewed as powerful motivators for young people with little or no understanding of the world of work.

These businesses were engaged in a virtuous circle that benefited their own employees and met their corporate social responsibility obligations too.

> *'It has really successfully engaged businesses … and their staff feel fantastic about it … when they realise they can add real social value by being themselves and opening their office doors and doing stuff with their suits on …'*

> (Investor)

Thus, although this project was primarily seeking to achieve qualification and GCSE outcomes with its participants, it harnessed the power of corporate employers through work experience and mentoring to give young people longer-term goals and aspirations which motivated them to re-engage with their school work, and keep them 'on track' once they had a better idea of where they wanted to get to in their careers. The world of work was thus used to inspire young people who were struggling in school or under-achieving there, to see a future for themselves that they could aim towards achieving.

4.6　Delivering accredited qualifications

In addition to supporting young people to re-engage with their education and to improve their GCSE results, most projects were also directly delivering accredited qualifications to participants, either in school or outside. The qualifications were predominantly in employability, personal and social skills but also covered other work-related subjects such as First Aid and Health & Safety and, in two projects, certificates in specific vocational areas, for example Fork-Lift Truck Driving and Warehousing (delivered by specialist sub-contracted providers).

Qualifications delivered by IF project staff were at entry-level or Level 1 and were seen as practical enhancements of young people's CVs that would help to raise self-esteem and also be recognised as relevant by potential employers. Because of the specified number of learning hours required, there were no 'in-house' Level 2 qualifications being delivered on the programme. Courses leading to a qualification were variously supported by other activities to differing degrees and across widely differing timescales. For the largest project, it was the delivery of an employability course leading to a qualification that comprised the core offer to young people, with other elements of support such as one-to-one coaching and signposting to careers services being delivered in parallel within the defined timescale of the course (12-13 weeks). Several other projects also delivered time-limited courses but extended their other support activities well beyond the limited timeframe of the course itself, including motivational work following the course to reinforce messages and direct the lessons learned towards application in the school environment and to exam preparation. Support beyond a specific intervention was typically described as 'light touch' and offered only to the point where participants sat GCSEs and/or left school. However, as covered below, in a few IF projects, the support did extend further and was offered across the transition from school to college or into employment.

In two projects, the awarding of a qualification came with completion of workbooks which accompanied an activity which had formed the core of the intervention. These core activities ranged from assisting with childcare in a registered nursery, to sport-based, animal welfare and graffiti art-based interventions. In the case of the nursery care project, there was a formal phase two of the intervention providing contact with a key worker on a monthly basis following the 18 weeks of nursery care activity, up until participants sat their GCSEs. In the other activity-based projects young people were offered ongoing mentoring or coaching for a similar period until they sat their GCSEs or left school.

4.7　Follow-on support and continuity

The provision and take-up of support through the school-to-work transition varied considerably between projects, making it hard to be precise about exactly what young people received in each pilot project. In some, follow-on support was integral and highly structured, whereas in others it was patchy or non-existent. Round Two projects, for example, did not, in the main, provide follow-on support to participants beyond the age of 16, whereas Round One projects generally did. Some delivery bodies used occasional texts and e-mails to stay in touch as 'gentle reminders' that they were there, whereas others texted or telephoned the young people regularly or even sent texts to their parents.

> *'We* [make] *regular contact by text message, telephone call, and if you think they're getting a bit wobbly, then go and see them and try and act as some kind of advocate on behalf of the young person. So that … that has helped in terms of investor confidence, that now we can demonstrate more stay there.'*

(Delivery Manager)

Most participants were also encouraged to stay in touch, though, as later reported, under their own initiative, few apparently did.

A particular difficulty for providers was that projects continuing to provide support post-16 needed effective tracking of young people because the initiative for making further contact rarely came unprompted from the young people themselves. Smaller, community-based delivery organisations tended to know the whereabouts of young people even after a long period away from the project – evidence of the strong relationship between the delivery body and the young person. Others put resource into the creation of comprehensive databases for tracking purposes or used existing multi-agency databases and contacts to monitor destinations and progress.

Projects, which continued to maintain contact and provide support once young people had left school, recognized the early weeks of starting at college as a key 'danger drop out' point. It was generally agreed that close contact was beneficial, as even if young people appeared settled, things could change very quickly leading to them dropping out of college. Such problems were easier to resolve when picked up quickly; if picked up later in the first term it was more likely that the young person would not be able to start a new course until the following academic year.

Only two projects included transitional and post-school support which involved continued contact with the same key worker. One of these offered support to young people for the full three years of the programme and extended this to five years using additional philanthropic grant funding. The other used its separate presence in the community and support opportunities outside the IF programme to offer continued help through the same key workers who had built-up relationships delivering employability courses in schools.

There were considerable consequences for delivery organisations attendant upon offering a more extended support period to participants, particularly in terms of logistical and access issues once young people left school. The project offering the fullest and most continuous follow-on support after school found that they needed to open new premises in the community to facilitate access and enhance drop-in opportunities. It also created a new job late in the programme for a post-16 manager who could liaise with colleges, create centralised activities and events for young people to attend, and help keep school-based coaches in touch with young people who had now left. A further three projects offered a degree of extended support beyond school, but in order to overcome these logistical issues, operated a delivery model based on a formal 'hand-over' to a different member of staff who exclusively focused on helping young people to achieve training and employment outcomes after they had left school.

Though these providers believed follow-on was integral to longer term outcomes, they all reported these efforts to be resource intensive and time consuming. Overall, the balance between outcomes, cost of delivery and quality of service required by the SIB/PbR model proved easier to achieve for the majority of projects by offering more time-limited interventions. However, some delivery staff in projects with rolling cohorts felt that the end of provision seemed like an artificial cut-off. Particularly around GCSE exam time, it was felt that young people benefited from the extra support that a one-to-one relationship could provide. Indeed, several interviewees put forward the view that interventions that ended with GCSEs ran the risk of replicating patterns of disruption and lack of continuity of support that some young people already had in their home backgrounds and family relationships.

5 Young people's views and experiences

Though the specific intervention and package of help offered to young people varied, as outlined in the previous chapter, all the projects provided a 'toolbox' of support comprised broadly similar core elements including: a one-to-one relationship with a key worker; pastoral and pedagogical support; job and careers information, advice and signposting; small group work; employability, personal and social skills development; short courses and entry-level qualifications. A few projects offered more holistic support which could involve participants' families and third-party organisations, for example, youth offending teams or social services. The extent of follow-on support when interventions ended, and in the school to work transition, also varied considerably between projects.

This chapter describes which of these core and supplementary elements that made up the package of support seemed to be working best in re-engaging and progressing young people, and why. Findings presented are largely based on the views and reported experiences of young people themselves in terms of what they believed worked to re-engage and motivate them. Participants' views are supplemented by additional evidence gleaned from interviews with key stakeholders including staff from delivery organisations, schools, intermediaries and investors. How successfully these methods and interventions worked in terms of the outcomes young people achieved and the impacts resulting from participation are addressed separately in Chapter 7.

5.1 One-to-one, non-judgemental relationship with a key worker

Reflecting and strongly reinforcing findings reported in the early implementation phase, the personal, one-to-one relationship between an Innovation Fund (IF) participant and a project key worker – whether a coach, personal adviser, mentor, trainer or specialist teacher – remained the most highly regarded and valuable part of the intervention from the perspective of young people. This relationship was also highly valued by delivery and school staff, and viewed as critical to enabling the young people to engage, progress in school and make a successful post-school transition.

Mutual trust and respect between the young person and their key worker were important prerequisites for building an effective one-to-one relationship. Key workers being perceived to be non-judgemental and on the side of the young people was significant in this regard.

> ' … it wasn't someone coming in and patronising you, like a lot of it is. She was more down to earth, and me, she was straight with me. But, she was respectful of me, which is a big thing. 'Cause I don't like people that talk down and that …'

(Young Person)

Because they had a trusting relationship, young people felt more comfortable discussing challenging family circumstances and personal issues and concerns than they did with their school teachers. In the main, this was attributed to teachers' disciplinary role in dealing with poor behaviour in the classroom and thus being seen by many young people as a figure of authority.

> *'The bringing in of outside organisations has helped the kids because they're less of… an authoritarian figure, so they feel that they can interact with these people much better.'*

> (Delivery Manager)

In contrast, though firm in their dealings with young people, key workers were perceived both by the participants and key stakeholders as being less remote and easier to talk to:

> *'I like that* [relationship with key worker] *because I know I have got someone to talk to if I'm upset or something … I look up to him, he inspires me.'*

> (Young Person)

> *' … they end up being able to talk to me, which also means that when I need to challenge I can get away with it, whereas they might not take it off anyone else.'*

> (Project Worker)

Key workers were also independent of and external to the school. Importantly, this allowed them to personally advocate on behalf of young people to facilitate their continued engagement and learning. Examples included negotiating with head teachers in cases where IF participants were at risk of school exclusion, accompanying young people (and sometimes their parents) to school meetings to discuss attendance and behaviour issues, and liaising with school staff to enable young people to move classes in instances where bullying or a poor relationship with a teacher was holding back achievement. For older IF participants no longer in school, this advocacy role could involve liaising with employers, colleges, training organisations and careers advice and guidance providers.

Being employed by organisations external to the school, key workers had less formal working methods, different backgrounds and wider networks, moreover, which distinguished and differentiated them from school teaching staff.

> *'It… adds something to the group that someone from outside was showing interest in the students and I think that would be difficult to… replicate.'*

> (School Head)

Young people appreciated this distinction, experiencing the programme as something different from school.

> *'I like it because it's like different from … school, like you feel like they won't judge you and you can speak to someone who … gives you an actual opinion on it instead of just what's best for you in school … I trust her … I'd rather speak to her about a problem than someone in school.'*

> (Young Person)

The fact that key workers were not teachers, or members of staff employed by the school, was an important distinction from the perspective of young people:

> *'Our relationship is not like teacher and student relationship, so I am able to tell him more things and he is able to understand where I am coming from, I get to speak to him in a different way which helps me …'*

(Young Person)

Some key workers came from the same neighbourhoods, had similar backgrounds and had gone through comparable early life experiences as the young people they were supporting, so could relate to them and their issues more easily.

> *'[They] were not our teachers … not our relatives and not our actual age mates but someone who has actually gone through the same thing …'*

(Young Person)

> *' … they have… some idea of what young people are going through, what their needs are and I think they have credibility with the youngsters.'*

(Project Worker)

Key workers with knowledge of the local area and familiarity with the current vernacular and youth culture had 'street credibility' and were seen as 'cool' by young people, traits which school staff believed were particularly helpful when seeking to re-engage the most disaffected young people.

> *'[The Coach] is somebody that the kids relate to and they like him … he's got a London accent, he looks the part, he knows the language … he knows how to hook them in and get them interested and they respond, they respond to that and they respond positively. I can't think of a single student … that's refused to see him, or has refused to engage with the programme.'*

(School Staff)

> *'We have to tell them they have to work hard because we live in 'teacher world', whereas [the key worker] doesn't live in teacher world, he's cool and he takes them out and they have fun.'*

(School Staff)

Surprising for school staff, key workers sometimes disclosed personal information about themselves, which also helped to develop trust with young people, especially those initially reticent to engage with the programme or sceptical about a key worker's motives:

> *'Yeah, like when I first met him I was reluctant to talk to him because I was thinking "who is this man? And why is he [here] … and can I trust him?" But he constantly kept on reinforcing like he was [OK] … he shared a bit of his life with me like maybe for me in return to share a little bit of my life, and that's how we started off, so in think that's how we built our trust.'*

(Young Person)

Together, these aspects of the one-to-one relationship seemed to work by increasing the confidence and changing the mind sets of disadvantaged young people in ways which helped them successfully re-engage with their studies and approaching examinations.

5.2　Tailored support for individual achievement

All the young people interviewed appreciated that the key worker was working to help them achieve educationally in a restricted window of opportunity, in order for them to make a successful transition into training, further education or employment.

> '[The key worker] *said well you've done over 12 years in education and it comes down to like 20 hours of exams. So I took it on board and I just done it, there's no point wasting it is there?'*

> (Young Person)

This involved tailored support with developing career aspirations and practical help with more immediate goals with studying, examinations and qualifications. For young people who struggled academically, the coaching, motivational and emotional support of the key worker allowed them to catch up on school work with a trusted adult to guide them. There was widespread acknowledgement by the young people of the difference pedagogical help made to their understanding of GCSE subjects and the motivation to complete coursework. Young people realised the programme represented an opportunity to change, a wake-up call to help them focus, sort themselves out and knuckle down. School staff, too, appreciated these efforts to change mind-sets, build resilience and instil a greater sense of self-worth among the young people and what they were capable of achieving:

> ' … *that they can kind of see that it's, if they work hard and do well, that they can achieve, that where they come from and where they started isn't necessarily something that can and should hold them back.'*

> (School Staff)

To this end, the key worker role was described a 'critical friend' – a relationship where realistic achievement targets could be set with the buy-in of the young person, but at the same time furnishing much needed emotional and practical support to bolster or substitute for the poor or non-existent family support in many of these young people's lives.

> ' … *it's about that changing the mind-set really of the* [young people] *that would have been quite damaged with not believing that they could be successful.'*

> (Deputy Head Teacher)

There was strong evidence in the interviews of how this relationship of trust was instrumental in helping participants to realise the ways in which their behaviours and attitudes could affect the options available to them when they left school and the subsequent opportunities open to them as adults.

