Social Impact Bonds
Supporting vulnerable 14–16 year olds

THE ENERGISE AND TEENS & TODDLERS PROGRAMMES
2012–2015
CONTENTS

Introduction 2
Social issue and landscape 3
  Aims and objectives of the programmes 4

The Energise Programme 5
  Foreword 6
  The Programme 8
  Energise in numbers 10
  Partners and structure 12
  Outcomes 13
    Financial Returns 14
    Learning and service adaptation 14
    Broader impact of using a Social Impact Bond 18
  Concluding Remarks 19
  Detailed Case Studies 21

The Teens and Toddlers Programme 25
  Foreword 26
  The programme 27
  Teens and Toddlers in numbers 30
  Partners and structure 32
  Outcomes 33
    Financial returns 34
    Learning and service adaption 34
    Broader impact of using a social impact bond 36
  Concluding remarks 39
  Detailed Case Studies 40

Appendix 1: Social Investment Explained 44
Appendix 2: About the Partners 46
Acknowledgements 48
WE ARE DELIGHTED TO HAVE BEEN INVOLVED SUCCESSFULLY WITH THE INNOVATION FUND... THE PART THAT NONE OF US WILL EVER FORGET IS THE IMPACT ON YOUNG PEOPLE.

KATHARINE HORLER, CEO OF THE ADVIZA PARTNERSHIP
Introduction

In 2012, the Department for Work and Pensions (DWP) launched the £30 million Innovation Fund in order to support vulnerable young people at risk of becoming Not in Education, Training or Employment (NEET). The Fund marked a commitment to helping some of the most vulnerable young people in society overcome long term structural barriers preventing them from gaining qualifications and starting a career, and focussed specifically on payment by results programmes targeting 14–16 year olds most at risk.

The Energise programme and the Teens and Toddlers programme were two of the 10 Social Impact Bond projects delivered over the three years to Autumn 2015 to meet the Innovation Fund’s objectives.¹ Both projects were aimed at supporting young people aged 14 to 16 who are at risk of becoming NEET over a three and a half year period. The Teens and Toddlers programme combined an 18-week intensive intervention with regular support through to GCSEs, while Energise comprised a combination of mentoring, structured activity days and residential courses in order to equip young people with the skills that would allow them to remain on track to age 18.

The projects marked a shift in governmental approach to at-risk youth: by intervening as early as age 14, the Innovation Fund was structured to prevent the likelihood of young people becoming NEET rather than support these individuals once they had already fallen out of employment, education or training. Following on from our previous ‘Year in Review’ publication, this document is intended to share our learnings and reflect on the successes of Energise and Teens and Toddlers programmes now that they have completed.

¹ The Innovation Fund had three key objectives:

1. To support disadvantaged young people, helping them to participate and succeed in education and training and improve their employability – thus reducing their longer term dependency on benefits;
2. To test the extent to which benefit savings can be generated and the extent of social return on investment; and
3. To support the development of the social investment market, the capacity building of smaller delivery organisations and generate a credible evidence base which can be used to support further social investment arrangements.
Social Issue and Landscape

In the ten years up to 2012, the percentage of 18-24 year olds who remained unemployed rose and continued to remain stubbornly high. Young people who become NEET by age 18 are more likely, during their lifetime, to experience significantly more negative outcomes in comparison to their peers. These range from unemployment, to the development of mental and physical health difficulties to engaging in criminal activity. Facilitating a smooth transition from education to employment is important for both personal wellbeing and economic achievement. The Innovation Fund was launched in an attempt to respond to this issue through the implementation of a sustainable and targeted response for those most at risk.

Over the duration of the Innovation Fund there was a clear reduction in the proportion of young people in the UK that identified as NEET. At programme start in 2012, 16.3% of 16-24 year olds were NEET compared to 11.7% by the time the programme ended in 2015. However, this figure still remains above average in comparison to other OECD countries.

18-24 UNEMPLOYMENT RATE

2 ONS Data on NEETs by age.
3 Ibid.
AIMS AND OBJECTIVES OF THE PROGRAMMES

Both Energise and Teens and Toddlers were designed to work towards achieving the Innovation Fund outcomes which were standardised across the ten projects. They looked to boost young people most at risk of becoming NEET by allowing them to build resilience, confidence and aspiration and to achieve positive outcomes particularly in terms of education and work.

The outcomes targeted by the projects were predetermined by DWP and paid for on a success basis. These included:

- Improved attendance, attitude and behaviour at school
- Attainment of accredited educational and skills qualifications (including GCSE, and QCF)
- Entry into and sustainment of employment

Funded through a Social Impact Bond, the projects were designed to be flexible and benefitted from a degree of adaptability uncharacteristic of these types of services. From the outset the operational models were intended to be adaptable, allowing the projects to take shape and providing a clear and direct focus on beneficiaries.

---

FOREWORD

It has been a privilege to work with Adviza over the last three years, and to watch their impact on the life chances of so many young people.

Adviza are an organisation with a long track record of providing guidance to vulnerable young people. They used this experience to design a programme that matched the intensity of the response to the level of need. What was brilliant to see was how they then were open to learn. Under the growing leadership of an exciting young Manager, they built an understanding of their ‘results chain’, thinking about the relationship between their inputs, outputs and outcomes. Listening to the frontline staff, listening to the young people and their schools.

Working with the exceptional team at Social Finance, they developed tools to track and report on the progress of the young people along this chain – to make sure the journey was timely and delivering the greatest possible impact on young lives

Richard Johnson
Chair, Energise Innovation SIB
THE ENERGISE PROJECT HAS BEEN VIEWED BY SANDHURST VERY POSITIVELY. THE SUPPORT AND CARE THAT HAS GONE INTO OUR STUDENTS HAS BEEN EXEMPLARY. THE TIME GIVEN TO HELP THE STUDENTS WITH THEIR FUTURE CHOICES HAS BEEN GREAT AND THOSE THAT MIGHT HAVE STRUGGLED TO ACCESS FUTURE PATHWAYS ARE NOW ABLE TO MOVE FORWARD.

