



## **The Innovation Fund pilots qualitative evaluation: Early implementation findings**

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### **Introduction**

In 2011, the Government announced a package of measures to help address youth unemployment including a new Innovation Fund (IF) pilot initiative aimed at supporting disadvantaged young people aged 14 years and over using Social Investment models. Ten Social Impact Bonds (SIBs) were awarded Department for Work and Pensions (DWP) contracts. The model is 100 per cent payment by results (PbR) based on the achievement of specified social outcomes including jobs, improved behaviour and attendance at school, and qualifications. Commissioned via two separate procurement rounds, six pilots went live in April 2012 and a further four were launched in November of the same year.

As well as testing the effectiveness of early intervention approaches for disadvantaged young people, the Innovation Fund is designed to help build capacity within the Social Investment market, especially in the effective development and implementation of Social Impact Bonds. This report was commissioned to understand and share the lessons learned during the first year of the Fund's set-up and delivery, and is the first part of a broader evaluation programme commissioned by DWP.

The projects will run for three years, with outcomes monitored for a further six months. They target the most disadvantaged young people who are NEET (Not in Education, Employment or Training) and those at greatest risk of becoming NEET.

This early implementation report is based on the results of 210 face to face interviews with managers, staff and key partners in investor, intermediary, stakeholder and delivery organisations, and with participating young people.

There are 15 Social Impact Bonds in the UK, of which ten are DWP Innovation Fund SIBs. The Innovation Fund SIBs have broken new ground and paved the way for future social investment initiatives. The findings presented here give an early indication of the lessons learned and built upon to date.

### **Key early findings**

The ten IF pilots have successfully identified and engaged some of the most disadvantaged young people in society.

Almost all young people interviewed were positive about the interventions they were participating in and were motivated, enthusiastic and engaged with the programmes on offer. Particular aspects highlighted by young people as being of most use to them were:

- the one to one relationship with a key worker
- action planning and target setting
- activities that had increased their self confidence.

Schools have engaged and bought into the programmes of support on offer and demand for services frequently outweighs supply, suggesting that there is scope to scale up initiatives of this nature.

Investors, intermediaries and delivery bodies involved view this initiative as making a real difference to the lives of young people.

The SIB model is widely acknowledged to be ground breaking in nature. Lessons have been learnt from the first few months of delivery and the projects are progressing well.

### **The service offer**

The IF pilot projects aim to prevent young people from becoming NEET, or support those already NEET to re-engage with education, training and employment. Interventions display a wide diversity in terms of participant age range, in and out of school provision and the balance between one to one and group work. Some programmes are built around participation on a structured programme or course.

Despite these differences, there are also commonalities between projects including: time spent on initial marketing, recruitment and engagement; an intense initial process of working with each participant to achieve a positive shift in 'mind-set'; a more extended period of personal and skills development and the encouragement of mental resilience in dealing with challenges and difficulties faced; and an on-going process of goal setting and progression facilitation.

### **Targeting at-risk young people**

The projects are recruiting and supporting a broad range of disadvantaged young people with multiple risk factors ranging from truancy and disengagement from school, to learning difficulties and poor literacy and numeracy. Some projects involve a range of specialist delivery organisations with particular expertise in working to support young people with specific or complex needs. The barriers to

re-engagement and progression displayed by young people are equally widely spread and range from issues of poor self-esteem and lack of self-confidence through to motivational, emotional and behavioural difficulties.

All projects had been affected to some degree by initial delays in getting fully up and running, and several had found themselves initially falling short of their anticipated number of programme starts. At the time of the research, projects had boosted referral rates and were well on the way to catching up on starts.

Approaches made through schools were found to offer the benefits of highly structured institutions with potentially strong channels of communication. They also held out the possibility of reaching relatively large numbers of at risk young people through a single source, and with greater support than in other contexts.

Marketing programmes to individual schools took longer than was originally envisaged, but once fully underway demand for those who wanted help to support the pupils most at risk of leaving school with no or very few qualifications was, in most areas, greater than what projects were capable of providing.