> *'And just helps us understand what we'll need if we want to get there and how much work we have to put in, not just, I want to do this, so I'll be this. She actually interprets, like puts into context what we'll need. Yeah … she points what we'll actually need to get there instead of just asking us what we want to be.'*

> (Young Person)

The fact that the support was flexibly delivered and tailored to individual needs was seen by schools as key in this regard:

> ' … it's not just a one-size-fits-all model of how to get these students to where they need to be, it's actually responding all the time to any concerns or requests from the teachers, anything from families, anything the [young people] present on the day.'

(Deputy Head Teacher)

This individualised support was equally highly valued by key workers themselves, who viewed a good quality relationship with the young person as critical to achieving positive outcomes. It was also central, many said, to the high job satisfaction they personally experienced in this role. Most expressed the view that the longer the time available to build a relationship of trust with a young person, the higher the number and the more sustainable the outcomes the young person achieved:

> 'What I particularly like about this programme was the fact that you could hand-hold that individual through numerous outcomes for a good length of time … It takes time to build up rapport … it takes time to change what they're doing, to build up that trust with them, and it takes time to move them, for them to move forward. There's a lot of peer pressure, a lot of gang culture, a lot of parents that don't want them to move forward or don't give a damn whether they've moved forward or they don't. All of that's got to be overcome …'

(Project Worker)

School staff and delivery managers, too, believed a committed, consistent and trusting one-to-one relationship was the embodiment and lynchpin of the IF intervention and the key to securing outcomes with this group of disadvantaged young people:

> 'That one-to-one adviser … relationship that will build that trust with young people … they are the key … without that, young people wouldn't necessarily go on to anything else.'

(Delivery Manager)

5.3 Practical advice, careers guidance and action planning

Where interventions seemed particularly successful in progressing young people and supporting their journey of transition from school into employment was in the provision of advice, support and signposting to help them make informed decisions about the often difficult choices regarding routes and options beyond compulsory schooling. Participants were frequently said by key workers to be fearful of leaving the protected environment of school and valued the opportunity to discuss the options available to them. The advice given was simple and practical, designed to foster aspiration but in a realistic, achievable way. Young people seemed to appreciate that the support was helping them to understand the decisions they needed to make for achieving a successful transition from school.

> 'She was helpful and she made me a lot more confident because I talked to her about my fears and she told me some really good things to do, and it's helped me in my future here at the college.'

(Young Person)

Focus on supporting the post-school transition was particularly valued by school-aged participants as it was said to be a topic little discussed or otherwise supported in school. Key workers' local embeddedness and their personal networks and contacts were also useful for making supported referrals into other provision, services and support. Some young people were formally referred to local careers guidance services, colleges or providers for information and advice on options. Agreeing post-school transitions in the form of action plans or target setting was seen as an important part of this process and one which young people seemed to like.

5.4   Small group work

In addition to one-to-one support, virtually all projects delivered interventions to young people using small group work. On the whole, young people enjoyed working in small groups and appreciated meeting and engaging with young people drawn from different classes and year groups, even, in some instances, from other schools. Small group sizes, comprising on average between four and eight participants, and mixing with pupils from outside their own class and immediate friendship groups, resulted in increased confidence and improved social skills:

> *'I really like being in the group, I find, because it's also people I don't speak to as well, so you can develop like friendships with people what you know but don't know as a person, and I like that a lot because it's someone I wouldn't speak to in the classroom.'*

(Young Person)

> *'I have gained a lot more confidence because I have to meet new people that I probably wouldn't have been associated with.'*

(Young Person)

Being part of a group of young people with similar or comparable difficulties in their lives made participants feel less isolated and 'different' and helped them gain awareness of the issues and problems of others, increasing their own self-worth, as well as empathising with others in similar circumstances:

> *' … you got to know everybody and you didn't seem so like an outcast … it was just a really positive, good experience …'*

(Young Person)

> *'Well, because we are a mix of different people, it just made me think how similar we all are and not jump into conclusions about other people.'*

(Young Person)

Exchanging personal information in small group settings created trust between the young people and helped improve the dynamics of interventions and activities.

'It's a mix of one-to-one and group learning … but on a very small scale, maybe three or four individuals in a group. And that does work … I sat in and did an observation on a project … in the space of maybe… 30 minutes, it was quite interesting to see how they began to interact with each other, it wasn't raucous … it was quite focused … Very quickly, there was almost like a team atmosphere going on in the room and they were helping each other out and … it was quite interesting to see that dynamic take place. So that works extremely well.'

(Intermediary)

Girls, in particular, seemed to benefit from being part of a group that was supportive rather than judgemental. An example was given by one school teacher of two participants, each unable to live at home because their parents had serious mental health issues. By sharing their experiences, they bonded and became close friends. Both were reported to be attending school more regularly and behaving better in school.

School staff reported that the group work helped these young people to participate more confidently in class and remarked on their greater propensity to ask questions and request help than had been the case prior to their IF involvement.

'Group work works amazingly well, and that kind of peer-led education that goes on within group work sessions.'

(School Deputy Head)

Key workers, too, cited instances in which the more assured and able participants would mentor those who were more reserved and lacking in confidence, to the benefit of both.

School staff had generally been surprised about the high degree of trust and personal information sharing that took place in the group work:

' … I was quite surprised … they wanted to know a lot of personal information from the children, about their backgrounds, their family life and you know went into quite personal things, which I was quite shocked about at the beginning! I was a bit like, ooh, where are we going with this? But eventually it just made the group really trust and… bond with each other and also with the facilitators. There was a level of trust there and knowledge of each other that … helped the programme move forwards…'

(School Staff)

The young people themselves frequently input into the shaping of the group work. Ongoing feedback was encouraged and key workers would often modify the content and methods of delivery to take account of group characteristics and express needs:

'We take a lot of feedback from the young people as well … what works and what doesn't work and the types of delivery … So it's much more tailored now to the group … they've kind of learnt how to move and be fluid with a group of people depending on their needs. So I think that's been a real success as well.'

(Intermediary)

It was these more informal and proactive aspects of group work sessions that were reported by young people as being most useful and enjoyable. In contrast, sessions which were highly structured and pedagogical, and which more closely resembled school lessons, were found by participants to be less interesting and engaging. The more practical activities and the non-classroom settings in which group sessions generally took place (for example, in a school library, conference room, community centre or outside training venue) also helped differentiate IF interventions from mainstream schoolwork and formal teaching.

5.5 Holistic, out-of-school support

For young people in the care system or with parents unwilling or unable to take on a supportive role, the offer of holistic, outside of school support was seen to be a key success factor. Where parents were struggling or incapable of providing support at home, because they had a mental health condition or a drug or alcohol problem for example, it was only when the key worker offered this more intensive support that progress towards achieving outcomes began to be made.

> *'It's not just one-to-one support, it's intensive support, so we are basically mum and dad almost … We'll get them out of bed, give them an early call in the morning, make sure they're in their placements on time … and just regular keeping in contact … make sure they're staying on the right path.'*

> (Project Worker)

However, because it entailed working outside of school and normal office hours, holistic support was demanding and resource intensive. Mainly for this reason, it was not a standard part of IF interventions. However, the disadvantaged backgrounds and difficult home lives of many young people, particularly those who were already not in education, employment or training (NEET), led to some projects adopting a more holistic approach in recognition that additional support was needed if outcomes were to be secured and sustained. Involving family members helped in cases where a young person was reluctant to engage or where there was a breakdown in communication between a young person and their parent(s) or guardian. Once parents met programme staff and got to hear about projects first hand, they were said to be more understanding and supportive of the young person's needs:

> *'If I haven't been able to engage a young person, I will perhaps speak to the parents and explain to them about the project and encourage them to get on board … and parents have been very keen, obviously they've got a young person at home, doing nothing, and they're obviously keen for them to do something …'*

> (Project Worker)

For younger school-aged participants, there was little involvement of families, though some projects offered support outside of school and formal sessions.

> *' … the lengths they go to to get to know the students is quite … incredible. They spend a lot of time contacting them outside of session times.'*

> (Delivery Manager)

One project invited parents who were sceptical or reluctant to give their consent to the programme to observe coaching sessions as a means of generating parental buy-in. Once parents were convinced, this helped to engage and sustain the interest of the young person:

> *'If mum was interested, generally the sustainability of a young person on that programme was way higher … if they've got someone interested from home … it does help definitely.'*

> (Delivery Manager)

Mostly, however, if parents were involved at all, it typically amounted to their attendance at celebration events at the end of interventions. Delivery staff did however feel that projects would benefit from a more systematic approach to involving parents among school-aged participants with more serious problems of behaviour and attendance, since issues which presented at school often stemmed from difficulties at home.

> *'One pupil in particular … the aggressive behaviour is how she… has learned to survive and be able to get along at home. And without being able to go into the home and… speak about that to the parents, you know, what real impact can you make with a pupil to … stop those aggressive outbursts … how do you change that really effectively long-term unless you… go into the home?'*

> (Project Worker)

5.6   Employer visits and outside trips

Activities designed to widen the employment and cultural horizons of young people were common to all IF projects. Activities included attending college open days and careers fairs and visits to employer premises. These outside visits and trips were a good hook to get young people engaged in projects and helped to maintain momentum if interest waned. Such visits were specifically designed to instil in the young people greater knowledge and appreciation of different career and employment opportunities potentially open to them. Young people reported these activities to have been very useful. Often young people with poor school attendance and behaviour had been excluded from school trips, so such visits served to increase their self-esteem making them feel rewarded rather than punished. 'Inspirational' talks given to young people in schools by successful business people seemed especially effective at boosting commitment to the intervention.

Other activities were less explicitly employment focused and included taking young people on cultural visits, for example, to art galleries, museums and street theatre performances.

> *' … it's just raising aspirations I think is their main thing, just opening their eyes to what is achievable. Because we went to places they wouldn't; necessarily visit, they met people … that they wouldn't necessarily have met and spoke to. And because they felt quite normal as well, it felt like, it felt more achievable to them …'*

> (Delivery Manager)

Trips away from the school and local neighbourhood designed to take young people out of their comfort zone seemed particularly valuable for those in gangs and affected by issues of territoriality that limited social and employment horizons:

' … some secondary schools in deprived areas, the kids are surrounded by other kids that are full of anxiety and full of hostility and its sometimes not a great place for them to be. Sometimes it's only when you take them out of that environment that they show who they actually are and that confidence starts to rise …'

(Project Worker)

Residentials were seen as having the potential to have a big positive impact on a young person by removing them from a familiar environment and negative influences. However, residential stays were expensive and resource intensive so only a few projects offered them. In many cases, because of the high cost, the offer was limited to selected young people judged most likely to benefit from being away from home overnight.

' … the residential side of it is really important because you can work so much in schools but at the end of the day, if people keep going home to an environment that's not giving them the same kind of support … or they've got conflicting needs from other people or influences coming in from somewhere else and sort of undoing some of this work. You know to get out of that environment and to give them a residential session I think is really useful.'

(Investor)

All such activities to widen employment horizons were reported to have been very successful. Young people gained an appreciation of life outside the school gates and of alternative employment opportunities available to them, becoming motivated and inspired when returning to the classroom. As later reported, schools confirmed that such work-related activities were instrumental in broadening the employment and training opportunities that participants were now considering.

5.7 Employment-related skills, activities and qualifications

All the projects offered opportunities for young people to gain employment-related skills, experience and qualifications which were overwhelmingly enjoyed and viewed as beneficial by participants. Several projects provided training placements or work experience in a genuine workplace environment, seeing this as an integral part of the project facilitating the transition for young people from school into employment:

' … ultimately we're a schools-to-work transition programme, so being able to provide the experience to the young people of what it means to be in a professional environment is really vital.'

(Delivery Manager)

'It becomes more relevant because it's someone outside of the school, in a workplace they're going into or a mentoring programme that they're involved in, suddenly it becomes a bit more real … those moments when they work with other people are more powerful sometimes than working with [school] *staff.'*

(School Head)

Level 1 employment-related qualifications or short, job-focused courses were also offered by most projects, both to young people still at school and those who had already left. Young people valued such qualifications highly, so too schools; for low-ability students this might be the only qualification they were likely to achieve while at school.

Short vocational training courses, for example, in forklift driving, health & safety and warehousing, were particularly attractive to young people who had already left school as many were keen to find work and not interested in undertaking long periods of study or training without pay. Not all such courses counted as claimable outcomes. However, few NEET young people had the basic skills necessary to undertake apprenticeships or gain entry to college vocational training courses, so these courses were seen as an important first step. Having gained what for many was their first qualification, there was a widespread belief that the young person would go on to achieve more:

> *'Once a kid gets their first qualification, they're much more motivated to get the rest.'*

> (Delivery Manager)

Such courses were popular among already NEET young people, so a useful hook for engaging them, as well as an important stepping stone to achieving outcomes that were paid for. Work experience and Level 1 courses also helped to enhance otherwise scant CVs and gave young people with no or few qualifications a confidence boost, all of which was believed to improve their employability:

> *'It was a smart course, specific, the kids knew what they were getting, they felt it was tangible, it was timed, it was … four weeks … it was quite punchy – you get warehousing experience, forklift licences, the young people saw the relevance of that. Whether they went on to do forklift or not is another matter, for me they got the qualification, a positive outcome, something that was good for their CV, so all sorts of benefits.'*

> (Project Worker)

Help with job applications was also seen as very useful among this older age group as many had become disheartened by unsuccessful attempts to secure work. The practical support given by the key worker helped them to complete forms and make the best of their skills and attributes.