Richard Smith, Deputy Head, Sandhurst School
The Programme

Adviza developed the Energise programme based on its vast experience of supporting young people to achieve further education and employment. Energise was distinct in offering a bespoke package of one-on-one support, group activity days, and residential courses, alongside practical help towards positive destinations following Year 11. Its main focus was to develop resilience and teach life skills through a wellbeing programme developed by Adviza’s partner Wikima.

The programme was offered to 42 schools in Berkshire, Buckinghamshire, Oxfordshire and Milton Keynes that were identified as having a high concentration of at-risk young people. The programme was designed to be flexible, with rolling start dates and personalised provision for participants. To determine participant eligibility, schools and other organisations completed an initial ‘risk of NEET’ assessment, with only those demonstrating sufficient need being classified as eligible for the programme.

The provision began with an Individual Needs Assessment in order to help frontline staff ascertain the correct level and intensity of support. This covered a range of issues including: family relationships, accommodation, low motivation, behavioural issues, unemployment in the family, English, Maths and communications skills, school attendance and learning difficulties and disabilities. Based on each unique profile, frontline staff created a tailored action plan for every young person which incorporated the different core and specialised service offerings available.

As originally conceived, Energise offered three pathways with the core provision common to each:

**Pathway 1 – Core provision:** designed to provide support, encouragement and practical skills for improving engagement and motivation. This pathway included 1-1 support, group sessions in school, mentor support and access to work experience.

**Pathway 2 – Short residential:** designed for young people needing a short intensive period of residential support to overcome the barriers preventing them from engaging in school. The pathway used residential programmes and activity days to create a foundation from which advisers could build upon during the core provision.
Pathway 3 – Intensive: designed for the most at risk and challenging young people. An intensive 12 week support programme, it combined specialised provision, such as longer residential programmes and activity days, with core provision provided on a regular basis by an Adviser.

The core provision of the programme was designed as the backbone of the project, to provide a toolbox of skills for young people to achieve positive employment and education outcomes. On this pathway, young people attended activity days which included experiences such as horse whispering. These activities were designed to highlight the use of valuable skills which could be immediately related back to the classroom, such as body language, communication and eye contact. Volunteer mentors drawn from the local community and businesses were also recruited by Energise to offer support to young people and to supplement the careers advice provided by the advisers.

The residential experience and inclusion of activity days were distinctive features of Energise, and were pivotal in the improvement of outcomes over the duration of the project. These courses were held in specialised centres where 10–15 young people drawn typically from one or two schools were able to learn in a new and safe environment, communicate effectively, work as a team, identify key strengths and solve problems – all skills valued by employers. For many students, the residential was the first time that they had been away from home or their parents. The period of independence provided an exciting experience for many, allowing them to reinforce positive routines and important social skills such as sitting down as a group at set times for breakfast, lunch and dinner.

There was no set duration for 1:1 support, but in general, young people would receive active engagement for 16–20 weeks on average, after which time support would be gradually reduced and further educational performance tracked. A weekly report, extracted from the project case management system, highlighted areas for improvement in order to optimise resourcing and performance.
Energise in Numbers

OVERVIEW

1,778 Young people joined the programme

42 Participating schools across nine Local Authorities in the Thames Valley region

2.5 Average number of risk indicators per starter (slightly higher than anticipated at bid)

55:45% male:female split

PROGRAMME PARTICIPANTS

Number of Young People

WE ARE VERY PLEASED TO HAVE INVESTED IN ENERGISE INNOVATION AND TO SEE THE BENEFITS THAT THE PROGRAMME HAS BROUGHT TO THE YOUNG PEOPLE TAKING PART

Mark O’Kelly, Barrow Cadbury Trust, lead investor

RISK OF NEET INDICTORS AMONG PARTICIPANTS ON ENERGISE*

% YP in Programme

0% 10% 20% 30% 40% 50% 60% 70%

Low motivation
Behavioural difficulties
Those with family issues
Mental health difficulties
Free School Meals
Emotional difficulties
High welfare dependency
Social difficulties
Unemployment in the family
Substance mis-user
Young carer

* Only the top 10 Risk of NEET Indicators are shown
Partners and Structure

The Energise programme was funded through a Social Impact Bond model, established by Social Finance. Unlike typical social sector delivery, funding in a Social Impact Bond is provided by social investors. Financial returns are aligned to achieving positive social impact determined by the pre agreed outcomes.

The Adviza Partnership delivered the Energise programme with Social Finance acting as contract and performance manager. Energise Innovation Limited was established as the contracting company for the project by Social Finance, and was owned by the social investors: Big Society Capital, and Barrow Cadbury Trust along with four others. These investors were also represented on the Board of the contracting company Energise Innovation Limited. The independent Chair was Richard Johnson, who has broad international experience of the commissioning and delivery of outcome-funded contracts.
By the end of the project, Energise had achieved thousands of positive outcomes for young people, and outperformed the target set to attain employment for a minimum of 26 weeks across the cohort.

Energise was particularly successful in generating improvements in school attitude and behaviour and exceeded expectations for Level 1 academic qualifications. Sustained job outcomes also outperformed targets after a Job Coach was hired who focussed on helping young people with job applications and fostering local employer links.

NUMBER OF OUTCOMES ACHIEVED VS. PROFILE ASSUMED AT PROGRAMME START
The programme achieved an average of 1.98 DWP outcomes per participant in comparison to the 1.7 expected for a total of over 3,200 positive outcomes across the cohort. Energise recorded an improvement in attitude, attendance or behaviour for 55% of young people on the programme, while 70% of starters in Year 11 achieved either a Level 1 or Level 2 qualification.

FINANCIAL RETURNS

Energise Innovation Limited (the special purpose vehicle) was awarded the Social Impact Bond contract (valued at a maximum of £3.7 million) in a competitive procurement process. The contract was managed by the Department for Work and Pensions who determined the tariff values by projecting the amount of claimed Jobseekers Allowance and associated Tax Credits over three years, and calculating the associated savings that the programme would create for the department.

