

Market Briefing Wrap-Up:

Social impact investment to reduce youth unemployment

9:00am to 12:00pm

10 July 2017

Yuin Room, Level 21, 52 Martin Place Sydney

The following provides a summary of the questions asked at the sessions, and the answers provided. More information is also available on the [slides](#) provided on the day.

Questions and Answers

Can service providers participating in *Smart, Skilled and Hired* also submit a proposal to the social impact investment Request for Proposal (RFP)?

In principle, yes, service providers delivering programs under *Smart, Skilled and Hired* may also submit a social impact investment proposal. However, proponents must clearly demonstrate additionality and difference in the proposed program. The social impact investment proposal should show how it complements and builds upon the *Smart, Skilled and Hired* program and other existing services, or works with a different cohort, or different social issue.

Proposals should also ensure that there would be no duplication in funding, so that the same service would not be funded through both *Smart, Skilled and Hired* and a social impact investment.

Will the \$10 million commitment to a social impact investment in youth unemployment be awarded to a single proposal?

Not necessarily. The allocation of the \$10 million will depend on the nature of the proposals that we receive. The funding may be distributed across multiple proposals, or partially or fully fund payments for one proposal.

We would encourage you to let the innovation and program design determine the funding that is required for the proposal, rather than design the program to the funding allocation.

Is the NSW Government open to other investment models not mentioned today? Are there specific allocations of funding provided for each investment model?

During the market briefing, we briefly discussed various investment models such as payment by results arrangements, social benefit bonds and layered investments. We have not allocated any specific amounts of funding to each of these investment models. We are also open to considering alternative structures not discussed which meet the principles of social impact investment.

Do you consider the payment rates for jobs for different cohorts to be the same?

We understand that some cohorts of youth have complex needs and will require more support, and so appreciate that delivering sustained employment has different costs for different cohorts. High-needs cohorts could generate different levels of cost savings and payment rates than other groups, such as youth who need a helping hand with job training and skills development.

Does the NSW Government have suggestions for what would be considered a strong comparison group?

The most appropriate comparison group would depend on the proposed intervention itself, and may range from measurement against a control group to a robust and recent baseline. We have developed a [Technical guide for outcomes measurement](#) that outlines different measurement methodologies for you to consider.

We encourage you to come to us with your ideas about what measurement framework would work best for your proposed program, and do not expect you to put forward a perfect solution. Strong frameworks can be further co-developed during the Joint Development Phase (JDP).

Is there a preference for large-scale programs?

We are open to receiving proposals for interventions of all sizes.

We do consider whether the scale of an intervention will allow us to achieve good value for money, particularly for small-scale projects where transaction costs may be proportionally larger. As a point of reference, the current NSW social impact investments are expected to support cohort sizes ranging between 400 families to 8,300 individuals. Contract sizes are expected to range from \$12.75 million to \$80 million.

However, we do not expect proposals to achieve scale from Day 1. We are open to proposals which start out on a relatively smaller scale, with a view of ramping up over time.

The Department of Industry is exploring a smaller-scale innovation fund in youth unemployment that would assist with developing small scale interventions. The Office of Social Impact Investment and the Department of Industry are working in partnership over our two programs, to ensure appropriate proposals are shared between these two initiatives.

The presentation referenced primary and secondary outcome measures. With previous investments, have interim outcomes measures been used?

With the investments that have been developed so far, there is typically a primary outcome metric that performance is measured against. However, we understand that it takes time before some outcomes are realised, and some outcomes will be measured through a proxy. So with some of our investments, we measure different types of outcomes, and there could be interim milestones which are measured prior to the primary outcome metric being achieved.

How will the NSW Government assess the value-for-money of a proposal when cost savings will primarily accrue to the Commonwealth?

We acknowledge that the economic benefits from reducing youth unemployment would largely accrue to the Commonwealth in the first instance. However, the NSW Government also recognises that there are benefits that will be realised by the State in the long-term. This includes for example, decreased demand for acute hospital and mental health services, and reduced interactions with the justice system.

As such, we understand that youth unemployment is a complex policy issue which affects different levels of Government, and thus we will need to consider both Commonwealth and State benefits. However, our priority will be on the benefits that will be generated for NSW.

Have these cost savings to the NSW Government been quantified?

No, not at this stage. This is because the cost savings would depend on the specific outcomes and cohort your proposal seeks to address. Since different proposals will focus on different cohorts and outcomes, it is difficult for us to provide definitive data on potential savings at this point in time.

If your proposal is successful in progressing to the Joint Development Phase, we will have data, including from our current investments, that can be drawn upon to inform this analysis.

Will OSII be publishing unit costs related to youth unemployment?

The RFP document will include an appendix with information about youth unemployment in NSW, which would be a useful starting point for developing your proposal. At this stage, it would be difficult for us to provide more specific data as there are many different cohorts each provider may choose to focus on. Access to more detailed data will be available during the Joint Development Phase.


Will OSII be providing baseline costs and other information on current Government youth unemployment programs, from which we can demonstrate additionality?

The RFP document will provide an overview of some youth unemployment programs that are currently being administered at the State and Commonwealth level. As previously mentioned, it would be difficult for us to provide specific baseline data given the many different cohorts that your proposals may seek to support.

Given your frontline experience, we encourage service providers to put forward proposals in areas where you think there are service provision gaps and could benefit from additional services.

Given the difficulty in obtaining data, how much 'wriggle room' is there in our proposals?

We acknowledge that the data sources you use may be imperfect, so please state your assumptions where you can.



Ultimately, we are looking for ideas with very strong potential for social impact investment, which can be further co-designed during the Joint Development Phase.

Is the NSW Government open to proposals seeking to address issues other than youth unemployment?

Yes, the RFP will be open to all policy areas and we welcome interventions that seek to address other social issues. The Premier's and State priorities are a good guide to some of the policy areas that are a major concern for Government.

Can proponents submit more than one proposal?

Yes, you may submit more than one proposal. Any conflicts should be clearly disclosed in your submission.

With regards to the EY case study, the data informing the outcomes of the program was collected ex-post. How would you go about developing a baseline a-priori?

There are some assessment tools that can be used. For example, you can look into how other similar programs are running both domestically and internationally. There is now an increasing body of evidence on how other organisations have designed their programs and the outcomes that have been achieved.

With regards to the EY case study, there are many fixed costs in the justice system. How did EY attribute the cost savings in the justice system to the Save the Children program?

The study used data from the Productivity Commission's Report on Government Services for an estimate of the short-term cost savings to the justice system, such as decreased interactions with the police. The study did not attempt to estimate the long-term cost savings, such as closing down a facility and instead focused on short to medium-cost savings which could be estimated more robustly.