> *'So* [the job application] *always sounds good and professional. I wouldn't be able to make it sound like that.'*

> (Young Person)

Some young people were coached in interview skills which several felt had given them the confidence needed to perform well in apprenticeship and job interviews.

Work experience placements, sometimes provided directly by the delivery organisation or associated projects and social enterprises, were also useful for increasing employability and building confidence. On more than one project, regardless of whether the placement attracted a wage or was voluntary, young people were required to formally apply and take part in an interview to gain the placement.

> *'It has benefits of giving them the valuable experience and life skills of what work is about, what it actually is like in the big wide world.'*

> (Project Worker)

Several young people who had participated in work placements in this way had moved on to permanent employment, some with the delivery organisation, but most with other employers.

For low achieving younger participants who were not academically inclined and not expected to gain many GCSEs, many of whom wanted to leave school at the earliest opportunity, work placements provided a useful means of developing work-related skills:

> *'For those who needed the chance to get the responsibility in a different environment, it's worked, for those who may have needed to perhaps come out of their shells and develop the confidence to go and do some things in there, again it's also worked.'*

> (School Staff)

Placements provided in-house by delivery organisations helped young people to mature and develop behaviour more appropriate to the workplace, giving key workers the opportunity to identify any issues that might arise when a young person entered mainstream jobs. Participation in such opportunities was considered as a valuable experience which stood these young people apart from their peers.

> *' … with the work placement, when I go to job interviews I do have something to talk about. And I've got friends who don't have any work experience and they are obviously very stressed.'*

> (Young Person)

Schools, too, were overwhelmingly positive about the placement opportunities provided by IF projects, as many had withdrawn from work experience programmes and struggled to provide openings suitable for less-able pupils unlikely to go on to further or higher education.

5.8   Follow-on support and keeping in touch

The provision of support throughout the school-to-work transition and the availability of follow-on support after young people had left school varied enormously between projects. In many cases, the support was described as 'light touch' and expected to be initiated by the young people themselves on a needs-driven basis. This variability and modified delivery was reflected in the experiences of young people interviewed, some of whom had been offered and accessed such help, but many of whom had not. Some young people in projects that did not offer ongoing support regretted that the trusted relationship they had developed with a key worker and the support they had received fell away after they left school. Several would have liked and believed they would have benefited from support longer term. Among the minority of young people interviewed who had received follow-on help, having access to a key worker after they had left school was said to have been very useful. Some young people who had progressed from school to college found the transition difficult and those who were still in touch with a key worker benefited from the ongoing contact.

> *' … a couple of weeks ago I wasn't doing so well in college, they were about to kick me from college.* [My key worker] *had a word with me, so he basically convinced me to do better and keep progressing.'*

> (Young Person)

Being able to talk through issues helped them to focus and re-engage:

> *'I was trying to leave* [college] *but I've realised there is no point in leaving and staying at home and the project is helping me … there is no point in me leaving now and staying at home doing nothing.'*

> (Young Person)

Like that of school to college, the transition into work could also be a difficult period. Some young people had accessed practical help with preparing CVs and preparing job applications. Others had received help to develop their interview skills:

> *' … if I ever need help with anything, I just phone her up and she will book me a day in, so like if I need help with CV, then I'll just phone up, "look I'm having a bit of trouble writing a CV" and then what she does, she books an appointment when it suits me and then I come in and then she'll sit through it all, talk about and write it up with me.'*

> (Young Person)

Ongoing support was particularly valuable for those young people who would otherwise find it difficult to sustain work or training due to a lack of parental support and encouragement at home. As one key worker explained:

> *'Sometimes you'll find getting them started [in work] isn't a problem because it's something that's new and exciting but trying to get them to continue to get up early in the morning and continue to go can be quite a challenge when nobody in the house is getting up!'*

> (Project Worker)

Other young people who had been offered follow-on-support after leaving the project and moving into work or training found it reassuring to know they could make contact with their key worker if they needed to, though few evidently did:

> *' … it's been there when I've needed it really, I mean particularly when I left [school]. They said if you needed anything, you know come back or get in touch or phone … So it was reassuring sort of giving that option. It wasn't an option I actually used in the end. But it was reassuring to have that option.'*

> (Young Person)

6   Working with schools

Overall, involvement in the Innovation Fund (IF) project was reported as being a positive and productive learning experience for both delivery organisations and schools. In excess of 200 schools participated in the ten pilot projects and of these, the great majority stayed involved throughout the IF programme. Reflecting the different size and scale of projects and the different delivery models[7], the total number of schools engaged by each project ranged from eight in the smallest, to around 80 in the largest. This chapter outlines the challenges and opportunities projects faced from working with schools, including securing their initial buy, negotiating and tailoring interventions, the development of service level agreements and the embeddedness of IF provision.

6.1   Securing schools' engagement and buy-in

An early lesson learned by delivery organisations was that although IF interventions were offered free to schools, securing their initial buy-in was far from automatic. Success in engaging schools depended on a mix of factors: the perceived degree of 'fit' between the IF offer and the school's ethos, priorities and existing support services; the ability to market a clearly defined 'product'; and the degree of flexibility versus prescription in IF project delivery. Some schools were initially wary of involvement; offers of free provision were not uncommon.

> *'We get various projects like this offered to us and … you have to say no. The reason we say no is it doesn't work in line with the school. And the reason we like this project is it's absolutely aligned to the school, it's aligned to the values of the school, it's aligned to the way the school works, and they work with us.'*

> *(School Deputy Head)*

A school's prior knowledge or awareness of the delivery organisation shaped their propensity to respond to marketing approaches. Organisations already known to or working in schools, for example, former careers services and educational providers, generally fared better in gaining initial access to a school, while smaller, community-based organisations, or providers with no existing profile or presence in the area, needed to be more persistent and persuasive. Somewhat counter-intuitively, schools with pre-existing services for supporting disadvantaged and disaffected pupils at risk of becoming 'not in education, employment or training' (NEET) tended to respond most positively to the approaches of delivery organisations.

> *'… the project mirrored I suppose our philosophy anyway, about how we support students… it's just kind of gone hand in hand with our general outlook.'*

> *(School Staff)*

To justify the time and effort of getting involved, schools needed convincing of the project's merits. In this respect, offering a service or activity which schools lacked the knowledge, expertise or resources to provide was key to securing their buy-in. Schools signing up to the programme generally did so because IF projects were seen to offer additional help for

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[7]   Projects delivering shorter interventions to rolling cohorts of participants engaged far more schools than those with single intake, longer-term interventions.

young people at risk of becoming NEET, but which they themselves struggled to provide. The one-to-one, intensive support offered by projects was particularly persuasive in this regard. Disengaged and disadvantaged young people could often be disruptive in class, but faced with meeting the needs of the class as a whole, teachers simply did not have sufficient time to support individual pupils who were misbehaving, had poor attendance or were struggling academically.

> *'… it's that personal touch of the relationship with the tutors who come in and talk to the children and that consistency of it, we couldn't replicate because our mentors in school are, you know, fully booked and very involved. So it would mean that that direct support for those children wouldn't go ahead if we didn't have them coming really.'*
>
> (School Head)

Even if the school employed pastoral care and inclusion staff, the provision of intensive one-to-one support, which these pupils often required, was not typically part of their remit.

> *'Nobody has the time currently to sit down with these kids and say, right, if you do this, then the outcome is this, if you want to do this particular course, then you've got to do this … they get the directness in terms of addressing behaviours … if you continue to do this, this is the impact.'*
>
> (Delivery Manager)

That the support was delivered by someone who was not a teacher employed by the school and whose focus was on the needs of the individual young person rather than the class as a whole, was therefore key.

> *'What the programme represents is a person that is not a teacher, that doesn't have an agenda in terms of trying to get them results for that particular subject, but a more holistic view of that child and it's somebody that that child can go to or understands that that person is there for them and will do anything to support that child.'*
>
> (School Staff)

The targeting of IF projects on the hardest-to-help pupils at risk of becoming NEET and the offer of one-to-one support thus proved to be important selling points and the principal means by which providers secured the initial buy-in of schools.

6.2 A tangible, beneficial project offer

Projects nevertheless found that simply offering a service that provided one-to-one support to disadvantaged young people was not enough. To attract and retain schools, projects also needed to offer a meaningful 'product', the benefits of which schools could readily grasp. Not all projects had initially done so, and repackaging interventions to make the content and outcomes more tangible and understandable for schools was another early lesson learned. Several delivery organisations streamlined the intervention making it easier for schools to understand the IF project offer and what they and their pupils could expect from participation. Redesigning and repackaging interventions was often the result of intervention and capacity building from investors in response to providers' early recruitment difficulties, reflected in under-performance against targeted starts and outcomes:

'One of the problems [the provider was] *having is they were going to schools and offering support and because the schools didn't know what they meant, they were just being turned away. Whereas when they offer a defined programme for a defined group of children with a defined beginning and end and curriculum, the schools can understand then and they're much more receptive.'*

(Investor)

Focus on employability and the post-school transition, including the delivery of work experience placements and employment-related qualifications, proved to be attractive selling points also.

'The project does provide us with work experience … for us, that's really at the centre of it.'

(Deputy Head Teacher)

The ability of projects to tap into external networks of employers, training providers and careers guidance organisations was seen by schools as particularly valuable, since few had access to such networks or the resources necessary to organise work experience placements or employment-related activities outside of the school setting:

'Having someone that has links is really powerful; somebody that can take students into different environments and take them out of this bubble that you get stuck in for five years and you don't think what's actually going on out there …'

(School Staff)

Outside trips, employer visits, residential stays and other extra-curricular activities, which all IF projects offered in some shape or form, were acknowledged by schools to be particularly effective for engaging disaffected pupils but were precisely the types of provision they could no longer organise or fund due to staffing and budgeting constraints.

' … we no longer have the work experience the project provides … so that's really important because … we just cannot do that anymore, as we've withdrawn from the work experience programme.'

(School Deputy Head)

6.3   Flexibility in delivery

While the targeting of projects on pupils unlikely to achieve five GCSEs, and the offer of employment-related support, were important hooks for attracting schools, the involvement of Year 11 pupils nevertheless raised some concerns. Indeed, with ever increasing pressure on schools to improve their GCSE results, the reluctance to release Year 11 pupils from classes was a key reason for why some declined to take part or later withdrew from the programme. An early lesson learned by providers was therefore the need for flexibility in terms of how they delivered the intervention in schools; if they were too rigid or prescriptive, the school would decline to take part.

'I can't dictate to the school that the course must be run in this way, because they would go and tell me to go and get on my bike to be quite honest.'

(Delivery Manager)

'Each of the coaches that work in school understands that each school works differently, and they work within the structures of the school.'

(School Staff)

The most common and pressing concern that schools were keen to avoid, or at least minimise, was taking Year 11 pupils out of GCSE lessons. In order to sign up to the programme, schools had to be convinced that a project was worth taking Year 11 pupils out of classes for, or have their concerns and priorities accommodated in other ways. As long as interventions were timetabled to avoid core GCSE subjects, many schools were willing to be flexible. Others only consented to the participation of Year 11 pupils if the young person concerned was considered unlikely to otherwise achieve any GCSEs. However, for some schools, project delivery outside of the school timetable was a non-negotiable condition of their involvement. Reassuringly for these schools, some IF participants not only improved their attendance and behaviour, but against expectations, many more than anticipated even went on to achieve five or more grade A* to C GCSEs.

'No one thought she ever would actually meet [her potential] *because just by her attendance and punctuality and her kind of attitude to school really, but she ended up doing quite well and now she's doing four A Levels.'*

(School Staff)

As a result of schools' academic priorities and concerns, many providers found they needed to individually tailor the content and delivery of programmes to fit with the policies, timetables and pupil profiles of each school. Tailoring and packaging interventions in a way that enhanced and added value to the input schools, rather than as an alternative curriculum, seemed to work best.

'With most schools, we've found workable ways of doing it. We have agreements with most schools, such as: we won't take young people out of the same lesson more than once every half-term; we won't touch core subjects, Maths, English and possibly Science; we maximise non-curriculum times such as lunchtime, before and after school.'

(Delivery Manager)

Given schools' focus on exam performance, their preference leaned towards forwarding pupils from Year 10. As a result, in some projects, there was a re-orientation away from Year 11 to include more Year 10 pupils than originally envisaged and profiled. Though initially done to accommodate schools' priority to minimise any adverse effects on GCSE results, the benefits of intervening early with Year 10s was not lost on providers.

'When they're in Year 10 it helps them focus more, some of them could just drift along in Year 10 and not realise that their exams happen in Year 11 – I'd rather them get used to the fact that they're working towards the exams at an earlier time. And with some of them, we've found when we've put careers advice in place earlier on that they've become more focused in lessons, that they can see a goal, they know what they need to achieve.'