Bidders secured contracts based upon a quality and price assessment with the price element weighted at 40%. Bidders offered price discounts to the maximum outcomes values published by the Department for Work and Pensions, which paid for each outcome achieved and evidenced at the outcomes price bid. Energise Innovation Limited bid at a significantly discounted value (12% less on average) than the maximum outcome payment proposed by DWP.

Outcomes payments were made as participants on the programme began to achieve the predefined targets set by DWP (see page 4), referred to as a rate card tariff. Energise Innovation Limited was able to claim for any combination of outcomes subject only to the individual cap of £11,700 per participant and the overall contract value cap.

Due to the success of the project, investors received their initial capital in full, plus a return.

LEARNING AND SERVICE ADAPTATION

The adaptability of the Social Impact Bond model was crucial, as it allowed Adviza and Social Finance to alter the provision and management of the service to create a programme that yielded the best results.

As time went on, it became clear that strong relationships with local schools were paramount to success. As the main source of student referrals, these relationships were key to ensuring a strong pipeline of
participants and resulting traffic through the programme. Although Adviza benefitted from its existing relationships with schools, it initially took considerable effort to build networks and explain the value of this (free to school) programme. Access to senior staff was brokered through local investors such as Buckinghamshire County Council, however each school differed in its coordination of multi-agency work, and initially start volumes were below target. To facilitate this access and achieve engagement with schools, a stakeholder working group was created in the first year of the programme in order to learn how best to fit the programme delivery into school timetables and priorities.

Another hurdle was rooted in the difficulties in collating accurate and relevant data to provide to DWP in order to claim outcomes payments. Acquiring this from schools was problematic, as it took time to repeatedly explain the detailed level of data required and to embed practices within each school to ensure a level of consistency. Improvements were made over time by ensuring that the evidence required was clarified to schools precisely at the start of their engagement with the programme. In year two, Adviza introduced Service Level Agreements with participating schools to formalise this process and clarify responsibilities. This included the identification of a named school contact responsible for providing the evidence, agreements on outcome paperwork, and monthly referral targets. As the programme became increasingly familiar and attractive to schools, the claims processes became much smoother. The Innovation Fund programmes could have benefitted from a mobilisation period of several months in order to have enabled an earlier focus on delivery as opposed to enrolment.

The optimisation of the programme was facilitated by the robust operational model developed by Adviza and Social Finance. This was used to track the flow of young people through the programme, along with the required levels of contact at each stage of engagement. The model improved performance management both by enabling young people to be tracked weekly, highlighting when provision should expect to move from an intensive to less intensive approach, alongside predicting potential future strain on resources as the program fluctuated from month to month.
Insights provided by the data resulted in the merging of two different short and long residential courses into one single course. The Residential Pathway was created with a duration of four nights and three days. This change allowed the young people to benefit from a consistent programme, as all participants could experience being away from home.

As the success of the programme became more visible, the Board were keen to reinvest additional resources into the employment element of the programme. A paid Job Coach post was funded by the programme to deliver intensive support to 100 young people and allow them to explore a wider range of work experience and job opportunities. The Job Coach enhanced the existing support offered by the existing advisers and volunteer mentors in securing job outcomes.

In 2014, the Department for Work and Pensions issued revised guidance on achievement of Level 1 and Level 2 outcomes. This resulted in more young people being eligible for an outcome and positively impacted the
OVER THE LAST 3 YEARS WE HAVE GROWN AND DEVELOPED AND BEEN EXPOSED TO CHALLENGE, NEW LEARNING AND NEW PARTNERSHIPS.

Katharine Horler, CEO Adviza partnership
success rate of the programme. As a result, Social Finance supported Adviza to re-profile their Level 1 and Level 2 targets for the remainder of the programme, incorporating this updated guidance and assumptions on the proportion of participants completing their GCSEs and BTECs in summer 2015.

BROADER IMPACT OF USING A SOCIAL IMPACT BOND

It was clear that the use of a Social Impact Bond model created wider impact beyond the performance of the programme itself. The first of these can be seen in the improved capacity of Adviza. Social Finance designed an active performance management approach to delivery which supported Adviza in its implementation of the programme. Whilst Adviza already collected operational data and monitored performance, the model implemented a new way of working which saw analysis begin to impact on decisions. Performance management provided governance oversight, progress monitoring, analytical support and financial management to ensure that the programme was focussed on achieving target outcomes, and was a collaborative process. A Social Impact Bond provides rigour which, when reflected in delivery, can drive performance and better deliver outcomes. In this case, it provided Adviza improved capacity to monitor data, analytics and improve systems, benefits which outlast the duration of the Social Impact Bond.

Adviza has continued to use a rigorous measurement process across its other programmes, tracking positive destinations in employment and training. The process itself has been refined to better suit the uses of the programme, with the inclusion of extra referral information to allow Adviza to measure where participants are at start of programme and the distance travelled by the end of the programme. This marks an important difference between the rigorous performance management of Social Impact Bond programmes versus other programme delivery models, and has been used to promote the programme itself amongst schools.
Concluding Remarks

At the close of the Energise project, a total of 1,778 young people had been engaged across 42 schools, representing an advancement in NEET prevention and marking a significant achievement in governmental approaches to this issue. The service generated a very strong level of support from participating schools: to date, four schools who engaged in the first phase of Energise have agreed to continue to buy into the programme. This occurred after Adviza secured grant funding from two of the original investors to support ongoing delivery - allowing the total cost of the project to be subsidised for schools. As a result, a further 400 young people in the Berkshire region will benefit from the Energise programme over the next three years.

