



Testing the use of social investment to improve outcomes for care leavers: Policy Brief

Please note that this brief aims to outline the policy objectives the Department for Education is looking for projects to respond to in their applications. Whilst it is specific in terms of what the Department for Education is looking for, we are open to different, innovative approaches to how you achieve this.

We are specifically interested to hear from organisations who are looking to develop Social Impact Bonds (SIBs) to support care leavers into education, employment or training (EET). We have outlined below some guidance on what we mean by the term Social Impact Bonds and the areas of particular interest to us.

We are looking to achieve three key objectives in this policy area:

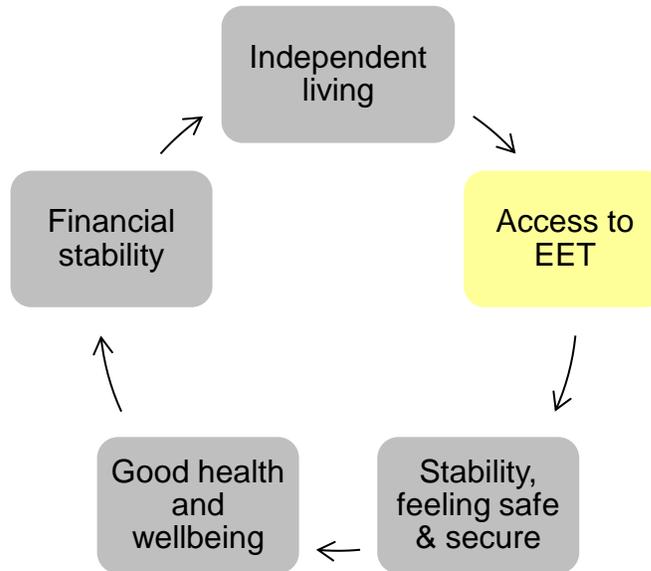
1. Improve outcomes for care leavers, with a central focus on supporting them into education, employment and training;
2. Test new models of and approaches to supporting care leavers; and
3. Develop the capacity of local authorities to effectively meet their new extended duties by taking a different role.

We want to work with you to develop SIBs that work effectively to support care leavers into sustained education, employment or training. This brief sets out the broad parameters that we are interested in and we will set out more detail as we develop the specific outcomes and rate card in partnership with you.

Context

Policy background

In the refreshed cross-government care leaver strategy '**Keep on Caring**' published July 2016, the Department set out five key outcomes that we want for all care leavers. As the diagram sets out, these outcomes are inter-related and an improvement in one area is likely to lead to improved experiences and outcomes in others:



In *Keep on Caring* the government made a commitment to fund Social Impact Bonds, via the Innovation Programme, to support care leavers to participate in sustained education, employment and training (EET). We also think that the use of social investment will support us to build the evidence of what works to support care leavers into EET.

What we mean by SIBs and social investment

Social impact bonds (SIBs) are designed to help reform public service delivery by allowing social delivery providers to participate in 'payment by results' contracts. SIBs can improve the social outcomes of publicly-funded services by making funding conditional on achieving results. Investors fund the delivery of services through the project and then receive payments based on the results achieved by the project. Rather than focusing on inputs or outputs, SIBs are based on achieving pre-defined and measurable social 'outcomes'.

Social investors are investors that provide repayable finance with the expectation of creating both a social and financial return. In the case of a Social Impact Bond this investment provides the working capital for a charity or social enterprise service provider to deliver a payment by results contract. The financial return is directly linked to the achievement of defined outcomes. Social investors can include individual investors, charitable foundations and dedicated impact investment funds.

Rationale for the use of social investment:

We believe that there is significant potential for SIBs to improve the way that care leavers are supported as they make the transition to adulthood and independent living. We want to use a new approach to address a long-standing and intractable problem and to build the evidence of works. We want to work with local commissioners, voluntary, community and social enterprise organisations and social investors to use SIBs to support care leavers' sustained participation in education, employment or training. SIBs will:

- Through the financial mechanism and outcome framework, incentivise and reward positive outcomes;
- Support innovation and the adaptation of practice and services to ensure that positive outcomes are achieved;



- Embed active multi-stakeholder participation;
- Build the evidence base for interventions that work to support care leavers into education, employment and training; and
- Provide value for money.

Previous examples of government commissioned SIBs include the Department for Work and Pensions' Innovation Fund and Youth Engagement Fund and the Department for Communities and Local Government's Fair Chance Fund.