(Delivery Manager)

Schools were greatly appreciative of this flexibility, but tailoring delivery in this way could be highly resource intensive for providers. Out of school and twilight sessions, for example, entailed securing formal consent from a young person's parents in addition to gaining

permission from the school, and could require the use of alternative premises. Programming sessions for pupils belonging to different year groups and sometimes coming from different schools in a way that avoided any Year 11s missing core GCSE subjects could also be a 'logistical nightmare', particularly for those providers delivering rolling programmes and short interventions. Nevertheless, wanting the project to succeed, providers were often prepared to go to significant lengths to assuage the concerns and accommodate the express wishes of schools.

6.4 Recruitment and selection of project participants

Delivery organisations were also keen to involve schools in the process of deciding which pupils would be most suitable and likely to benefit from the IF programme. As a voluntary programme, it was ultimately the young people themselves who decided whether or not to take part. However, all the projects had systems and procedures for ensuring that young people putting themselves forward were eligible and capable of achieving an outcome within the timeframe of the intervention or programme. These procedures generally entailed the use of school management information systems for identifying pupils with a history of disruptive behaviour and poor attendance, together with those who had low educational attainment and special needs.

Schools were keen that young people should see the programme as something positive, so, having gone through a first eligibility 'sift', most adopted a formal recruitment process including the use of application forms and assessment panels to which eligible pupils were encouraged to apply. Because the programme was voluntary, selecting the right candidates who genuinely wanted to participate was also designed to prevent drop out. Young people seemed to respond positively to these recruitment methods and securing a steady flow of referrals was readily achieved, even when participation required young people to give up their free time at school:

> 'We were sceptical … we thought the children would see it as an imposition, that they were losing their lunchtime, and it's social time and they would just kind of want to get away from anything to do with learning and to go and play with their friends. But they didn't and it was you know really heartening.'

> (Deputy Head Teacher)

More tricky was ensuring a good degree of fit between the needs and priorities of individual young people, schools and providers. For many projects, the specific type of activity involved in the intervention had a key role in determining the selection of recruits. For example, where participation involved the young person spending time in a nursery working with a toddler, the selection of participants had to take this setting into account. This was true of other projects where very specific forms of support or activity might attract or alternatively be unsuitable for certain types of participant, such as sport-based interventions or those involving animals. Unless projects had specifically been designed for them, and had the staff and resources to track down recalcitrant absentee pupils, school refusers and non-attenders were also generally considered unsuitable candidates if continued absence made them inaccessible as much to the project as to the school.

In the early stages of delivery there could often be a mismatch between the selection criteria of schools and the kinds of young people providers believed themselves best placed to help. For example, because of the disruption caused to the class as a whole, some schools were keen to refer their most troublesome and hardest-to-help pupils, many of whom had multiple and complex needs. Such pupils often needed long-term, intensive or specialist support and some projects felt they were ill-equipped to help them. On the other hand, for projects offering holistic support outside as well as inside school, young people with multiple and complex needs were precisely the client group they had expertise in dealing with. Instances were cited of schools being reluctant to refer their hardest-to-help pupils as they felt to do so would place the project under unreasonable pressure:

> *'No, we've tried to not put* [forward] *youngsters with extreme problems … because we're thinking well if we struggled and all the outside agencies are struggling, it's not fair to expect people to work with them …'*

> (School Staff)

> *'We really… tried to be careful … we made sure that we didn't give them to [the coach] because… there was nothing he could have done really, it was our responsibility … it wasn't within the remit of this project to deal with that, to turn that round, it wouldn't have been able to … we were struggling as a school, keeping these youngsters on track.'*

> (Deputy Head Teacher)

Such mismatches arose due to early misunderstandings on the part of the school as to the precise targeting and objectives of the IF project and of the nature of the support being offered by providers. It was precisely in grappling with issues of this kind that delivery organisations and schools came to work in partnership to tailor interventions to suit the priorities and needs of the parties concerned, not least those of the young people. Achieving the right balance generally evolved over the course of time as schools and providers got to know one another. Each came to recognise there was a fine balance to be struck between achieving the best possible outcomes for young people at risk of becoming NEET, while at the same time acknowledging the expertise of staff and the practical limits of support that could be offered within a time bound intervention and programme.

Within the school setting there was found to be a sufficiently broad target group of potential recruits who met the project eligibility criteria, as well as being capable of achieving from the wide range of claimable outcomes, for a suitable balance to be reached. Young people already excluded from school, those excluded after joining the programme and school refusers or chronic non-attenders, however, presented all projects with practical and resourcing problems; if pupils were not attending school then how were key workers to engage and work with them? In virtually all projects, therefore, the very hardest-to-help young people who were not attending school and unlikely to achieve an outcome within the timeframe of the programme, did not generally find their way onto the programme.

6.5 Service level agreements

Somewhat counter-intuitively, some projects found that the offer of a free service could be an impediment to the full engagement of schools. The absence of charging could sometimes reduce the onus on the schools to work as closely as they might with delivery organisations

in facilitating access to pupils and ensuring their attendance, as well as providing timely evidence for outcomes verification purposes.

> *'It was almost like we did our free course for the school, then … it was like thank you very much, thanks a lot… and it was like well wait a minute, we still need to speak to you… then they're taking three weeks to return an e-mail …'*

(Delivery Manager)

Providers which delivered directly commissioned services to schools elsewhere came to realise that schools tended to buy into a product more committedly if they had formally commissioned or paid for it:

> *'From other projects that I'm responsible for… I honestly believe that if people get it for free, they don't appreciate it … If they've paid for it, then they make sure the young people turn up, they make sure things are happening, they actually assist in order to be able to, I would say, get the best out of the programme. Because they then, themselves, have to show that this money was spent on this activity and these are the outcomes, so they've got to buy into it. Well if they get it for free, then they don't have that.'*

(Delivery Manager)

Even though the IF was delivered to schools for free, an important lesson learned therefore was that a more formal and structured form of agreement was required:

> *' … another lesson learned is to have a more formal agreement in place with schools … yes, it's a free project to a school, they get the adviser support, but they need to refer the young people, they need to give us access to young people, they need to sign off the outcomes … they're responsible for doing that … But in return … if we work with young people, we can help improve behaviours, attitude, attendance, which will lead to better results in school, which result in better results overall for the schools. So it's a two-way thing and we drew up an agreement to say that, and schools signed up to it.'*

(Delivery Manager)

Establishing a service level agreement (SLA) could greatly enhance a school's appreciation of their obligations within the project and provide a better understanding of how they and their students could expect to benefit. Without this formality, there was room for misunderstanding.

> *'Every school's different and … every school will have different priorities and different timetables … The memorandum of understanding is vague, it says access to young people during curriculum time as agreed with the school, something of that nature … that's been too flexible … We are currently developing a Service Level Agreement, rather than a memorandum of understanding with the schools, which is really clear about the amount of access that they're going to need to grant us to do our job.'*

(Delivery Manager)

Securing this full buy-in made all the difference to how effectively a project ran in a school, to how successfully the young people engaged with it and ultimately to the level of outcomes achieved. By assisting the smooth running of projects, SLAs helped in operational and financial ways too. SLAs were useful for securing access to schools' management information systems, for example, which greatly facilitated access to data for evidencing

starts and outcomes; the alternative of tracking down individual teachers for outcomes verification could be very time-consuming which, in turn, could impact adversely on providers' financial claims and project cash flow.

6.6   Continuous recruitment of schools

Even when schools had fully bought into the project, there was no guarantee of continuous involvement and schools' participation was not necessarily assured long term. Having formally signed up, some schools were later forced by unforeseen circumstances to withdraw from the programme and projects had to redouble their efforts to engage other schools in the locality to replace them. Particularly for larger programmes offering short interventions and with high volumes of participant starts to achieve, efforts to recruit and retain the involvement of schools could therefore be continuous throughout the programme.

Counter-intuitively, schools receiving a poor Ofsted inspection would often be obliged to withdraw because the school was required to drop all extra-curricular activities and projects. Following poor Ofsted inspections in several of its participant schools, one IF project fell short of the number of recruits needed to maintain sufficient throughput required to achieve their reprofiled starts and outcomes targets. A last-minute recruitment drive had to be organised late in the third year of the project to get new schools involved.

Other schools that withdrew from the programme cited resource constraints and pressures on staff time. A few went on to appoint their own in-house staff, adopting the same broad approach and delivery model as that used by the IF intervention:

> *'It just transpires that both those schools have taken on staff to carry out a similar role as to what we were doing … What they've done is they've taken the premise and they've said, we can do this ourselves … we've got more control over it … we can instil it across the curriculum. So … it's quite flattering.'*

> (Intermediary)

Though disappointed these schools had withdrawn, this replication was seen by delivery managers as an important indication of the project's ultimate worth.

6.7   Embeddedness in schools

The effectiveness of interventions depended greatly on the quality of the relationship that projects and project workers had with the schools in which they worked, and the degree to which they saw themselves as effectively 'embedded' in that institutional setting. The projects that seemed to operate most efficiently and effectively in the school setting were therefore those that had become most embedded; itself a reflection of the project's overall status, standing and perceived value by a school. While the overall quality of relations depended upon many factors, not least the character of those individuals directly involved, most projects agreed that the more time a key worker was able to spend in a school, the better their chances were of becoming truly 'embedded' and of fostering the positive and productive relations that facilitated and supported the programme's aims and the project's delivery processes. Key to becoming embedded in a school was what one delivery manager termed 'whole school education', where every member of staff knew about, understood and were

contributing towards the aims and objectives of the project. This degree of embeddedness facilitated information sharing and allowed key workers to understand better the young people they were working with and how they related to their teachers and studies:

> ' … the importance of getting to know the teachers has become very empowering because you know whether or not they've got a good relationship with every child, they do know every child, so to have that insight is, has been really, really valuable for us.'

(Project Worker)

Having a physical presence in a school also helped. Only one of the pilots had a dedicated full-time key worker or coach based exclusively in each of its participating schools, though at least one other project also considered itself fully embedded in its schools by virtue of its close alignment with the academic timetable, its classroom-based programme, and its pedagogical methodology. Benefits said to have accrued from being embedded in a school included: a better understanding from teachers as to what they were trying to achieve; respect for project workers on an equal footing with teaching staff; a higher profile for the project that smoothed the way for some of its more demanding aspects (from the school's point of view) such as verification of outcomes; and a better chance of being allocated good usable space in schools, including offices for key workers that allowed for student drop-in and the use of informal areas such as common rooms (rather than classrooms) for holding activities.

The effectiveness of small groups (ranging from three to 15 young people) and one-to-one methods of working also benefited from access to conference and larger meeting rooms. Projects without such access could find it hard to find a suitable venue for carrying out group work. Projects based more in the community were less concerned on this score, especially where they had alternative premises outside schools in which they could meet up with young people. Where this was the case, key workers said that they would invite individuals who needed additional one-to-one support to drop in at a community venue if the space and time were not available in school, and further help was needed. Interviews with participants suggested that having such a venue was important to young people and that they valued this additional opportunity for contact.

The most important aspect of 'embeddedness' was seen as being the improved access to students that it provided, with coaches available through the school day (and after) and in a known location where impromptu, drop-in contact could be made. Knowing the full range of staff in a school allowed key workers to signpost to counsellors, careers or pastoral care staff, providing continuity and greater wrap-around support for the young person. Embeddedness, moreover, accorded key workers greater professional status and legitimacy when supporting and advocating on behalf of the young people:

> ' … When I interact with you as a senior team leader … we're equals. I don't work for you and I don't work for the school, but I am a partner …'

(Project Worker)

Having projects embedded in a school allowed key workers to negotiate more effectively for access to pupils and to tailor delivery arrangements to suit the school's needs. One project arranged to deliver the IF intervention in the lunch hour which required students to leave their last morning class ten minutes early. Initially the school was concerned that these early passes would be abused but their worries were alleviated; none of the participants took advantage of the privilege.

> '[The key worker] *was very good, he went and saw each and every child… right at the beginning when it was set up* [saying] *very clearly that … if you abuse this privilege of leaving ten minutes early … there will be serious consequences of whether you stay on this project or not, and there wasn't.'*

> (School Deputy Head)

Some projects were so integrated into the school, key workers were allocated a dedicated room to use as a base. Having a physical presence gave the project visibility within a school and facilitated access to key workers by project participants on a more informal, drop-in basis.

> *'By going into school and having that regular contact, set days, set times … the schools have got to the point* [of] *referring other young people because they've heard … *[someone]* could benefit from it as well, could she pop in for maybe one or two sessions? … There could be some young people with … one-off situations, with a bad behaviour occurrence but quite severe, but they've referred over to them to talk to them … So it's really been about … that whole partnership arrangement.'*

> (Intermediary)

Some schools even allocated project workers to shared office space with relevant school staff.

> *'We made a very conscious decision that he would always share an office with either the Year 10 or the Year 11 head of year, simply because he needs to have conversations about the students … The coach now is seen like a member of the staff, he's not kind of an add-on … A lot of people … probably think he's just a member of staff; they don't understand that he's not employed by us, he's not funded by us and he works for another organisation … because of the very integrated way that we work.'*

> (School Deputy Head)

Basing IF projects on school premises was not only key to building strong relationships, but was also cost effective for delivery:

> *'That is another bonus … working in school creates that partnership feeling … and … it saves a lot of costs … the schools have been really welcoming with that … freeing-up space … There's no premises costs, there's no electrical costs, there's no equipment costs … it's the perfect model really …'*

> (Delivery Manager)

All these beneficial aspects of being embedded in schools were seen to support each other in a 'virtuous circle' that allowed coaches to be more efficient and more effective in their work with young people. Nevertheless, although embeddedness was indicative of good working relations, key workers were mindful to avoid becoming so identified with the school that the young people they were supporting would be unable to differentiate them from teaching staff. Retaining clear lines of demarcation and distinctiveness from mainstream schooling was, after all, key to their success in engaging and progressing project participants.