KATHARINE HORLER, CEO OF THE ADVIZA PARTNERSHIP:

“We are delighted to have been involved successfully with the Innovation Fund. Over the last 3 years we have grown and developed and been exposed to challenge, new learning and new partnerships. The part that none of us will ever forget is the impact on young people. They have spoken to our trustees at our Board, been involved in consultations about how to develop the programme and have had many other opportunities to have their voices heard. We are delighted that their voice has played a key part in us attracting funding to continue some Energise delivery.

Energise makes a huge difference to young people’s lives. They are challenged by activities they’ve never tried before and are being inspired by their advisers and the other adults that they have met through the programme.

Perhaps the best way of summing up our success is through the words of the young people themselves:

“Before I joined the Energise Project I didn’t have confidence to take on activities such as exams. After taking workshops on interview skills, revision techniques and talking to my adviser I have the confidence to leave school, get a part time job and go to college. After doing the project I feel happier in myself and it has also improved my home life.” Alex

“From attending the residential and activity days, I found that I could achieve more if pushed and believed in myself.” Sam
THANKS FOR ALL OF THE SUPPORT FROM THE PROGRAMME, THE PUPILS HAVE REALLY ENJOYED IT AND I BELIEVE IT IS ONE OF THE MOST SUCCESSFUL INTERVENTIONS THAT WE HAVE AT THE SCHOOL. ENERGISE HAS HAD A BIG IMPACT ON THE DESTINATIONS OF OUR STUDENTS.

Phil Ringsell, Deputy Head, Wexham School
Detailed Case Studies

**HARRY**

**PRE-PROGRAMME:**

Harry joined the programme in Year 10 as his school identified certain issues that were affecting him not only in school, but outside of it as well. Harry’s main barriers were rooted in self-esteem issues but he was also popular with girls which was distracting him. After getting to know Harry, it came to light that he also had quite a few family issues and his action plan highlighted anger as a large barrier. He would often get a text message or phone call from his friends to go out and join a fight – some of which were scheduled in advance. When he lost his temper, it would occur very quickly resulting in him breaking doors, windows and swearing.

**PROGRAMME PROVISION:**

Harry was put on the core programme pathway. In the first instance, this support focussed on building a rapport with Harry. This was through establishing common interests whilst also finding out about his life and current situation. Once he was comfortable speaking openly, the Adviser was able to help him work through the issues he was having at home. The Adviser carried out a Rickter scale assessment and created a five-year plan, which Harry found an incredibly useful way to assess his life and identify particular areas he’d like to work on.

The Adviser discussed dealing with anger with Harry (especially how he could stop getting into fights), interview skills and generally became someone he could talk to about his issues at home. In addition, Harry received counselling within school to enable him to not bottle up his feelings after the project had come to an end. Furthermore, a member of staff from a local college came to talk to Harry and the other students on the Energise project about post-16 options.

**POST PROGRAMME:**

As a result of the programme, Harry has been able to develop coping strategies to remove himself from volatile situations before he

---

5 All names have been changed.
becomes angry and aggressive. While he used to enjoy fighting, Harry now understands the impact this has on his behaviour and the implications this could have for his future. He still enjoys watching sports that involve fighting but understands the consequences of his own involvement in these activities. Prior to the project, Harry felt that he couldn’t talk to anyone. He now understands that talking to people enables him to lighten his load and helps him to work through his issues.

**TOM**

**PRE PROGRAMME:**

Tom was a 15-year-old student who was referred to the programme as the school identified him as a potential NEET. He was a very bright, intellectual individual who was achieving good grades for what seemed like minimal effort, but was getting into trouble both inside and outside of school through fighting and arguing with teachers. It was established that if his behaviour, frequent fights, and poor attitude did not improve, he would be at risk of exclusion from school or getting arrested. Tom also had a fractured relationship with Learning Guidance Support at the school, and needed a new face to work with.

**DURING PROGRAMME:**

Tom was placed on the non-residential pathway of the Energise programme.

During the assessment and initial interactions, it was clear that Tom was unaware of the consequences of his actions, particularly when getting involved in fights. After getting to know Tom better, it became clear that Tom’s home life was not particularly stable which resulted in him spending more time outside with his friends and becoming involved in fights. Discussing the different solutions to this issue, such as mixing with a different group of people, allowed Tom to realise for himself the aspects of his life he may need to change.

It was apparent from the beginning that Tom was particularly interested in working with motor vehicles. However, he lacked the understanding of how to achieve his goals and did not comprehend how getting into fights and being sent out of lessons could affect him realising his true potential. Tom attended a couple of group sessions which focused on
college and apprenticeships. The college group session was particularly beneficial to Tom as it started putting his actions into perspective and how it may affect his future. He mentioned his dream of working with cars and had a conversation with the teacher from the college about what grades he would need and what he would be doing on the course. After this session, there was a noticeable difference in Tom’s attitude as he seemed motivated and eager to learn more.

The last few sessions concentrated on looking to the future and more specifically post-16 options, money, university and housing. This helped to not only give Tom something to aim for, but also enabled him to understand the reason why achieving at school is important.

POST PROGRAMME:

The transformation seen with Tom was noticed throughout school. He started to believe in the clear academic ability he had demonstrated in class, and had an easier time at school as he was not getting into trouble as often. His relationship with Learning Guidance Support also improved dramatically; through the interventions he was able to understand that they were a place to go if he had any issues, especially after the project came to end. The school noticed a vast improvement in his attitude towards school; behaviour in class and the way Learning Guidance Support were able to work with him. Tom was extremely grateful to the Energise project and wanted it to continue for longer, even requesting a meeting with the Headmaster to make this a reality.

JAMES
PRE PROGRAMME:

James was referred to the Energise programme mainly due to a lack of focus in class and the potential his school felt he was wasting. James was a popular student, however this also meant he got distracted very easily by his friends in class. It was clear to see that when he set his mind on something, he was extremely dedicated and set on achieving his goals. Focus was a huge struggle and it caused his grades to fall to a level that he was not satisfied with.
DURING PROGRAMME:

Work carried out with James was varied. James was particularly keen finding employment but was not sure where to start. Once the introductory ‘get to know you’ session was carried out, James initially worked on CV writing and looking at part time jobs. Although the main issue for James was focus, putting everything into perspective and understanding what school is for (getting a job, increasing knowledge, qualifications and so on) really helped.