Depaul UK is a national homelessness charity. The 'Fair Chance, Your Chance' programme was designed to support 200 young homeless in Greenwich, Manchester, Oldham and Rochdale into accommodation, education, training and employment.

The programme was commissioned by the Fair Chance Fund in 2015 with upfront social investment provided by Bridges Ventures, Montpelier Foundation and Big Issue Invest.

216 young people have now been referred to the programme, 25% of whom are care leavers. The programme tracks and receives payments for achieving positive employment, accommodation and education outcomes. To date, care leavers are achieving positive outcomes across all outcome areas.

Programme delivery began in 2015 and will continue until December 2017.

Further information on social investment can be found at <http://goodfinance.org.uk/exploring-social-investment> and https://data.gov.uk/sib_knowledge_box/home

What are the challenges we would like to see addressed?

We are interested in proposals that focus on supporting young people leaving care or who have left care and who are Not in Education, Employment or Training (NEET) or at risk of becoming NEET into sustained and appropriate education, employment and training (EET). Data shows that 40% of care leavers aged 19-21 are NEET compared to only 14% of their peers¹. While we recognise that this may in part reflect their challenging pre-care experiences, we want to do more to support these young people into EET.

While the central goal will be to support young care leavers into EET, it will be important that proposals take a wider view and look at other aspects of young people's lives. As the diagram above shows, the other aspects of young people's lives will influence and relate to their ability to achieve and sustain EET. For care leavers, we know that their accommodation situation is particularly important and where a young person is in the wrong accommodation it is likely to be difficult for them to maintain and sustain meaningful EET. In a similar way, it will be important that care leavers can move into education/ training or employment that enables them to sustain accommodation that is working for them.

¹ From DfE SFR on Children Looked After (including adoption) year ending 31 March 2016 - https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/556331/SFR41_2016_Text.pdf



From the workshop we held on 24 November and from our consultations with care leavers when developing *Keep on Caring* we know that there are number of challenges for young people leaving care:

- Many report that leaving care can feel like a 'cliff edge' where support suddenly drops off when they move into independence. Care leavers often say they feel under-prepared for leaving care;
- An overwhelming issue for many care leavers is loneliness and isolation which can have a knock-on effect on their mental health and wellbeing;
- Planning doesn't always start early enough and too often leaving care is seen as an event rather than a gradual process that happens over time; and
- Accommodation is not always suitable or appropriate for care leavers.

The payment by results and SIB approach brings a helpful and rigorous focus on the outcomes achieved for young people. However, we do not want to encourage proposals that simply focus on moving young people into some form of education, training or employment that does not reflect their ambitions or existing qualifications and work experiences.

Which young people do we want to work with?

It will be important that proposals target the right group of care leavers. Many care leavers already go on to employment and education and to lead successful adult lives. They are unlikely to need the specific and additional support that we envisage will be offered through this programme. We want to focus on those young people who are not already on the pathway to achieving sustained EET.

Programmes should support 16-25 year old care leavers who are already NEET or are at risk of becoming NEET as at the date of referral:

- A care leaver is a person who has been in local authority care (for example residential or foster care) for a period of at least 13 weeks or more, or periods amounting in total to 13 weeks or more, since they were age 14, and ending after age 16. A care leaver is generally aged 18 years old or over, although some choose to leave care aged 16 or 17.
- There is no formal definition of a young person who is at risk of becoming NEET. As a group, care leavers are often considered to be at risk of being NEET. In addition, those at risk are likely to have a lack of educational attainment, aspiration, behavioural issues or inability to travel independently. Known risk factors include attending a pupil referral unit, youth offending, low educational outcomes at KS4, history of truancy and SEND.

The SIBs will focus on supporting care leavers or young people in care aged 16-25, but we recognise that this will form part of a continuum of support available to young people leaving care. Where bids intend to work with a younger cohort in addition to those aged 16-25, we will expect local authorities to meet the associated costs and / or outcome payments prior to them meeting this programme's eligibility.

Referrals onto the programme are expected to take place during the first 12 months and that group will be the cohort to work with for the whole programme. We expect programmes to work with 75-100 young people, which may mean multiple local authorities working together.



What are the outcomes we want to achieve?

SIBs are based on a payment by results approach so there are some very specific outcomes that will be directly linked to outcomes payments. We would also like SIB proposals to consider other related measures and outcomes that are important in the lives of young people but will not be linked to payments.