6.8   Funding for IF interventions

Although schools were very satisfied with IF interventions and keen to continue their involvement, this rarely translated into a commitment to fund the service themselves. Mainly this was due to funding constraints and the way in which school budgets operated. If they had money to spend, schools would generally have been happy to provide funding, but very few of them apparently did:

> *'If we had the money, I would consider it money well spent.'*

> (School Head)

Most also foresaw budgeting constraints as likely increasing in the future. Only a small minority of schools believed IF projects had the potential to be funded through Pupil Premium or other school budgets.

> *'I think* [it's] *something of a myth that the Pupil Premium money is there, lying there, ready to, waiting to be spent. It's spent on providing different support throughout the school … I don't think there's a little pot of money waiting for me to spend really.'*

> (School Head)

A particular issue was that Pupil Premium was said not to be ring-fenced for standalone projects, selected cohorts or individual pupils, but was rather additional to a school's overall budget and tended to be absorbed within it:

> *'The Pupil Premium doesn't get singled out for certain individuals, it's a catch all thing …'*

> (School Staff)

One school with more than three quarters of its pupils attracting Pupil Premium, for example, used the funding to pay for additional literacy and numeracy support across the school as a whole.

Ofsted were also said to be encouraging schools to strongly focus their efforts on improving GCSE results and rankings. Maximising learning outcomes and keeping pupils in the classroom was where schools' resources increasingly needed to be expended:

> *'The emphasis* [for schools] *is more on keeping the kids in the classrooms, so although* [the IF project is] *added value, it's further down the list of priorities of what needs to be funded because … moving this school up on the league tables, getting the teachers to teach the kids, to get them to GCSEs… the* [IF project] *is a benefit but it's not what's getting demanded of the school through the recent Ofsted focus.'*

> (School Staff)

With IF projects due to end, some providers had conducted or commissioned evaluation studies to evidence their benefits and impacts as a means of promoting and marketing their services directly to schools and local authorities, though none had been successful in securing any contracts at the time of the research. With the help of project staff, some schools were exploring whether some aspects of the intervention could be taken in-house. To this end, one IF project was delivering training sessions to help teachers embed the approach in schools. Other schools had adopted similar interventions and techniques to

those used by the IF project. However, as many schools pointed out, by its very nature the project was difficult to reproduce in-house – one of its most valuable aspects being its delivery by an external provider and to precisely those young people many of whom were not thriving within the school environment.

7 Observed outcomes and impacts

7.1 Perceptions of success

All the ten Innovation Fund (IF) pilots, without exception, were perceived to have been a success by representatives of the key organisations involved in each of them. Many of the staff working directly with young people also expressed great job satisfaction, which was reflected in generally low staff turnover. This was true even of those projects which had experienced the greatest challenges and had required significant effort to re-orientate them and turn them around when clear early indications were that their original plans and operational models would struggle to deliver profiled outcomes. Indeed, the process of reshaping several of the projects over the three years of the programme had been experienced by most as highly positive and indicative of effective partnership working and had contributed to a sense of success 'hard won'.

Asked for their overall assessment of the projects they had been involved with, stakeholders generally responded in a highly positive manner and were fulsome with their praise of the innovations and improvements resulting from the Social Impact Bond (SIB) approach. This was reflected in the type of language employed, with terms such as 'fabulous', 'brilliant', 'fantastic', 'amazing' and 'wonderful' being used frequently and in relation to many projects. There was a widespread and undeniable enthusiasm from the majority of people interviewed, including schools.

> '[Schools are telling us] *that it's the best intervention they have ever had for their targeted young people.'*

> (Delivery Manager)

While there were some who were more cautious in their assessments and expressed reservations, none of the more than 100 stakeholder respondents judged any project to have been a failure. Moreover, these voices were relatively few in number and were concentrated within three projects, all which had experienced contractual issues, mostly with its delivery partners.

Respondents showed an understandable tendency to 'talk up' the successful aspects of their own projects. However, it was noticeable that constructive assessments came from all partner organisations including investors, intermediaries and delivery bodies, and from the full range of people involved at different levels of the delivery process, from management through to frontline deliverers of support to young people. Perhaps most telling was the fact that many schools were equally as positive about the projects, even though they had no direct vested interest in reporting their success.

Project assessments from schools amounted to far more than just dutiful acknowledgements. They ranged from comments such as 'a very good project' and 'a project that ticks all the boxes', through to 'really important', 'it adds value' and 'it provides positives all round'. Several schools went so far as to compare the IF project with other provision they knew of, or had experienced previously, and rated it extremely highly:

> *'This is one of the very few projects that I've worked on, where I really value what they've put into this school.'*

(School Deputy Head)

These generally positive views were carried through into a widespread desire to see projects continuing to support young people after the three years of the IF programme had been completed. Delivery organisations were making considerable development and marketing moves to ensure continued operation, and in one case charitable funding had already been put in place to extend the life of the project for a further two years. Schools too had sought various ways of continuing the support service, either through consideration of buying the service in, or through in-housing certain elements of projects to run themselves using their own staff.

7.2   Outcomes

What was clear just a few months before the end of the IF programme was that projects considered themselves to have largely succeeded in what they originally set out to do (or to be on target to do so by the end of the three-and-a-half-year contract period). For example, the Round One project aimed at reducing the number of young people who were 'not known' on the local Connexions Customer Information Service (CCIS) database (the great majority of whom were already NEET) was able to quote figures for successfully having brought numbers down by 2014 (from 707 to 173 for 16–18-year-olds) and to state a direct causal relationship between this improvement and the work undertaken in the IF project.

Elsewhere a direct impact on levels of NEET-ness was more difficult to claim, mainly because such an impact will only become apparent in the longer term. However, projects were able to point to the degree to which they had met, or exceeded, their profiled targets for numbers of participants starting on the programme, and for numbers of achieved outcomes across the board, from improved school attendance and behaviour through to qualifications and employment.

> *'We've over-achieved, it's been a brilliant project.'*

(Intermediary)

When the research for this report was conducted, projects still had several more months to run and many of their claimable outcomes were 'back-loaded' and designed to be achieved in the summer months after the pilot delivery had ended (most notably GCSE results and job outcomes due in the summer of 2015). For these reasons there were no finalised figures yet available for the performance of projects in relation to their targeted outcomes. Nevertheless, most project managers expressed confidence that they would ultimately achieve (or come very close to achieving) their overall profiled targets and that they were demonstrably on-course to do so. Equally, they were able to point to success in achieving (or indeed exceeding) 'intermediary' targets such as numbers of starts and numbers achieving improved attendance and behaviour outcomes. Some projects had actually reached the 'cap' for the maximum number of outcomes payments that they could claim within their contracts – or were on course to do so before the end of the programme. Because projects in schools had fully supported at least one year cohort through to their GCSE exams, they were also able to extrapolate from this data and confidently predict at least comparable levels of qualifications outcomes would be achieved also in 2015.

> *'We don't have any doubt that our young people will continue to do well, they did last year and they did the year before that …'*

(Intermediary)

Research evidence from elsewhere suggests that the strongest predictor of future employment prospects for a young person lies in the headline qualifications indicator of five GCSEs at A* to C grade (Level 2 qualification on the IF outcomes rate card). On average, according to management data at March 2015, projects in the programme had successfully supported around ten per cent of their starting participants to achieve a Level 2 qualification, a figure that can therefore realistically be expected to increase by between one and a half and two times with the inclusion of exam results in August 2015.

Positive assessments that were derived from actual performance against project targets for outcomes, therefore, played a major role in contributing to the widespread optimism that was expressed about the success of the IF pilots. Projects certainly appeared to have been successful on their own terms and based on their initial (or revised) assessments of what could be achieved. Many also pointed as proof of their success to the fact that they had remained financially viable, and had already repaid or would be able to repay investors – anticipated reduced rates of return in several cases notwithstanding.

> *'We will make a return on it …* [our investor] *will recycle it into other investments … I think* [the investors] *are very, very pleasantly surprised with the project … I don't think they thought they'd get their money back.'*

(Intermediary)

The only caveat that may need to be made about these widespread positive views is that they could possibly be an expression of efficiency (within the terms and constraints of the SIB model and the given rate card of outcomes) rather than of efficacy. Success in meeting targets and achieving planned outcomes might not necessarily translate into additionality and net impact on reducing the numbers of young people ultimately becoming NEET.

For some there remained important questions regarding the programme's targeted group of young people: in particular, whether those most at risk, those most difficult to reach, and those with the most complex, long-term and multiple problems and barriers to deal with, had been successfully brought into the projects and adequately supported there. Such concerns were most in evidence among frontline workers in some delivery organisations. While some delivery managers too expressed reservations in this regard, they tended to see the issue in terms of how to strike a cost-effective balance between resource input and the likelihood of achieving positive outcomes from individuals within the given timeframe for the intervention, rather than as presenting a fundamental issue related to long-term impact. For some, however, it was a central question in their attempts to achieve and demonstrate maximum social impact.

7.3   Impact

While the confidence of projects in their success derived in large part from having negotiated the demands of the SIB funding model – by restructuring, reprofiling and hitting outcomes targets, and being in a strong position to repay investments – there was also much strongly expressed conviction that tangible, positive social impact was being achieved with young people and could be evidenced. As the Operations Manager of one project put it:

> *'It's very difficult to be more gushing about work that you do … it's just been a dream programme … and the point is the good that we're doing – there's some real good impact.'*

> (Intermediary)

Prompted to evidence their views of the success of the IF pilots, stakeholders pointed to a plethora of data and anecdotal evidence which they believed demonstrated positive impact on participating young people. The evidence offered ranged from 'turn-around' success stories of individual young people:

> *'He was a significantly challenging young man … and now … I walked past him in the corridor … and I said to him, "You look really smart - great to see" and he did this with his tie and pushed it up and said "Different me!"'*

> (School Head)

to institutional-level changes in schools:

> *'There's three schools, where every single one of those* [participating] *individuals has either … remained* [in school] *or gone into education or found work – every single one. That's an amazing achievement …'*

> (Intermediary)

to assessments of benefit across comparable cohorts of non-participants:

> *'There's definitely less young people leaving school at 16 and becoming NEET in the schools that we support as compared to neighbouring schools.'*

> (Delivery Manager)

The majority of schools were also very pleased with young people's progress and achievements. For rolling cohort interventions, success was borne out when the same schools signed-up again. In other cases, school staff were adamant that if the project had been seen as not working they would simply have ceased their participation (even though it was free). Positive impacts were evident to most. Nevertheless, many also admitted to the difficulties that were involved both in attempting to quantify impacts and in attributing them with confidence to the IF programme or indeed any single cause.

> *'The challenge … though is, whose intervention is the one that's actually having the impact? So … is it the mentor – the mentoring programme that we have in place? Is it that school have just decided they need to pick up their act and our league table is going to be affected? Or is it something further external from that? Is it … the young person who has just decided to knuckle* [down] *or they've sorted their barriers out?'*

> (Investor)

Where schools were less willing to attribute successes to the programme itself, it was generally where the projects had worked with very small numbers of pupils and were less embedded. One respondent felt that the general improvement experienced was through the cumulative effect of a spectrum of initiatives operating in their school rather than necessarily or clearly attributable to the IF project alone.

7.4   Impacts on young people

One hundred young people who were participants on the IF programme, and spread across the ten different pilot projects, were interviewed as part of the qualitative evaluation. Although there is likely to have been a positive bias among those agreeing to be interviewed, and the 100 individuals cannot be considered a statistically representative sample, they do collectively provide a reliable indicative picture of the kinds of impacts young people were experiencing from IF interventions. In some instances, young people were also very clear as to what were the aspects of the intervention they had received that they thought had been most instrumental in getting them to where they now were.

The current situation of our interview sample closely reflected the age range targeted by the projects. The great majority of young people in projects aimed at 14 and 15-year-olds were studying. By far the most commonly reported situation among our interviewees was that they were studying for qualifications either at school sixth form or college. A high proportion of those doing so further said that participation in an IF project had been instrumental in getting them to where they currently were. Most said that they did not believe that they would be studying at all now, or certainly not at the level that they were studying, had it not been for their involvement in the IF programme.

> *'I didn't want to actually go to Uni or do A Levels. I was just going to get GCSEs and work and then* [my IF project worker said to me] *"there is more to life than just Hackney".'*

> (Young Person)

That they had a stronger idea of what they wanted to do and a clear focus on what qualifications they would require to get there was also a common experience of participation.

