



Qualitative evaluation of the DWP's Innovation Fund: Final report

By Andrew Thomas, Dr Rita Griffiths and Dr Alison Pemberton

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 (SIB) 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 and achieving outcomes with 14 and 15-year-olds.

Key findings

All stakeholders perceived the pilots to have been a great success, with targeted numbers of outcomes met or exceeded and investments repaid to social investors. The funding model was seen as having been a significant factor in driving-up performance and developing expertise. There was a widespread belief that projects had achieved better results than they would have done if commissioned using more traditional methods.

Projects found this particular model to work best for early interventions with young people at school and less well for young people not in education, employment or training (NEET) already.

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 seemed 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 overall net impact of the programme on future levels of NEET.

Methodology

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. A total of 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, included in the achieved sample were young people with a range of disadvantages and barriers to work and learning, including those with learning difficulties, behavioural problems, young carers, young parents, mental health conditions, in trouble with the police or a criminal record, with gang involvement, in the care system or a care leaver, alcohol or drug problems and English as a second language.

Report 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.

No projects were allowed to fail and particularly the larger investing institutions went to considerable lengths to support providers in

key areas of performance management, client tracking, and outcomes profiling systems.

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.

What young people experienced as working for them

Young people identified what had worked best for them, singling out:

- above all the personal, one-to-one relationship with a project key worker;
- tailored support with developing career aspirations;
- signposting about choices of routes and options beyond compulsory schooling;
- working in small groups;
- the offer of holistic, outside of school support;
- activities designed to widen their employment and cultural horizons;
- opportunities to gain employment-related skills, experience and qualifications; and
- support throughout the school to work transition.

Benefits to schools

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.

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.

Outcomes and impacts

All the ten IF pilots, without exception, were perceived to have been a success by representatives of the project partners. It was noticeable that constructive assessments came from all partner organisations, including schools, and from the full range of people involved in delivery.

Projects considered themselves to have broadly succeeded in what they originally set out to do, in terms of meeting, or exceeding, outcomes targets, remaining financially viable and repaying investments. There was also a strongly expressed conviction that positive social impact was being achieved with young people; a conviction supported by the testimony of young people themselves.

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 career horizons.

Staff in schools also saw direct impacts on many young people, and consequently also positive effects 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 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 the hardest to help young people

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.

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.

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

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'.

If an objective of policy is to ensure support for young people 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 criteria governing eligibility need to be tight enough to minimise the risk of 'deadweight' – particularly important in the context of an early intervention programme such as the IF.

© Crown copyright 2016.

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk

The full report of these research findings is published by the Department for Work and Pensions (ISBN 978 1 911003 34 2. Research Report 922. July 2016).

You can download the full report free from: <https://www.gov.uk/government/organisations/department-for-work-pensions/about/research#research-publications>

Other report summaries in the research series are also available from the website above.

If you would like to know more about DWP research, please email: Socialresearch@dwp.gsi.gov.uk