The SIB approach brings a strong focus on the outcomes we want to achieve for young people, rather than the outputs of work or a particular project. The list of outcomes² below sets out the long term impact (yellow) we want funded projects to achieve, the possible outcome measures that indicate the progress the young person makes and the pathway they are on (green), and the initial engagement in the project (blue). The impact and outcomes are grouped under the five areas where we want to see improvements.

Table 1

Resilience	Education and training	Employment	Accommodation	Financial stability
Care leaver has resilience and self-confidence	Care leaver is in sustained EET		Care leaver remains living in suitable accommodation	Care leaver is financially stable
Care leaver can access the mental health support they need	Education or training sustained for full course	Employment sustained for 12 months	Accommodation sustained for 12 months	Care leaver is not in council tax arrears
Care leaver has at least one person providing a consistent supportive relationship	Care leaver achieves level 1 qualification	Employment sustained for 6 months	Care leaver is not in rent arrears	Care leaver is in receipt of the benefits and support they are eligible for
Care leaver feels they have autonomy / control	Care leaver achieves level 2 qualification	Employment sustained for 3 months	Care leaver agrees accommodation is right for them	Income (employment and benefits) covers accommodation and basic living costs
Care leaver feels safe	Care leaver achieves level 3 qualification	Employment sustained for 6 weeks	Care leaver moves into improved accommodation	
	Care leaver achieves enough UCAS points to go on to Higher Education	Volunteering sustained	Care leaver moves into appropriate accommodation	
	Care leaver agrees EET is right for them			
	Care leaver enters education or training	Care leaver enters employment		Care leaver receives relevant information
Care leaver enters programme and inputs into and agrees their plan for progress				

² List of outcomes designed using: *Keep on Caring* and the consultations with care leavers that informed it, sector engagement at the workshop on 24 November, learning from DCLG Fair Chance Fund, DfE strategy for looked after children and care leavers.



All funded projects will be expected to track outcomes for care leavers in each of these five areas. We know that this table is not exhaustive and expect bidders to identify outcomes appropriate to the needs and aspirations of the young people they work with.

What payments will we make?

We will pay for a series of outcomes that reflect those outlined in the table above.

Outcome payments are typically calculated using the estimated saving each outcome generates to the public purse over the short and medium term. In the case of employment and education these savings often accrue to central government in the form of unemployment benefit saved and increased tax receipts received. However, not every outcome can be financially quantified which is why not every outcome is expected to trigger a payment. For example, while resilience and self-confidence is a critical area that all bidders will be expected to track, we would not expect it to trigger a success payment.

We recognise that the level of support required and the associated cost savings may vary according to each care leaver's individual circumstances. This is why we are not yet publishing a set list of outcome payments.

Alongside our own analysis we would like to work with you to develop a rate card that provides a 'menu of options' for proposals to pick from that best reflects the specific cohort and/or local context. We welcome suggestions and proposals to develop a rate card that will best enable projects to support care leavers into sustained and appropriate education, employment and training. We expect to develop London and non-London payment levels.

As a reference point bidders should consider the rate cards used in previous initiatives focused on young people's employability such as the Department for Work and Pensions' Innovation Fund³, the Youth Engagement Fund and the Department for Communities and Local Government's Fair Chance Fund⁴. We think that care leavers who are NEET or are at risk of becoming NEET are likely to need more support than the Innovation Fund cohort but less support than the cohort of homeless people in the Fair Chance Fund. The Innovation Fund focused on supporting disadvantaged young people, or those at risk of disadvantage, aged 14 or over to re-engage with EET as a preventative measure. The Fair Chance Fund focused on supporting homeless people who present a range of complex issues and are likely to need significant support to re-engage.

We expect to cap the maximum level of outcome payments per care leaver between £12,000 and £17,000.

³ Innovation Fund rate card (page 2):

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/212328/hmg_g8_factsheet.pdf

⁴ Fair Chance Fund rate card (page 20):

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/529368/Fair_Chance_Fund_full_bid_specification_archived.pdf



Opportunity and scope

Activity

The primary focus of interventions and core outcomes will be care leavers sustaining employment, education and training. However, we expect proposals to take a more holistic approach and to recognise that care leavers may need support to find suitable accommodation or to build their resilience before achieving education, employment or training. We are interested to see how approaches will support other outcomes, in particular resilience, that we know is important for going on to achieve other positive outcomes. We are also interested in looking at how this support for care leavers aged 16-25 works alongside and after existing support that is available for looked after children and care leavers.