> *'Before* [the IF project] *I wouldn't have known I would be here doing A Level. So it's like made me think about where I want to be in the future, that I can get there if I try … So before I didn't really try … now I'm focused …'*

> (Young Person)

Among those no longer in education, most were in employment and the great majority were in full-time work rather than part-time jobs. A small number of these were doing apprenticeships. All those who were in employment had been through one of the Round One projects with a significant proportion of intake from young people outside school and over the age of 16. The highest numbers of young people in employment were from projects where the main delivery organisation or delivery sub-contractors had strong connections with local businesses and/or access to community projects or social enterprises for 'transitional' jobs and work experience, either through running them themselves or via established working relations with such enterprises prior to the IF programme. Of the handful of young people who at the time of being interviewed were NEET, most were either doing voluntary work or were actively seeking apprenticeships and were continuing to receive support in these efforts.

The perception of stakeholders that projects had achieved significant social impact through the delivery of widespread positive effects on the lives of participants was therefore supported and reinforced by the current situations and testimony of young people themselves. Indeed, in some cases, involvement on an IF project was felt to have completely changed their lives. One former participant, now in a job he was enjoying, was asked where he thought he would be and what he would be doing if he had not gone on the programme:

'I don't know … I don't even want to think about where I would be. I've got no idea what I'd be doing right now.'

(Young Person)

And another:

'I suppose I'd be like other people that I see – just hanging about the streets …'

(Young Person)

It is hard to imagine that young people such as these had not been successfully supported away from a NEET future, and that the intervention they had received had not had the impact that the IF programme was ultimately aiming for.

Overall, young people described three main types of impact that they had experienced and which they attributed to participation in the IF pilots:

• changes in their attitudes and approach to issues in their lives;

• improvements in social and familial relationships; and

• a broadening of their employment and opportunity horizons.

7.4.1 Changes in attitudes

A change of attitude or 'mind-set' was the most common impact of IF interventions reported by both young people and delivery staff, which manifested itself in different ways but went hand in hand with an increase in confidence and self-esteem. Such change was most likely to happen when the intervention challenged young people to take control of their lives but at the same time provided practical advice to aim for realistic goals combined with support to address and help overcome deep-seated issues. As one delivery manager explained:

'People come and see what we do and they say the depth to which we go in terms of effecting that mind-set change is far deeper than what they see in other places because frankly most people [are] *a bit nervous about going that deep. But we've realised that you have to go that deep … if you don't actually get back to source, [problems] will just keep coming back and back.'*

(Delivery Manager)

Effective attitude change appeared to be especially important for young people with multiple issues and disadvantages who needed the resilience to carry on because these problems could not be 'solved' and would continue to be a part of the surrounding circumstances that they needed to deal with.

' … my whole perspective on life … it's given me a positive outlook – like if I do something wrong, just keep going, keep going, keep going till you get it right … I've quit smoking, I've quit drugs, I've quit drinking, so it's like I've got my head in the right place now, sorted, and the only thing I focus on now is getting a job.'

(Young Person)

For some it could lead to a real 'sea-change' in their lives. Young people who had experienced this kind of impact were clear about just how important and central it had been to them in making positive changes to how they were in the world.

'It gives you this … different energy and the way you look at things is totally different … Now I look at things totally differently … it's brilliant. Absolutely brilliant! Things couldn't be going better for me.'

(Young Person)

'I got onto the course because I was on probation and I was trying to find work and since then … I haven't been in trouble at all … I think you do prat around now and again doing your stupid stuff while out on the streets but I learnt from that because it just made me realise that like, I could do one stupid thing and make a silly movement and the next minute I could be dead … So I stopped hanging around them lot and I just got on with stuff because I'd rather go to work and earn money…'

(Young Person)

Where difficult behaviour had been part of how a young person had been identified for participation on the programme, this change of mind-set had been directly reflected in their improved behaviour both at home and at school. Some described how they had previously had trouble managing their anger and how this had seen them removed from lessons, and in some cases had brought them to the brink of exclusion (and indeed seen others lose jobs), and they recognised the difference the programme had made in them.

'Since beginning of term a lot of people are saying there is a big difference between how I was and how I am now. Before joining the programme I used to think I'm always right and argue a lot, but now I don't.'

(Young Person)

A number of young people made particular mention of the powerful effect on them of participating on residential events, where they had been taken away from the influence of the usual circumstances of their lives and could be thrown out of their 'comfort zone' and made to confront how they saw themselves and how others saw them. Several projects used residentials in this way. Even school-based projects were able to hold events at weekends and in holidays.

More widely, what was seen as central to turn-arounds in attitude was the relationship a young person had with their key worker. Where they felt they had a relationship based on mutual respect they were inspired and motivated by it into reconsidering their attitudes and starting to make practical changes to improve their situations.

'It has helped me to keep things on track. Before I was never used to coming to places on time … I didn't care about anything – but I'm starting to develop a positive attitude to things … It motivates me to do things.'

(Young Person)

Often what was felt, and described, as having had the biggest impact on them was experiencing a surge in self-confidence from taking part.

' … [the project] played a huge part, because I used to be a quiet person … like I wouldn't speak to anyone I didn't know – it doesn't bother me now.'

(Young Person)

For many this growth in self-confidence came from a process of gradual and staged involvement in group work and team-building activities.

> *'I have learned so many skills, my confidence has gone up really well … it helped me, my team-working experience, to talk to other people – and how to listen.'*

> (Young Person)

What was perhaps surprising in interviews with programme participants was the high level of reflection and self-awareness that young people demonstrated, and their ability to articulate for themselves how their attitudes had changed, and how this was seen to be positively affecting their lives.

> *'Definitely … my values have changed, my goals in life have also changed, and this will impact on my long-term future …'*

> (Young Person)

7.4.2 Impact on social and family relations

The second important area of impact from project participation described by young people was in improved social and familial relationships. Given the very difficult backgrounds many of them came from, improvements in this sphere were often hugely important, and formed the bed-rock upon which improvements in other areas of their lives could be founded. Although not outcomes that attracted payment in the IF programme, improved social functioning and family relations – often based on increased confidence and self-esteem – were seen by delivery staff as fundamental to long-term sustained positive change. Much feedback to this effect was reported.

> *'They'll say things like … we've helped them be calmer, listen better, have better relationships, change how they relate to themselves – from* [seeing] *themselves as being, frankly, useless and worthless and of no real value or consequence, to* [seeing] *themselves as] people of important value.'*

> (Delivery Manager)

Many young people described coming onto the programme suffering from a serious lack of confidence and an inability to socially interact in an effective way.

> *'Before* [the project] *I didn't really used to talk to people or make friends.'*

> (Young Person)

Gaining the confidence to break away from this social isolation had a major impact on them.

> *'The confidence* [grew] *yeah – because I used to be like … I didn't go out and didn't really speak to people … My mum says I've come on loads.'*

> (Young Person)

That young people had gained in confidence and had acquired social skills as a result of their participation was clearly evidenced in reinterviews where young people adopted more relaxed body language, used greater eye contact and offered more considered and articulate responses to questions than during the first interview 12 months previously. In some interviews the young people themselves reflected on how much easier and enjoyable they had found the research interview a second time around.

All the IF projects incorporated aspects of group working to help foster better social interaction among participants, and young people found this work both rewarding and effective, reporting benefits to themselves as individuals from extending their social contacts and making new friends. What was also clear was that improved personal relations of this sort with their peers had direct positive effects on young people's ability and willingness to stay in school or in college.

> *'As I joined the project and they started to build your confidence, I've made new friends in college.'*

> (Young Person)

Small group work used effectively on projects had the added benefit of exposing young people to a different set of peers than they would otherwise have been likely to come into contact with. One effect of this was to give them a new perspective on their own situation, and their own issues.

> *'I used to be really intimidated by people, but* [the project] *made me think we are all similar – so my perceptions have changed …'*

> (Young Person)

At least as important as this effect on young people's peer relations was the impact that projects were able to make on how they got on with other family members. Some projects ran special provision aimed at exploring this key part of the background of participants.

> *'I went to a "workshop for family success" and learned how to work on relationships. I was going through a really bad relationship with my sister at the time. I went back* [after the workshop] *and spoke to my sister and we got issues resolved.'*

> (Young Person)

Other projects approached family relations more indirectly through aspects of personal development, but with equal success. By providing a different approach or a different view-point on situations, they helped young people reassess their judgements and their assumptions and appreciate the effect these were having on themselves. In some cases this was a matter of breaking away from a family background of low aspiration and expectations:

> *'My brother has two kids and he's 22 … I was scared that maybe I was going to go down that path …* [my key worker] *reassured me … he kept me on the right track – when you see it from someone else's perspective, little things that I thought would be ok is not ok … when you care for someone so much you think everything they do is good …'*

> (Young Person)

In other cases it involved recognizing when other members of the family might need support (such as a parent or sibling coming out of hospital or prison) or simply improving communication on all fronts. Those interviewed were in no doubt that interventions had been a great help to them in this area.

> *'It made things with my mum and brother stronger, I guess. There is more understanding between us.'*

> (Young Person)

There was recognition too that problems at home could have far-reaching consequences, and that help in dealing with them, or coping better with them, made progress in other areas such as in school or in college that much more likely.

> '*Before I started the project I was very unhappy, and then I was with a group of friends I didn't really fit in with … and because I was unhappy things at home weren't really good – I didn't have a good relationship with my mum … I would lash out, there was a lot of tension there. But from being on the programme … a lot of things started clearing up …*'

(Young Person)

Furthermore, as one participant described, once they started to make positive decisions in their lives and their education, there was a virtuous circle set up that made relationships at home easier again.

> '*My mum didn't think I was going to make it to college. She was thinking I'm going the wrong way – so for the fact I'm there she sees me in a more positive way that she can talk to me.*'

(Young Person)

7.4.3   Broadening employment horizons

The third major effect of the programme experienced and reported by young people was the impact it had on their view of the world, the employment opportunities that were potentially open to them, and hence the shape of their own future. It was an explicit part of many projects to provide experiences of the world beyond young people's immediate environment and their immediate (often pressing) concerns. Using visits to places outside school and beyond the neighbourhoods young people were living in, projects sought to place their participants into new surroundings and new situations that were beyond what they could otherwise access – and indeed beyond what most could even imagine.

> '*It made me see a different view of life – where I'm from a 'least' area but with [the project] we went to big banks … and I'm not used to seeing that sort of thing – I would never think about doing that.*'

(Young Person)

In addition to encouraging young people to look beyond their immediate neighbourhoods, there was also a strong element in many projects of helping them particularly to look beyond the school environment, which might feel relatively 'safe' but which was soon to come to an end for them. Several participants expressed the feeling that school was rather an isolated and inward-looking place, with its own culture and specific concerns, where it could be difficult to talk meaningfully about what might happen to them after school and in life beyond. IF projects provided just such an opportunity.

> '*We discuss about leaving school, which is quite important because it's not far away. So I find that quite helpful because obviously it's not discussed that much in school …*'

(Young Person)

External visits, and bringing in inspirational speakers from different walks of life, made up an important element of the motivational work that seemed to be effective in re-engaging young people. They included visits to places such as museums and theatres, to enrich young people's experience and to build 'cultural capital', but most importantly they involved

the world of work – and it was this which participants most often picked up on as having had most impact on them.

> *'It gives us like other opportunities, from things that we didn't even know … you know – it opens out your options a lot.'*

(Young Person)

Visits to the prestigious workplaces of large corporate employers had immediate and powerful impact on many young people, and the effects could be reinforced and sustained through the use of business mentors from the same or similar employers.

> *'Talking to new people and, obviously, being in a working environment – it did help … yeah it helped a lot.'*

(Young Person)

Being able to see concretely what workplaces were like, what a variety of jobs could be on offer, and that the people in those jobs were not impossibly remote or so very different to themselves, were powerful motivators and gave many young people a confidence to aspire to work that they did not previously have.

> *'I wasn't aware that there are so many opportunities available … now I've got that confidence to go and do it myself.'*

(Young Person)

The power of these high-quality work experiences to motivate and to generate employment aspirations was palpable.

> *'The motivation* [of] *being in contact with people who are successful, and yearning for that … is important because you see that you love that … and you work hard for it.'*

(Young Person)

And what projects were further able to do, through continued support to the young people, was to ground those aspirations in the reality of what was needed to achieve them, and what, therefore, the young people themselves needed to do if they were to become a reality.

> *'They let you know what's out there and what you can do. They help you to do it.'*

(Young Person)

> *'My attitude is stronger now, I focus more on what I've got to do; what to achieve. Before, I didn't really care.'*

(Young Person)

These comments reflect an appreciation of help with planning their futures which young people expressed strongly in the earlier phase of interviews.

> *'It's got me looking towards the future and definitely got me thinking about doing things after school … it's made my plans more concrete …'*

(Young Person)

They also demonstrate how well many projects harnessed the motivation and self-confidence generated by activities and channelled young people's new-found energy back into their education and working towards their exams. A key impact on participants was making them realise that the efforts they made in school or college were for themselves and that gaining skills and getting qualifications served their personal hopes for the future.

7.5   Impact on schools

Staff interviewed at participating schools ranged from Year Heads, to lead project contacts, specialist teachers, pastoral and inclusion staff to Heads and Deputy Heads. Speaking from the point of view of the schools, they also, almost without exception, reinforced the view that projects were widely having positive impacts on many young people, and consequently also positive impacts on their own functioning. Collectively they pointed to three main areas of impact:

• improved attitudes to education among young people taking part, leading to better attendance and behaviour;

• the practical re-engagement of many with learning, leading to better than expected GCSE results and other qualifications, and to improved rates of staying on at school; and

• young people planning ahead and engaging with their futures, reflected in positive destinations at 16, reduced drop-out rates post-16, the gaining of work-related qualifications, and increased numbers taking up vocational courses at school.