Another intervention involved looking specifically at James’ concentration in lessons and Advisers worked on simple techniques and solutions that could help. Furthermore, it was suggested that James try and improve his relationships with teachers by communicating with them more and engaging in lessons positively, especially when James could feel his concentration slipping. James took this advice on board, as with all the information given to him throughout the project, and began to improve in lessons.

James was particularly interested in learning about the essential aspects of life, such as money, education, work, relationships and so on. We focused on as many of these as possible in the short time we had for the project, and broadened James knowledge of what is required once he leaves education. We looked at post-16 options and where James saw himself in five years, as part of a written plan which helped him immensely to understand what he has to do between now and then to achieve his ambitions.

POST PROGRAMME:

James found the project extremely rewarding. It was not only the work of the Advisers that enabled such an improvement, but James’ open and willing attitude to accept any advice and information that he received on the Energise project. The school had seen a noticeable difference in James in both his attitude towards school and behaviour in class. James appreciated the project so much that in the last session he became quite emotional and expressed his gratitude to the staff.
Foreword

It has been an incredible privilege to be Chair of this Social Impact Bond, commissioned by DWP, supported by our five investors, and delivered by the very special Teens and Toddlers.

This report describes the real substance of the Teens and Toddlers programme. It is an innovative, focused, inspiring programme. It is concrete, measurable and life changing. It can demonstrate a genuine impact on the life chances of vulnerable young people – both teens and toddlers!

What I’m not sure you will get from this report is the emotional weight of some of the stories relayed to the Board: the children withdrawing from troubled families, their peers and school, who find a new motivation and attitude; that sees them re-engaging and setting themselves goals for College, University and beyond.

We know the programme has delivered because it has been closely monitored, with performance tracked and reported. Social Finance have provided very strong contract management support, from the development of our monthly reporting packs to assistance in the programme’s continuous improvement and refinement. The sharp focus on performance – on outcomes – is a significant strength of these Social Impact Bonds.

None of it would have been possible without Michelle Farrell Bell and her team in Greater Manchester. Their commitment, passion and professionalism have underpinned everything. I would also thank all the Nurseries and all the Schools for their wonderful support.

**Richard Johnson, Chair,**  
**Teens and Toddlers Innovation SIB**
The programme

The Teens and Toddlers programme was developed in order to provide an intense and absorbing experience, designed to give young people a set of tools to take control of their life, to re-engage with education and to make more informed decisions. During the programme, teenagers mentor young children in order to build the life skills and self-belief they need to succeed at school, in work, and in the community.

The Teens and Toddlers programme was focussed on pupils from schools in Greater Manchester. Using data from the Department of Education (DfE) and the Office of National Statistics, Teens and Toddlers worked with local authorities to identify target schools that would most benefit from the programme. The programme focussed on schools in areas with high rates of teenage pregnancy and young people who are NEET.

The Teens and Toddlers programme worked closely with the participating schools to identify the young people most at risk of becoming NEET using a psychological and behavioural assessment form developed in conjunction with the Department for Education. The assessment evaluated the risks and disadvantages of each young person using a number of measures, including high truancy/exclusion, low educational attainment, disruptive or aggressive behaviour, low self-esteem, poor parental support and risky behaviours (drugs/alcohol/unprotected sex). This information was used to determine which individuals were eligible for the programme.

The programme itself was delivered in small groups and divided into two stages:

- **Stage 1**: An intensive intervention offering up to 18 weeks of support delivered in a nursery environment, during which young people were paired with a toddler. During the programme, young people learned to become a role model and formed a close bond with their toddler. The aim is for the relationship that develops to change attitudes, aspirations, and behaviour, and teach young people that they have something to contribute to other people, themselves and society.

- **Stage 2**: The rest of the programme was delivered to small groups of participants in a classroom setting. This stage of delivery was
intended to allow young people to discuss and reflect on what they had learnt, and how these skills could be used in academic or social situations. Specifically, participants discussed what their experience had taught them in regards to their own lives. Through this reflection, young people applied their learnings to build specific interpersonal skills and emotional literacy, developing attributes such as confidence, self-esteem, and self-management. They also build their portfolio of work for the NCFE level 1 Award in interpersonal skills, which is a QCF outcome.

These sessions were delivered in an established and trusted learning community. Groups met regularly to cover topics relating to life and school with the goal of helping participants achieve success. Young people were supported to set learning and behavioural goals in five key areas of school life known to impact performance: relationships with teachers, peers, commitment to their studies, learning at home and staying healthy throughout, and worked to achieve them with the help of a facilitator.

Stage 2 was developed specifically for delivery as part of the Innovation Fund, as it refocused participants on applying the skills they learnt to help them work towards positive employment and education outcomes.
SOCIAL FINANCE

THE TEENS AND TODDLERS PROGRAMME HAS MADE A SIGNIFICANT IMPACT ON OUR STUDENTS. NOT ONLY ARE THEY BETTER ABLE AND WILLING TO LEARN, THEY HAVE MORE FOCUS. I HAVE SEEN A BIG DIFFERENCE, PARTICULARLY WITH SOME OF OUR BOYS.

Samantha Marcus, Programme Lead
Innovation Fund 2012-2015
Teens and Toddlers in numbers

TEENS AND TODDLERS PARTICIPANTS WERE AGED 14-15 AT START.

- **1,317** Young people joined the programme
- **39** Participating schools across five Local Authorities in the Greater Manchester region
- **2** Minimum number of NEET risk indicators per starter (such as family or behavioural issues or poor school attendance)
- **17:83%** male:female split

PROGRAMME PARTICIPANTS

![Graph showing the number of young people participating in the programme from Sep-12 to May-15.](graph.png)
THE SINGLE BIGGEST FACTOR IN MOST SCHOOLS IS BEHAVIOUR, YOU GET THAT RIGHT AND YOU ARE ON THE RIGHT TRACK.