In terms of the details of how any proposal supports care leavers we are open to ideas and suggestions of how to do this. However, there are some elements that we expect to see:

- Proposals should provide additional support to these young people and not simply repackage existing services;
- Proposals should fit and work effectively within the context of existing statutory duties and the support available to care leavers;
- We expect bidders to come to us having identified the particular needs of their target cohort and to develop interventions that enable them to achieve the range of outcomes set out above;
- We want to see evidence of young people's experience and voice contributing to the design of services;
- A logical explanation or clear theory of change that explains how the proposed intervention will deliver the desired outcomes (as set out above); and
- Young people should have been involved in the development of the proposal and are enabled to continue to contribute to the design and delivery of the service.

We recognise that providers focused on supporting care leavers into education, employment and training may not have the relevant links or expertise to support the other outcomes sets out in this brief. We expect local authorities to provide the links and referrals to other non-EET services, and proposals to demonstrate how the SIB will fit with the wider offer from the LA to care leavers.

Bidders

Applications should be made by a lead commissioner. We recognise that developing strong partnerships takes time, therefore at the EOI stage we will not expect these to be fully formed, however we want to know who you expect to work with and the stage of your discussions. Applications with partnership agreements in place between the provider, LA and investor will be given stronger weight.

Given the minimum cohort size, we expect that local authorities will need to act in partnership across multiple areas. We are particularly interested to receive bids which include the 'Opportunity Areas' of Blackpool, Derby, Norwich, Oldham, Scarborough and West Somerset. We are also interested in receiving bids from areas that are planning to pilot Staying Close under this targeted funding opportunity.



Funding

Funding is available for outcomes that are achieved in the financial years 2017/18, 2018/19 and 2019/20. We will also consider proposals where outcomes payments are expected to extend beyond March 2020, but no payments may be accrued or paid by the Innovation Programme after March 2020.

We will consider proposals for the Innovation Programme to:

- act as the sole commissioner for the programme providing outcome payments as we want to use the programme to build the evidence for what works to support care leavers into education, employment or training and to inform future work; and
- act as a co-commissioner where local authorities provide additional outcome payments. We will also consider proposals where other third parties, such as a CCG, LEP or foundation, provide outcome payments.

While we will consider proposals where the outcomes payments are met solely by the Innovation Programme, we are keen to see co-commissioning arrangements.

Where local commissioners wish to receive funding for outcomes that do not relate to supporting care leavers into EET, they should consider applying to the **Life Chances Fund**. Successful applications to the Innovation Programme will not be eligible to also receive funding from the Life Chances Fund.

Support developing proposals

We know that developing proposals and preparing to deliver under a SIB contract requires significant investment by all stakeholders. Proposals that are successful at the EOI stage will be supported to develop full applications through a series of group workshops and individual coaching.

We encourage bidders to use existing resources, including the learning from previous SIB funded initiatives, to inform their programme and partnership design:

- Case studies are available from the Big Lottery Fund's Commissioning Better Outcomes Fund on the development of the Ways to Wellness and Reconnections SIBs⁵.
- The Department for Culture, Media and Sport's Centre for Social Impact Bonds has developed a series of tools and guides for developing SIBs.⁶

Evaluation and monitoring

There will be an evaluation of each theme in the Targeted Funding Opportunity and we will work with successful bidders to develop this. We want to use the evaluation to test what works across the range of projects in each area and in particular evaluate the outcomes achieved for young people through the projects. We also intend to develop qualitative evaluation to understand the views of care leavers participating in the SIB programmes.

⁵ www.biglotteryfund.org.uk/research/social-investment/publications

⁶ https://data.gov.uk/sib_knowledge_box/home



Submission requirements

Applicants should use the detail provided in this brief when completing their EOI to ensure they are addressing the problems and challenges outlined and that their EOI meets the policy objectives for this targeted funding opportunity. In addition, applicants should refer to the Innovation Programme's assessment criteria when completing their EOI which can be found in the '[How to get involved](#)' document.

All applications must be submitted by 3pm, 31st January 2017 to CS.INNOVATIONPROGRAMME@education.gsi.gov.uk using the [EOI form](#) provided alongside this brief.

Please hold in your diary the 20th February 2017 in Manchester for a workshop to develop your solution should your EOI be successful.