7.5.1   Improved attendance and behaviour

There were widespread reports of improved attitudes, attendance and behaviour among young people on the projects by virtue of the support they were getting, which schools were highly appreciative of.

> '[The project] *is one of the best things we do – the impact it has on the kids, and the number of kids it has an impact on … it is … low input, high output.'*

> (School Assistant Head)

The perceived improvements in attitude and behaviour were not always easy to measure with precision, but subject teachers would report on positive changes and many senior school staff said they had seen evident impacts and effects.

> *'Often it's quite subjective judgements from teachers who say, "well … this person's attitude has really changed since they've been on this programme" … but they all seem to benefit in various degrees – and they get something quite personal out of it … their behaviours change.'*

> (School Deputy Head)

It was the power of individual accounts from young people of their experience of changed attitudes and behaviour that many found particularly impressive, whether such accounts were given in one-to-one conversations or whether they were part of formal feedback on the programme. Several projects organised celebratory events and awards ceremonies at which young people made presentations about the personal journeys they had made while being supported.

'They talk about the challenges that they have in believing in themselves and having other people believe in them. And they talk about those moments that really mean a lot, and they always highlight a particular encounter between them and another adult that really makes a difference. I think those are really powerful.'

(School Deputy Head)

Schools pointed to improved attendance as a result of changes in attitude towards the education process, and in several cases mentioned pupils who had been at serious risk of exclusion but who had been successfully kept in school as a result of interventions.

'They talk quite honestly about what their failings were … in terms of poor behaviour or attitudes and they articulate new learning that they've made and what they want to go on and aspire to be. I think … some of these testimonies and some of the conversations that you get to have with [participants] are quite palpable in terms of impact.'

(School Deputy Head)

For many, the simple fact that a young person had actually been in school and turned up for GCSE exams was proof of a major change. For those where attendance was not an issue but achievement had been poor, evidence of a change in attitude to learning was seen in the fact that these pupils began to participate actively in lessons, asking questions and seeking help when they needed it, whereas before they had been seen as being 'passive' in the classroom.

Positive changes of this sort were attributed to an increase in confidence and self-esteem stemming from the development of social skills based upon the fundamental work being done on projects, and were felt intuitively to have raised academic performance.

'The key positive for me is increased confidence and adaptability … they're learning those life skills which they then can transfer back into school in the normal English, maths, history lesson. So it's a lot of those social skills. And that must have some impact on their performance, it might not necessarily be related immediately in the grades, but to keep them involved and keep them in education – what would the grades have been if they hadn't had that?'

(School Staff)

'The programme … had a big impact on attendance and punctuality … attendance and punctuality and commitment are only ever going to improve if someone actually has the time to sit down and unpick what the issues are [for these young people].*'*

(School Deputy Head)

An additional spin-off from the observed growth in confidence was the increased ability of young people, previously impressionable and easily led, to resist being 'led astray' by their peers and instead to assert themselves and take positive action to re-engage at school.

'It gives them a bit more confidence to be more independent … and to be able to … say "I'm not going to do that … my mum wants me to get my GCSEs and if I've got a happy mum I've got a happy home!"'

(Delivery Manager)

7.5.2 Re-engagement, exam results and staying on in education

Schools were also clear that they had seen practical consequences flowing from young people's changed attitudes to their education, and concrete signs of a re-engagement and commitment to school work, up to and including their exams.

> *'The biggest impact was getting them into school and valuing their learning, and … what they gained in terms of qualifications – and some of them have gained Cs and Ds but they might not even have got those had they not been involved in the programme.'*

(School Deputy Head)

Although it was generally acknowledged that during Year 10 and Year 11 young people did mature and become more aware of exams and the effect their results had on options in their lives, the majority of the school staff interviewed felt that the IF projects had been effective in providing support through this transition, re-engaging those who were in danger of under-achieving, and lessening stress around exam time.

Many focused most strongly on the 'softer' outcomes that they had witnessed in terms of changed attitudes and improved behaviour, but there was also a recognition of the interrelatedness of these with, for example, improved attendance and improved performance in exams.

> *'Their self-esteem is connected to their achievement. It is connected to their aspirations and the transition to the next stage, of college, and then to work or university. It's connected to finding outside people to support them – so having business mentoring or work experience opportunities … they all go hand in hand.'*

(School Deputy Head)

Improved attendance was seen to have directly impacted on attainment, either simply because it meant that pupils turned up for exams or because they had been present in lessons for a sufficient period prior to exams and so could perform with more conviction. Several school staff pointed out that even their most disengaged and disadvantaged pupils had been sitting and succeeding in exams. Thus, although some were hesitant about attributing improved GCSE results to the IF programme alone, many did say that project participants had performed better than would otherwise have been expected.

> *'I definitely thought the results were better than they would have been had [the young people] not been on the programme. The programme … re-engaged them, because it offered them something – that extra bit – and somebody, one person who … cared for them, who looked out for them in terms of opportunities, but constantly linked the opportunities to school.'*

(School Deputy Head)

Schools also reported that the programme had contributed to increasing the numbers staying on at school post-GCSEs.

> *'More and more young people … when they've achieved* [their GCSEs] *actually realised, "well hang on, maybe I could stay on" …'*

(Delivery Manager)

Often those staying on were choosing to do BTEC qualifications rather than A Levels and more than one school said they had significantly increased the number of post-16 vocational courses that they ran over the years that the IF programme had been running.

> *'We've certainly had more* [staying on] *this year than we had in the past … some of them are on Level 2 provision and some of them are on BTecs … but some are on Level 3 BTecs, you'd be surprised.'*

(School Deputy Head)

Interestingly, one school saw the young people who had participated on the programme as having had a positive 'knock-on' effect on their peers, reporting that the cohorts going through their local project had a noticeable impact on the attitudes and behaviours of the whole year group and that partly as a result of this the numbers staying on post-16 had increased by around 50 per cent.

7.5.3 Looking to the future, positive destinations and work focus

The third area of impact noticed by schools was the way in which the projects had given young people a clearer idea of what they might wish to do after they left school, along with realistic plans for what they would need to do to achieve it. School staff observed an opening out of young people's employment horizons as they became better equipped to envisage themselves in a variety of work situations, and an increasing ability to see the links between their education and the world of work in very practical terms.

> *'I know from the variety of experiences that they get, the people that they get to meet, that they consider a wider range of careers … they wouldn't necessarily have considered before. Doing … work experience placements and apprentice-style placements … really does give them the sense of work and study at the same time … some are considering taking those experiences further in their next stage of education – that's a really positive outcome.'*

(School Deputy Head)

Young people's plans crucially included the qualifications they would require for specific jobs, and so affected learning behaviour in school.

> *'One thing* [the project] *definitely does … it provides for understanding the link between learning, qualifications and work. That's really important.'*

(School Deputy Head)

High-quality placements and work experience was seen to lie at the heart of this process and to be something that was almost impossible for a school on its own to provide.

> *'The most invaluable thing that the project does provide us with is work experience … the quality of the placements is very high.'*

(School Head)

The impact on young people was described as highly significant; a 'ripple effect' and a central learning process.

'[Young people] were suddenly being brought back into school because they began to value what was offered … they got an insight into the adult world of work … they were treated as adults … they were given some responsibilities within that work context.'

(School Deputy Head)

'And it has a ripple effect – behaviours change, then maybe [they think] *what do I need to do in terms of my qualifications? So that begins to change …'*

(School Deputy Head)

Whilst one of the more immediate and measurable effects of this process might be seen in GCSE results, schools saw a number of other impacts which indicated planning ahead and engaging with the future on the part of young people. These ranged from increased interest in post-16 vocational courses, to getting work-related qualifications from short courses, to improved proportions of cohorts leaving school with positive destinations (up to 100 per cent in some cases), to reported reduced drop-out from college courses after leaving school.

7.6 Reaching the most at risk and hardest to help

Perhaps the only caveats expressed amidst the generally very positive views and experiences of stakeholders was that in re-orienting provision towards early intervention for school pupils, there was a need to ensure that support was being appropriately targeted on those most at risk of continuing disadvantage and potentially becoming NEET. Much of this concern came from those in Round One projects who felt that because the programme had moved away from an initial emphasis on young people who were already NEET, there was a possibility that support either might not be reaching the most-at-risk young people, or that when such individuals were recruited onto the programme there might be insufficient resource to devote to bringing them to a positive outcome.

Some projects also regretted that their proven abilities and expertise with the already NEET client group did not fit as well within the strictures and requirements of the funding model, which generally lent themselves better to higher volumes of starts and participants who were most likely to attain a claimable outcome within the timeframe of the programme. The voluntary and community sector organisations most strongly identifying their 'mission' as helping the most disadvantaged and hardest-to-help young people believed that, in the need to generate cash flow quickly, extending support to larger numbers of school-aged participants had diverted them away from this mission and core target group where much of the social impact was to be gained.

'Some of the young people [the project] *has helped most are probably those hardest to reach – so we might not get a huge number of outcomes but when we do … they make a real difference to the path that those young people actually take.'*

(Project Worker)

Some were of the view that, while increasing numbers on the programme may have enabled them to earn outcomes payments and remain financially viable, it might actually have decreased the wider social impact of interventions because successes with the most disadvantaged young people were likely to be disproportionately significant.

'In terms of the identification of the cohort … I would have liked to have seen the same amounts of money spent on fewer young people who were harder to reach … rather than going for the numbers … we had to do that to make the model work.'

(Project Worker)

One project, which was being very successful in its outcomes, had nevertheless reached the decision that in future it would be reducing the caseloads of its school-based coaches to allow them to concentrate more on those young people with the greatest needs. Pupils with more moderate needs, they believed, could be helped in other ways, and if recruited might dilute the project's overall impact.

'We found … that there weren't necessarily 35 young people in each year group who really needed support … and we felt there was probably some kind of deadweight in there – over time we were supporting young people who probably didn't need the service quite as much. That's not to say they didn't benefit … but there may be other interventions which could be doing that.'

(Intermediary)

Although confident that all the young people they had supported had been in need and had benefited from the help they received, they had come to the conclusion that, as an organisation, they could have the greatest impact by dealing with a smaller number of the most-at-risk young people in each school year group more intensively and more effectively.

'We think some of the most needy young people probably haven't been helped enough … when we looked at the ten most needy [in each year group] *we realised the amount of support we're giving them … wasn't really enough to make a difference for them … But have we helped a lot of young people? Yes, we have.'*

(Intermediary)

In adopting this more intensive approach there were issues raised about how costly it would make the project to deliver, but the aim was always to maximise impact and to focus down on what this particular intervention could do that made it uniquely valuable. Crucially, the aspects of delivery they felt were particularly important for achieving success with the most-at-risk young people were precisely the same elements that were more difficult to accommodate within the SIB funding model and within the institutional limitations of schools. These included: intense one-to-one work over an extended period of time; continuous contact for at least two years leading up to GCSE; holistic, 'wrap-around' support addressing family and neighbourhood issues; and help with the transition to employment, particularly after leaving school. The last of these had proven to be hardest to convince schools of, which typically were very focused on their own academic remit with young people up to the age of 16.

*'Our mission is to help the young people who are most at risk of unsuccessful school transitions … it's sometimes been a hard message to get across to schools that we are an **employability** charity and that we have to think about young people when they leave school as well.'*

(Intermediary)

Project staff were acutely aware that, for example, the first few weeks at college were a crucial time when some young people dropped out of further education, and that this was particularly the case for those with continuing serious background issues to deal with. As many as three quarters of participants on this project who were NEET at the time of the research were said to be in need of support due to dropping out of college during the first few weeks of a course. In this project and elsewhere, therefore, there appeared to be some risk attached to delivery that was too closely aligned with schools' agendas and priorities, both in the difficulties this could raise in relation to post-school support, but also the possibility that projects would not be supporting precisely those young people that schools most often struggled to help. If these individuals formed the core of those young people who were most likely to go on to become NEET and remain NEET longer term, they reasoned, then any sustained impact could become compromised.

These concerns about longer-term impact, the appropriate targeting of limited resources and the need to avoid deadweight, extended even to projects which were fully on-board with the emerging focus on prevention and early intervention with 14 and 15-year-olds in school. For them it was a matter of looking carefully at the spectrum of need within a school year group and finding the best balance between the intensity of input required by participants and the achievement of outcomes that could be secured for the purposes of ensuring healthy cash flow. Inherent tensions of this sort, between financial viability and impact, which derived from the funding model, were played out within the processes of project and performance management discussed earlier in the report.

> *'There was a bit of a split between our Board and staff because they have a different perspective … Staff were very strongly of the mind that we should reduce the number of young people we support. Board members were much more of the mind that we need to have an initiative … that is fundable. Of course both are true – and I think we got to the right compromise in the end.'*

> (Intermediary)

There was no suggestion from any quarter that any projects were 'cherry picking' by choosing to recruit young people who presented them with the quickest prospect of an early outcome; programme eligibility criteria (risk of NEET indicators (RONIs)) and the social commitment of all partners, including investors, helped to ensure this. It was rather the school environment that played most part in determining the types and characteristics of young people recruited to projects. Highly disruptive pupils generally could not be included if the threat they posed to the group functioning effectively was too great. Equally, pupils who had already been excluded were felt to be unreachable in most (though not all) projects. As noted previously, many schools felt they needed to protect key workers from dealing with the most difficult of their young people. Some were also wary of being seen as acting unfairly to better behaved but low achieving pupils by 'rewarding' those with the very worst behaviour.

