

# Youth Unemployment Innovation Fund Pilot: Starts and Outcomes

June 2013

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# Introduction

This publication uses DWP Management Information and payment data for the Innovation Fund Pilot to report on progress to date.

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# Background

## The Innovation Fund

1. On 12 May 2011, the Government announced a package of measures to help address youth unemployment. These included a new Innovation Fund of up to £30 million over three years from 2012 to support social investment<sup>1</sup> projects. The projects will support disadvantaged young people and those at risk of disadvantage, aged 14 years and over.
  
2. The Innovation Fund has three key objectives:
  - **Objective 1** – To deliver support to help young people who are disadvantaged, or at risk of disadvantage, helping them participate and succeed in education or training and thereby improve their employability, reducing their longer term dependency on benefits.
  
  - **Objective 2** - Test the extent to which we generate benefit savings, other wider fiscal and social benefits, and deliver a Social Return on Investment.
  
  - **Objective 3** - Support the development of the social investment market, the capacity building of smaller delivery organisations and generate a credible evidence base which supports social investment arrangements.
  
3. This pilot is a Payment by Results (PbR) model i.e. it is 100% outcome based. DWP will pay the Investors or intermediaries solely on the basis of outcomes achieved.
  
4. Further detailed information on the Innovation Fund can be found at:

<http://www.dwp.gov.uk/supplying-dwp/what-we-buy/welfare-to-work-services/innovation-fund/>

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<sup>1</sup> Social investment is the provision of capital to generate social impact as well as financial returns.

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5. The DWP is the first government department to commission Social Impact Bonds (SIBs) via an open competition. Of the 13 SIBs currently operational in the UK, 10 are Innovation Fund projects.
6. The Cabinet Office has established a Social Impact Bond Centre of Excellence to support the development of more SIBs across the public sector. More details can be found at: [http://data.gov.uk/sib\\_knowledge\\_box/](http://data.gov.uk/sib_knowledge_box/)
7. The Innovation Fund was commissioned via two rounds. The first round focused on 14-24 year olds and delivery started by April, 2012. A total of six contracts were let in Round One. The table below provides details of the contracting bodies and the locations in which they are delivering.

| Contracting Body                  | Location  |
|-----------------------------------|---|
| APM UK Ltd                        | West Midlands every Birmingham Ward                                     |
| Stratford Development Partnership | Stratford, Canning Town, Royal Docks (Newham), Cathall (Waltham Forest) |
| Indigo Project Solutions          | Perthshire and Kinross  |
| Nottingham City Council           | Nottingham City   |
| Private Equity Foundation         | Shoreditch London   |
| Triodos Bank                      | Greater Merseyside  |

8. Round Two focused on disadvantaged young people, and those at risk of disadvantage, aged **14 and 15 years only**. An additional four contracts were let in Round Two and delivery started in November 2012. The table below provides details of the contracting bodies in Round Two and the locations they are operating in.

| <b>Contracting Body</b> | <b>Location</b>   |
|-------------------------|---|
| Prevista                | West London   |
| Social Finance (Adviza) | Thames Valley   |
| Social Finance (COUI)   | Greater Manchester (Manchester, Salford, Bolton, Oldham and Tameside) |
| Third Sector            | South Wales (Cardiff and Newport)                                     |

## Methodology

9. The figures relating to starts have been derived from Management Information received from the ten contracting bodies. The Management Information includes the total number of young people who have started the Innovation Fund Programme.
10. At this stage it is too early to provide a detailed breakdown of figures on a project basis. Future updates will include this detail.
11. The figures relating to outcomes have been derived from DWP Payment Systems.
12. DWP provided a definitive list to contractors of the outcomes payable under the Innovation Fund. A positive outcome is classed as any one of the following outcomes; Improved attitude to school, Improved attendance at school, Improved behaviour at school, QCF accredited Entry level qualifications (below GCSE), Basic Skills, Successful completion of an ESOL course, Level 1 NQF or equivalent, Level 2 NQF or equivalent, Level 3 NQF or equivalent, Level 4 NQF or equivalent, Entry into First Employment (16 or more hours per week) with training element (e.g. an Apprenticeship, or work-based learning).

# Results

## Number of Starts

- 13. There are 10 Innovation Fund Projects.
- 14. In total, 6100 young people were participating in Innovation Fund projects up to April 2013.
- 15. Table 1 below provides a breakdown of the number of young people participating in projects according to the commercial round in which the contract was let.

Table 1- Total number of young people across the Innovation Fund Rounds

| Round 1 | Round 2 |
|---------|---------|
| 5000    | 1100    |

Source – DWP Innovation Fund Database

### Notes

- (i) Source: Management Information submitted to DWP by Innovation Fund Providers.
- (ii) .Figures have been rounded to the nearest 100.
- (iii) Round 1 Projects have been operating since April 2012
- (iv) Round 2 Projects have been operating since November 2012

## Number of Outcomes

- 16. In total, across both Round One and Round Two projects, over 1800 positive outcomes have been achieved up to April 2013.
- 17. Round Two projects have been operating for just over six months so it’s too early to report a detailed breakdown of outcomes. Future updates will include this detailed breakdown.

## **Youth Unemployment Innovation Fund Pilot: Starts and Outcomes**

18. It should be noted that figures have been rounded to the nearest 100, and that the DWP payment model allows multiple outcomes to be achieved per participant.

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**June 2013**