### **Working with schools**

The pilots have secured 'buy in' from well over 100 schools and the reaction and experience of school staff to date is reported as being highly positive, with many reportedly already seeking to maintain provision beyond the contract period.

Due to the newness of the initiatives, a small number of initial challenges arose for projects working with schools, although many were only 'teething' troubles as new partners got to know each other and to understand the specific context in which

they were working. Most frequently mentioned were the following:

- projects had not anticipated the amount of time and resource it would take to market their initiatives to schools and get them involved
- projects had to tailor their interventions to fit around the school year and the school timetable
- there were issues of continued and sufficient programme access to some pupils, especially those on the verge of permanent exclusion or in escalating trouble with teachers
- projects found they needed to strike a balance between effective integration in schools and the maintenance of a presence and identity that was perceived by young people (often in conflict with school authority) as being separate from school.

### **Payment by Results and re-profiling**

The funding model has been a key driver of behaviours and has focused attention on generating starts and tracking individual participants towards the achievement of outcomes. The interest of all parties in ensuring the projects are successful and the need to generate cash-flow for continued delivery to be sustained, has led to careful and pro-active performance management by intermediaries, investors and deliverers alike.

Most projects experienced delays in the early months of implementation which had a knock-on effect on the number of starts (and potential outcomes) in the early months of the programme. This had led to some re-modelling and re-profiling of starts and outcomes. Initial under-estimations in many of the business plans were acknowledged and were being dealt with. In several projects, this involved extensive changes in the types of outcomes to be achieved and the

timescales within which they would occur. The most radical re-profiling was undertaken by some of the Round one projects.

Differences between projects in the content and structure of their interventions have tended to diminish as a result of re-modelling, with a more uniform focus emerging on the younger age group (14 to 16 year olds), on working with and within schools, and on more time-limited and structured interventions. Overall there was an increase in targeted qualifications (especially earlier, low level qualifications) and an increase in behavioural and attendance outcomes, along with a decrease in reliance on projected job outcomes in favour of these early intervention proxy measures for future employment.

Following readjustments, projects are progressing well. Projects most comfortable with the payment by results model appear to be those undertaking more time-limited, preventative interventions with school pupils deemed to be at risk of becoming NEET in the future. This is because outcomes and cash-flow can be generated relatively quickly.

It is notable that those experiencing the greatest delivery challenges have been those targeted on young people already NEET, those offering longer term support, and those primarily working towards longer term outcomes such as entry to employment, which affects their ability to get financial returns early on in the programme.

### **Performance management**

All projects acknowledged the need to undergo an active and continuous process of monitoring and performance management, although many delivery bodies, particularly in the voluntary and

community sector (VCS) had not anticipated the way in which the funding model would drive delivery. This is not surprising given that the VCS may not have worked in such a way before.

The strong focus on performance monitoring and management was seen to have built capacity among delivery organisations, helping to drive up performance levels and improve programme efficiency. To maintain this focus, there was a high demand from investors and intermediaries for frequent, detailed and up-to-date information on how recruitment and delivery was progressing. Data handling systems and software had often been found to be in need of strengthening, and in several instances this had been achieved through additional resource brought in using staff and funding outside IF budgets, demonstrating strong commitment to the success of the programme.

### **Ongoing evaluation**

These early implementation findings are one strand of a comprehensive evaluation, including net impact assessment. At an early implementation stage, those projects that appear most suited to the model, and which are seemingly doing best, appear to be those exhibiting some or all of the following characteristics:

- being targeted on a pre-NEET, younger (school-age) group
- including a high proportion of 'intermediate' outcomes such as improved attitude, attendance and behaviour at school, and entry level qualifications
- involving a rolling intake and an even spread of outcomes
- engaging a target cohort with sufficient volume and flexibility to allow expansion if required

- providing varied intensities of support to a differentiated eligible target group
- delivering time-limited and structured interventions.

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