> *'We didn't think it was* [the Coach's] *job to offer something to students whose behaviour was not very good and that he had to turn around … we had to be quite careful with certain behaviours that we couldn't reward in a sense … because these students were gaining access to quite a lot of high status, high value things.'*

> (School Deputy Head)

Despite the fact that truancy was an explicit target of the programme, and improvement in attendance a paid outcome, many projects found that their model of in-school delivery meant that the really persistent truants and school refusers could not be included either. Sometimes even contacting these pupils to recruit them was not possible, and if persuaded to take part might effectively disappear at any time with disruptive effect on the rest of the group. For these reasons, and the fact that the programme was voluntary, projects accepted that some of the most-at-risk young people could not be recruited. Their main concern was that young people who did participate in the programme could receive as much of the support they required, and for the length of time they needed it, to really benefit from involvement. In these respects, most were confident that they had.

8   Conclusions and policy implications

8.1   Conclusions

In overall terms, project deliverers, investors and intermediaries were in broad agreement that the Innovation Fund pilots had been a success and that the innovative Social Impact Bond (SIB)/Payment by Results (PbR) delivery and funding model had been a significant factor in driving-up performance and developing the capacity of all concerned. These elements together were said by all parties to have produced a strong focus on outcomes achievement throughout the operation of the pilots which had encouraged innovation and kept them on target for success. There was a widespread belief that projects had achieved better results than they would otherwise have done had the pilot been commissioned using more traditional procurement methods.

All IF projects successfully operated for the full three years and expected, as a minimum, to repay investments to their social investors. Several generated a clear financial return for investors. After restructuring and reprofiling which, for most projects, involved increasing the number of school-aged participants they were supporting, all projects expected to exceed, reach or come close to meeting their targeted outcomes (or had indeed already done so). Furthermore, projects were perceived to have been successful in supporting and having positive impacts on participants. These positive perceptions came from all stakeholders including, importantly, schools and, crucially, young people themselves. This strong perception of success from partner organisations was due to the widely-held conviction that their efforts were making a genuine difference to the lives of disadvantaged young people as well as contributing to wider social benefits.

Through its combination of social investment and PbR, the funding model was found to be a strong driver of behaviours throughout and was a powerful influence in terms of how projects ran and evolved. The early focus for investors and managers was to ensure that projects remained viable and could thus continue to deliver support services to young people. Once project financial viability had been secured, the focus moved increasingly to trying to ensure maximum social impact from activity and interventions. Projects found that the model worked best for early interventions with young people at school and less well for young people who were already not in education, employment or training (NEET). For this reason, how to work effectively with schools and with younger school-aged participants became a major focus of learning and professional practice for all projects.

Even among providers with good schools links and experience prior to the IF programme, the assumption had been that because the support service they were offering was free, interest and take-up would be automatic. What was found in practice was that they had to devote considerable effort to attracting and recruiting schools by carefully packaging and tailoring IF interventions to fit in with schools' own agenda and priorities. In accommodating the specific concerns and legitimate focus of schools on GCSE performance, projects were nevertheless mindful of the need to retain their own particular focus on improving employability and the transition to work. As it transpired, these elements were often the very aspects of projects that schools came to appreciate as being the most valuable to them in

that they were additional and different to the kind of support they themselves could provide. Crucially, it was the 'non-school' and world of work elements of interventions that also particularly motivated and seemed to be having the greatest impact on young people, many of whom were struggling in a mainstream school environment.

Amid this mass of qualitative evidence of the perceived success of projects and the positive effect that interventions were observed to be having on disadvantaged young people, a note of caution should perhaps be sounded. The pilot programme still awaits full quantitative evaluation of its net impact in the short and longer term.

If final management data show that profiled outcomes have been successfully achieved by projects (as they expect) but this fails to have a net impact on the numbers of young people becoming or remaining NEET, then the presumed causal links between paid outcomes in the funding model and the ultimate aims of the programme in terms of reducing youth unemployment and social disadvantage will need to be revisited and reassessed.

8.2   Policy implications

Given that the SIB/PbR funding model is so powerful in shaping behaviours and determining responses to under-performance, there is a vital need to get the fixed parameters of the model (and the programme specification) right from the outset in order to incentivise desired effects and avoid the emergence of 'perverse incentives.' The most important parameters in this regard are the types of outcomes that will be paid for by commissioners, and the rates that will be paid for different outcomes achieved.

An important lesson learned from this pilot is that simply paying a high rate for an outcome (for example, a job) will not of itself incentivise intended behaviour if the perceived risk (due to the length of time taken to achieve the outcome and/or the likelihood of it being achieved within the timeframe of the programme) is considered by investors as being too great. Ensuring adequate cash-flow to projects through paying for early outcomes, on the other hand, could run the risk of diluting the ultimate goal and policy intent if longer-term outcomes are not prescribed in some way. If projects are able to make themselves financially viable simply by increasing the number of early outcomes achieved, there will be no incentive for them to strive for later or more risky outcomes more strongly predictive of the desired policy goal.

Pilot projects which had no job outcome or further education targets, for example, offered very little support for and had no systematic means of tracking the outcomes of young people after they left school, because they had no reason or incentive to do so. If a key objective of a programme is to ensure that young people are also supported through 'the troubled waters' of the transition from school to work, then the range of outcomes prescribed needs to be designed in such a way that effort and resource commitment do not end suddenly when young people leave school, the very point at which some may need most help. This said, the flexibility of providers to reprofile and reorientate projects was a key part of the success of the pilot programme, and retaining flexibility in future SIBs will be important for promoting innovation and continued learning.

Of course, any PbR funding model carries within it the risk of gaming the system (for example 'cherry picking' or 'parking'). It is therefore important that participant selection methods and the range of criteria governing eligibility (in this case risk of NEET indicators (RONIs)) is not so wide as to risk undue 'deadweight' within the programme. This is even

more important within the context of an early intervention programme because identifying the criteria that indicate risk of some future outcome (for example, being long-term unemployed), rather than a participant's current characteristics and circumstances, is particularly difficult since it entails an element of prediction. As one of the major social investors succinctly put it:

> '[We need to] *have a much stronger referral pathway, which is very tight in terms of criteria and risk of NEET indicators … Unless we do that … the programmes all look very nice and the outcomes generally all look great, and your delivery bodies are doing great work, but it's really hard to quantify the actual difference* [being made] *… Unless you can do that, you can never … build a case for it at a structural level.'*

> (Investor)

A related issue concerns the types of outcomes prescribed by commissioners. Though intermediate outcomes are necessary for healthy cash flow, there is a need to ensure that short-term outcomes are truly accurate proxies for the ultimate social benefits being sought. The rate card for the IF programme, for example, was based on accepted evidence of a strong link between achieving certain qualification outcomes and young people subsequently entering sustained employment. Longer-term impact assessments should be able to confirm how reliable these links, and other links to 'proxy' outcomes, actually are.

Appendix A
Outcomes rates table

Maximum payments for agreed outcomes were set at the following rates for Innovation Fund projects in the first and second bidding rounds:

Table A.1 Outcomes rates

Outcome measure	Maximum outcome payment (£)	
	Round One	**Round Two**
Improved attitude to school/education	n/a	700
Improved school attendance	1,300	1,400
Improved school behaviour	800	1,300
QCF-accredited entry-level qualification	n/a	900
Basic skills	n/a	900
First Level 1 NQF qualification	700	1,100
First Level 2 NQF qualification	2,200	3,300
First Level 3 NQF qualification	3300	5,100
First Level 4 NQF qualification or above	2,000	n/a
English for speakers of other languages	1,200	n/a
Entry to first employment (13 weeks)	2,600	3,500
Entry to first employment (26 weeks)	1,000	2,000
Cap per individual young person	8,200	11,700

Appendix B
The ten pilot projects at a glance

Table B.1   Pilot projects

Name	Location	Delivery body (bodies)	Type of investor(s)	Participant ages	Project size	Target group	Service offer
New Horizons	Greater Merseyside	Greater Merseyside Connexions Partnership (GMCP); Business in the Community; Forum Housing; Fusion 21; Local Solutions (from the end of May 2014, the sole delivery body will be GMCP)	Social Investment Funds; Bank; Registered Social Landlords; Charitable Foundation	14+	large	Eligible 'not in education, employment or training' (NEET) clients from Connexions Customer Information Service (CCIS) database Young people with learning difficulties, care leavers, young offenders.	One-to-one coaching, mental toughness training, signposting to provision, access to ring-fenced job interviews and links to employers Carried out on partner premises and in schools. Referrals from Youth Offending Team, Leaving Care Teams and Registered Social Landlords

Name	Location	Delivery body (bodies)	Type of investor(s)	Participant ages	Project size	Target group	Service offer
The Advance Programme	West Midlands	BEST Network members – Jericho Foundation; St Pauls Community Trust; Merlin Venture Ltd; ENTA; Birmingham Disability Resource Centre; Focus Enterprises; Birmingham Institute for the Deaf; Worth Unlimited; Gateway Family Services; Autism West Midlands; Createafuture; Crossmatch Solutions; Rathbones	Single private sector	14+	medium	Young people NEET or at risk of becoming NEET in 'hot-spots' within the City of Birmingham	Mentoring, advice, signposting and referral with links to employers and social enterprises. Focus on embedding literacy and numeracy skills within vocational training. Delivered on agency premises and at outreach venues. Referrals through schools, Connexions Service, Youth Offending Services and community networks
Think Forward	Shoreditch, East London	Tomorrow's People – a youth employment development charity	Social Investment Funds	14 to 17-year-olds	medium	The 20% of school pupils in the Shoreditch area most at risk of becoming NEET	Intensive coaching and employment mentoring in groups and one to one. Activities and links to training and to employers (in the City of London). Delivered by progression managers in ten schools and in community venues

Name	Location	Delivery body (bodies)	Type of investor(s)	Participant ages	Project size	Target group	Service offer
Nottingham Futures	Nottingham	Nottingham & Nottinghamshire Futures Ltd	Single public sector	6+	large	The most-at-risk young people among those initially 'not known' on CCIS database with a focus on the six most deprived wards in the city	Advice, coaching and signposting to specialist services and to an apprenticeships agency. Links to employment and training partnerships. Provision on Nottinghamshire Futures premises, with home and community outreach
Links for Life	Stratford/ Newham, East London	Community Links (a local community organisation)	Social Investment Fund; Regeneration Partnership	14 to 19-year-olds	small	The most vulnerable young people and those falling through gaps in mainstream provision	Long-term, holistic support. Crisis support, intense coaching, signposting and brokerage using community 'hubs'. Referrals from schools, local NEET forum, Leaving Care Team, Mental Health Teams and youth providers. Also self-referrals

Name	Location	Delivery body (bodies)	Type of investor(s)	Participant ages	Project size	Target group	Service offer
Living Balance	Perth and District Area	Perth and District YMCA	Individuals; Local small businesses; Church; Private sector project management company	14 to 17-year-olds	medium	Young people – NEET or in school with behaviour putting them at risk of becoming NEET	Complete support package under one roof, including confidence building, training, employment placements in social enterprises and links to employers. Delivered at the premises of Perth YMCA, at community venues and schools' outreach locations. Self-referrals and from agencies and schools
Teens & Toddlers	Greater Manchester	The charity Children Our Ultimate Investment	Social Investment Funds, Charitable Trusts and Foundations	14 and 15-year-olds	medium	Young people in schools in areas with high levels of gang involvement and high rates of being NEET	Phase 1 pairs at-risk 14 and 15-year-olds with toddlers in a nursery setting one afternoon a week for 18 weeks, using this to explore their own vulnerabilities and aspirations, followed by an hour in a classroom to work through a structured development programme (to QCF entry-level qualification). In phase 2 participants meet facilitators monthly and focus on their work in school

Name	Location	Delivery body (bodies)	Type of investor(s)	Participant ages	Project size	Target group	Service offer
Capitalise	South Wales	Dyslexia Action and Include (Catch 22)	Social Investment Fund, Third Sector Partnership Organisation	14 and 15-year-olds	medium	Those at risk of not gaining a GCSE in English, with literacy and self-esteem issues	In school, cognitive behavioural approach, three levels of intensity of intervention. Mentoring, study skills, literacy support, and small group motivational work
Energise	Thames Valley	Adviza	Social Investment Fund, Charitable Trusts, Local Authority, Social Housing Provider	14 and 15-year-olds	large	Young people with one or more 'vulnerable' flags on CCIS database	One-to-one mentoring combined with variable lengths of time (as appropriate) at motivational residentials
Prevista	West London (six boroughs)	Charitable, voluntary and community organisations: Urban Futures; Fit for Sport; Catalyst Gateway; Twist; Arrival Education; and Positive Arts	Training and Business Development Organisation, Consortium of private individuals	14 and 15-year-olds	large	Young people with offending histories, substance misusers and/or involved in gang activity	Stabilisation and prevention programmes, workshops on gang activity and knife crime, social skills programmes, prison reality workshops and further education and work integration programmes