TEENS AND TODDLERS SUPPORTED THE STUDENTS TO IMPROVE THEIR BEHAVIOUR, GIVING THEM AN OPPORTUNITY TO BE A POSITIVE ROLE MODEL TO A SMALL CHILD.

John Meagher, Head teacher

PROFILE OF COHORT BY NEET INDICATORS

<table>
<thead>
<tr>
<th>Issue</th>
<th>% of Cohort</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low motivation</td>
<td></td>
</tr>
<tr>
<td>Low educational attainment</td>
<td></td>
</tr>
<tr>
<td>Free School Meals</td>
<td></td>
</tr>
<tr>
<td>Risk of teen pregnancy</td>
<td></td>
</tr>
<tr>
<td>Truancy</td>
<td></td>
</tr>
<tr>
<td>Behavioural difficulties</td>
<td></td>
</tr>
<tr>
<td>Emotional difficulties</td>
<td></td>
</tr>
<tr>
<td>Social difficulties</td>
<td></td>
</tr>
<tr>
<td>Substance mis-user</td>
<td></td>
</tr>
<tr>
<td>Those with family issues</td>
<td></td>
</tr>
<tr>
<td>In care or previously in care</td>
<td></td>
</tr>
</tbody>
</table>
The Teens and Toddlers programme was funded through a Social Impact Bond model. Teens and Toddlers Innovation Limited was established as the contracting company for the project by Social Finance and was owned by the social investors listed below. Teens and Toddlers delivered the Teens and Toddlers programme with Social Finance acting as contract and performance manager. The lead investors, Bridges Ventures and Impetus PEF, were also represented on the Board of the contracting company, Teens and Toddlers Innovation Limited. The independent Chair was Richard Johnson, who also chaired the Energise programme.
Outcomes

From 2012–2015, the Teens and Toddlers programme delivered a range of positive outcomes for young people, outperforming its expected targets and reaching the maximum outcomes claims and contract value. The programme was particularly successful in generating improvements in school attendance and behaviour. 62% of young people on the programme demonstrated a noticeable improvement in attitude, attendance or behaviour and 83% of eligible young people achieved either a Level 1 or Level 2 qualification.

The programme delivered over 3,588 positive outcomes based on those set by DWP at the start of the programme. Per participant, the programme delivered 2.77 outcomes compared to the 2.36 expected. This is demonstrated by the chart below, which shows the number of outcomes achieved versus the profile assumed at the start the programme.

---

6 Eligible young people are those who had finished year 11 by the end of the programme.
FINANCIAL RETURNS

Teens and Toddlers Innovation Limited was awarded the contract with a value of £3.25 million. Bidders secured contracts based upon a quality and price assessment with the price element weighted at 40%. Bidders offered price discounts to the maximum outcomes values published by DWP, which pays for each outcome achieved and evidenced at the outcomes price bid. The contract was 100% payment by results. The contract was managed by DWP against an assumed profile of outcomes but Teens and Toddlers were able to claim for any combination of outcomes subject only to the individual cap of £11,700 per starter and the overall contract value cap.

Outcomes were paid as each individual achieves success and this approach is referred to as a “rate card” tariff. DWP determined the maximum tariff values it would pay at levels that represent value for money by reference to three years of projected savings in Jobseekers’ Allowance and associated tax credits. Teens and Toddlers bid at a significant price discount to maximum values of around 25%.

LEARNING AND SERVICE ADAPTION

Real-time analysis and flexibility to innovate allowed Teens and Toddlers and Social Finance to adapt the programme during delivery itself. The principal focus of this service adaptation was to link the traditional nursery-based programme to a second stage of classroom based work.

Stage 2 was developed specifically in response to the Innovation Fund, in order to create a link between the nursery programme and GSCE attainment. It focussed on five key areas known to have an impact on attainment: building positive relationships with teachers, relationships with peers, commitment to studies, learning at home, along with emotional health and wellbeing. It also evolved to comprise group-based meetings in schools in order to embed the personal and work discipline fostered during the nursery period and selective academic tutoring for English and Maths.

The development of Stage 2 also came with challenges. It was difficult to secure an allocated slot on the school timetable meaning that the frequency of sessions was reduced from weekly to monthly. Extra sessions were also developed which included activity days during
the half-term break, and opportunities for young people to meet after school during term-time. This allowed participants to catch up with their portfolio work and in turn allow them to work towards GCSE attainment.

The programme worked with more young people than originally envisaged: over 1,300 young people began the programme compared to the base target of 1,150. These volumes generated immediate visibility and demonstrated a clear confidence in the service. The volumes of participants meant that a key focus for the team was achieving the optimal group sizes for the programme, which worked well at 8-10 young people per group. Choosing cohorts linked to the school timetable also had benefits for scheduling, and was also useful in building support from schools, laying the groundwork to access future cohorts.

The Social Impact Bond mechanism and performance management element required more data recording than is typical for other contracts, which was sometimes difficult to collect from participating schools. Improvements were made over time by clarifying to schools more precisely upfront what evidence was required by DWP and as the programme settled and became familiar and attractive to the schools the flows and claims processes became much smoother.

**BROADER IMPACT OF USING A SOCIAL IMPACT BOND**

The Social Impact Bond model imposes a series of new disciplines on a delivery body that are not generally found in more traditional grant and commissioned models. While traditional models tend to focus on outputs, a Social Impact Bond focuses primarily on outcomes, meaning that traditional models may have a simpler contract structure (typically bi-lateral).

Teens and Toddlers learnt that working within this structure required specific internal capacity, and the ambition to accept, and welcome, the challenges if they were to capitalise on the opportunities this brought, whilst at the same time ensuring that the model did not affect its ability to deliver on its own core strategic goals. They had to understand and accommodate a range of changes:

1. **More complex governance structures** – multiple investors, intermediaries, and outcome commissioner(s).
2. **Rigorous reporting** for management and governance.

