



Department
for Work &
Pensions

Youth Unemployment Innovation Fund Pilot: Starts and Outcomes

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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.

Queries about the content of this document

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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^a projects. The projects 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. More detail about the Innovation Fund can be found at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/212328/hmg_q8_factsheet.pdf

4. The DWP is the first government department to commission Social Impact Bonds (SIBs) via an open competition. Of the 15 SIBs currently operational in the UK, 10 are Innovation Fund projects.

^a Social investment is the provision of capital to generate social impact as well as financial returns.

5. 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/

6. 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 |

7. 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.

| Contracting Body | Location |
|-------------------------|---|
| Prevista | West London |
| Social Finance (Adviza) | Thames Valley |
| Social Finance (COUI) | Greater Manchester (Manchester, Salford, Bolton, Oldham and Tameside) |
| 3SC | South Wales (Cardiff and Newport) |

Methodology

8. The figures presented in this note are based on DWP Management Information compiled from reports submitted by Innovation Fund projects and DWP payment data. Those figures relating to starts reflect the information captured by providers on participant numbers. Outcome information is compiled using DWP data on payments made.

9. DWP provided a definitive list to contractors of the outcomes payable under the Innovation Fund. Positive outcomes common to Rounds One and Two are:

- Improved attendance at school;
- Improved behaviour at school;
- Attainment of NQF^b Level 1 or equivalent qualification;
- Attainment of NQF^b Level 2 or equivalent qualification;
- Attainment of NQF^b Level 3 or equivalent qualification;
- Entry into first employment (16 or more hours per week) lasting at least 13 weeks including a training element (e.g. work-based learning) if under 18 years old; and
- Sustained employment of 26 or more weeks.

10. Positive outcomes for Round One of the Innovation Fund also include:

- Successful completion of an ESOL^c course; and
- Attainment of NQF^b Level 4 or equivalent qualification.

11. Positive outcomes for Round Two of the Innovation Fund also include:

- Improved attitude at school;
- Attainment of an accredited QCF^d Entry level qualification (below GCSE); and
- Attainment of Basic Skills by young people over 16 years old.

^b National Qualifications Framework

^c English for Speakers of Other Languages

^d Qualifications and Credit Framework

12. The DWP payment model allows multiple outcomes to be achieved per participant, although the total value of outcomes payments claimable for support provided to an individual participant is limited to £8,200 and £11,700 for Round One and Two participants respectively.

Results

Number of Starts

13. There are 10 Innovation Fund Projects.

14. In total, 10,700 young people had started participation in Innovation Fund projects up to the end of October 2013.

15. Table 1 below provides a breakdown of the number of young people who had participated in projects according to the commercial round in which the contract was let.

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

| Round 1 | Round 2 |
|----------------|----------------|
| 8,600 | 2,100 |

Source – DWP Management Information

Notes

- (i) Figures rounded to the nearest 100.
- (ii) Round 1 Projects have been operating since April 2012
- (iii) Round 2 Projects have been operating since November 2012
- (iv) Figures are subject to revision

Number of Outcomes

16. In total, 8,000 Outcomes were achieved in Innovation Fund projects up to the end of October 2013.

17. Table 2 below provides a breakdown of Outcomes according to the commercial round in which the contract was let.

Table 2- Total number of Outcomes across the Innovation Fund Rounds

| Round 1 | Round 2 |
|----------------|----------------|
| 5,700 | 2,300 |

Source – DWP Management Information

Notes

- (v) Figures rounded to the nearest 100.
- (vi) Round 1 Projects have been operating since April 2012
- (vii) Round 2 Projects have been operating since November 2012
- (viii) Figures are subject to revision

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