3. **Increased levels of data collection**, processing and reporting requirements, plus the associated upgrades of IT systems and security.

4. **Multi-year financial modelling** and resource planning.

5. **The willingness to alter delivery mechanisms** where necessary in order to maintain volumes and/or quality.

Collecting and evaluating data had always been an import area of work for Teens and Toddlers, but the use of a Social Impact Bond provided the opportunity to extend this capacity. Dealing with increasing data volumes strengthened performance management processes across the charity, allowing data to be captured in the most timely and effective way. Building on the analytical capability in this way allowed also allowed the charity to demonstrate value and efficacy to clients and funders, putting the charity in a positive position to continue to grow by opening new outcome based revenue streams.

For Teens and Toddlers, the Social Impact Bond also represented an opportunity to develop its work in new areas, with the support of the investors and Social Finance. As a result of secured 3 year funding, the Charity was able to develop and embed new skills and increase capacity without compromising its mission. One of these was the support it provided in helping to embed a more robust delivery model through the use of full time rather than sessional workers. This led to more effective performance management and quality control. Teens and Toddlers was also able to expand its service provision into new five new areas, in which it continues to operate.

In addition, publicity surrounding the success of the Social Impact Bond should not be underestimated. This has included local media coverage, a visit from US Congress and even a trip over to Tokyo, where Teens and Toddlers staff were invited to Meiji University to present at a Social Investment Bond forum on lessons from the UK experience. This conference was a clear recognition of the success of the Innovation Fund programme whilst also raising the profile of Teens and Toddlers globally.
Concluding remarks

Following the end of the Teens and Toddlers Innovation Fund programme, the project had delivered over 3,588 positive outcomes for 1,317 young people across 39 schools. The success of the programme is reflected in the fact that seven schools committed to continuing to offer the service, which is being jointly funded by the participating schools and Local Authorities. As of September 2015, 64 young people had started the new programme. The success of the Teens and Toddlers Innovation Fund is also reflected in the creation of a second Social Impact Bond through the Youth Engagement Fund, which began in April 2015. As a result 1,600 young people will benefit from the programme over the next three years.

JOANNE HAY, CHIEF EXECUTIVE, TEENS AND TODDLERS

“For Teens and Toddlers, the Innovation Fund Social Impact Bond has undoubtedly worked well: it is a model the charity has benefitted from hugely. The Innovation Fund has allowed us to grow faster, while providing us with all the right backing that growth requires.

Three years’ worth of investment brought with it the advantages of being able to plan, recruit experienced staff and deliver sustainable programmes with guaranteed funding in place. As a result we have been able to learn, refine and adapt our programme and develop the way we work with schools.

For schools, the Social Impact Bond provided a framework to try a new programme with clear outcomes. With the risk carried by the investor, The Teens and Toddlers programme was given more room to breathe, succeed and prove itself.

While monitoring and evaluation requirements are more rigorous than for other contracts, the learning and skills gained from this experience now drive our approach to performance management and risk analysis. Not only that, we can show that we understand the needs of investors and are able to manage their risk in terms of our capability to manage the contract. We see this work as a pilot for what can be achieved at a local level with low risk to the commissioner.

Overall, with the support of DWP, our investors and Social Finance we have enabled more young people to succeed in school.”
JENNY

PRE PROGRAMME:

Jenny was referred to the project as a result of her low attendance at school, poor achievement record and negative attitude toward both her peers and teaching staff. She had moved to Tameside from Blackpool with her mother, leaving behind her younger siblings and family support network.

PROGRAMME PROVISION:

Initially, Jenny was quite shy within the group which was a change from her usual aggressive behaviour reported at school. As the weeks went on Jenny began to become more vocal in sharing some of her anxieties and concerns, and her peers responded with great empathy and support. It was clear that Jenny had not experienced this before and at times, it was clear that she was overwhelmed.

In the nursery Jenny seemed to really find herself, and soon developed a good relationship with her toddler. She was able to support her toddler in a variety of tasks which earned her very positive feedback from the nursery team.

Whilst on the project, the group had an information session on volunteering opportunities in the area. Jenny took up an offer to work at a local junior youth club.

POST PROJECT:

Jenny went on to achieve 7 GCSE’s, including a C in Maths. She also has recently completed 100 hours of voluntary work with the local junior youth club and is due to receive an award for her hard work at a Pride of Tameside Award Ceremony to be held in December.

---

7 All names have been changed
JANE

PRE-PROGRAMME:

Jane presented chaotic behaviour during initial meetings, including chatting with friends, reluctance to be involved in group activities, disrupting group discussions, a lack of interest in completing file work and, on occasion, leaving the group and influencing other members to leave with her.

It was clear that her behaviour escalated when she was offered assistance. Jane appeared very determined to resist any kind of help and often took the opportunity to assert herself and her control of a situation by refusing to cooperate with staff requests.

PROGRAMME PROVISION:

As the programme progressed, Jane's disruptive behaviours became more settled although she remained unpredictable. When first introduced to the nursery, there was one toddler who paid her particular attention and a very natural relationship between the two of them grew. This was commented on by the QA assessor: it was the toddler who 'chose' the teenager in this case. It was evident that Jane was pleased by this and she began to reciprocate the attention through playing games and drawing pictures. Following the initial nursery sessions, Jane began to pay more attention to her group work.

POST PROGRAMME:

By the end of the programme, Jane appeared more comfortable and was usually able to stay focussed enough to complete work in group sessions. She demonstrated new levels of confidence, commitment and an ability to work within guidelines that had developed during the programme.

Jane gained six GCSEs which included Maths and English. She has now started a programme in Health and Social Care.
HARRY

PRE-PROGRAMME:

Harry presented as a shy member of the group to begin with. Often he would join in with group discussion and then would appear to surprise himself, almost as if he had relaxed and then felt caught out; for example, he might laugh a little and then quickly stop when eye contact was made. Teachers had also made us aware that he had experienced a turbulent time whilst his parents were going through a separation.

PROGRAMME PROVISION:

Although one of the quietest in the group, when it came to activities in pairs or small groups Harry was happy to join in - although usually following another's lead. Early in the programme he shared in his workbook that he lacked confidence. He often talked about his older brother who was at University and was clearly someone he admired. The team encouraged him to share more in discussions and reassured him his contribution was valuable, and soon began to see his confidence levels increasing.

Harry's behaviour was notably differently when taking part in the nursery sessions. The team noted that if the first meeting with him had taken place in nursery, the observation would have been of a resourceful, professional, and confident young man. The observations made here served as an authentic platform for the team to praise him and further increase his confidence and self-esteem.

During group time he began to talk less about his brother and more about himself, his own experiences and opinions and his goal of a career as an early years teacher. In particular, he had the confidence to be realistic about the steps he would need to take to achieve this goal. He also made suggestions about things he could do in his role as a mentor in the nursery, such as bringing in a book to read or playing new games. He questioned what the children were learning in order to benefit his own understanding further.

POST PROGRAMME:

Harry gained 5 GCSEs and is looking to stay on in school to secure a Grade C in Maths in order to gain access to an Apprenticeship in Early Years.
Appendix 1: Social Investment Explained

WHAT IS A SOCIAL IMPACT BOND AND HOW DOES IT WORK?

A Social Impact Bond is a public-private partnership where social investors partner with a delivery organisation to undertake a payment by results contract. In most cases the customer or commissioner of the contract will be government. Many Social Impact Bonds are sponsored by intermediaries like Social Finance that assemble the partnership, win the contract and may act as ongoing contract and performance manager.

In its purest form, the social investors (funders) pay for the whole contract costs and accept all the risk of success/failure while the delivery/performance management organisations are paid as service providers to the Social Impact Bonds. However, there are many variants of Social Impact Bonds which allow the partners to share risk in different ways if they choose.

Social investors typically seek structures that align their financial returns to maximising the social impact.

HOW WAS RISK SHARED?

In this case, social investors took all the risk but paid a small share of surplus to the delivery partners and Social Finance as an incentive to optimise performance. The position of each partner was therefore:

- Adviza and Teens and Toddlers received contracted income agreed in advance against a budget (delivery and overhead recovery) plus a small share of profits above a minimum investor return threshold

- Social Finance acted as sponsor, contract and performance manager and received contracted income against a budget (sponsor’s fee and delivery cost) plus a small share of profits above a minimum investor return threshold

- The social investors took all the risk of bearing Social Impact Bond costs and received all the Social Impact Bond revenues up to their minimum return threshold and most of the surplus thereafter.
HOW SHOULD VALUE FOR MONEY BE JUDGED IN A RATE CARD STRUCTURE?

As with any contract, the value for money test is whether the service and outcomes are delivered to the customer or commissioner at a reasonable price. The Innovation Fund Social Impact Bonds were competitively procured against a set of maximum outcomes tariff value set by DWP. Energise and Teens and Toddlers bid at a significant price discount to maximum values.

HOW DID SOCIAL INVESTORS RECEIVE THEIR RETURN?

The social investors initially funded the Social Impact Bond which was used to pay for the first period of the programmes’ delivery costs. The whole of this investment amount was at risk of loss if the programme had been unsuccessful. As revenues were generated from successful outcomes, these amounts were recycled to fund further delivery. Most of the returns to investors were generated in the latter part of the Social Impact Bond with final payments being made some three and half years after the initial investment.
Appendix 2: About the Partners

SOCIAL FINANCE

Social Finance is a not for profit organisation that works with government, the social sector and the financial community to find new ways of tackling entrenched social problems in the UK. It is a leading social investment adviser and since its establishment in 2007 has mobilised over £100 million of investment for social ventures.

Richard Johnson was the Independent Chair of both the Energise and Teens and Toddlers programmes. He is a Senior Consultant for the World Bank. He previously set up and led Ingeus UK and Serco Welfare to Work. Richard has broad international experience of the commissioning and delivery of outcome-funded contracts.

TEENS AND TODDLERS

Teens and Toddlers was founded in 2001 to address the social exclusion of young people. It is focused on inspiring young people to achieve the skills, qualifications and self-belief they need to succeed in school, work and life.

The five social investors were Bridges Ventures, Impetus PEF, CAF Venturesome, Barrow Cadbury and Esmee Fairbairn.
ADVIZA

Adviza is a charity supporting progression in learning and work particularly for young people.

The six social investors comprise Big Society Capital, the institution set up to grow the UK social investment market, Barrow Cadbury and Esmee Fairbairn, charitable foundations that support innovate social impact programmes and three local stakeholders (Bracknell Forest Homes, Berkshire Community Foundation and Bucks County Council) with an interest to support young people achieve better outcomes.
Acknowledgements

This report was written by Hannah Butler, Jonathan Flory and Rachelle Angeline. We would particularly like to express our appreciation for the pro bono legal support provided to the Energise and Teens and Toddlers programmes from Freshfields Bruckhaus Deringer. We would also like to take the time to thank the programme leads and CEOs from both programmes who kindly shared their experiences and opinions with us.
Disclaimer and Terms of Use

This report is not an offering of any Notes for Sale and is provided by Social Finance solely for information purposes.

Neither Social Finance nor any of their respective affiliates, directors, officers, employees or agents makes any express or implied representation, warranty or undertaking with respect to this Document, and none of them accepts any responsibility or liability as to its accuracy or completeness. Social Finance has not assumed any responsibility for independent verification of the information contained herein or otherwise made available in connection to the Document.

The text in this Document may be reproduced free of charge providing that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Social Finance copyright and the title of the document be specified.
Social Finance is a not-for-profit organisation that partners with government, the social sector and impact investors to find better ways of tackling social problems and improving the lives of people in need.