



Driving Impact

Helping charities
transform the lives
of disadvantaged
young people

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Impetus – The Private Equity Foundation (Impetus-PEF)

transforms the lives of 11–24 year olds from disadvantaged backgrounds by ensuring they get the support to succeed in education, find and keep jobs, and achieve their potential. We do this by finding the most promising charities and social enterprises that work with these children and young people.

We help them become highly effective organisations that transform lives; then we help them expand significantly so as to dramatically increase the number of young people they serve.

Foreword

Social impact is a bit like dieting. Losing weight and staying healthy is easy, all you have to do is eat sensibly and exercise more. Except, of course, it isn't easy at all. If it was, gyms wouldn't make all their money from over-optimistic New Year's resolutions.

And so it is with 'impact'. Everyone is talking about it and it sounds so simple: have a strategy, keep learning and improving, have clear accountability, manage your money and so on. It's easy to say but it's incredibly tough to do, which is why we've written this report to share what we've learned from our work helping charities increase their impact on the lives of disadvantaged young people and from our efforts to increase our own impact.

A serious focus on impact is tough for any organisation because it means focusing on the hard questions, the ones that keep charity CEOs up at night: Do my programmes really work? How can I make them work better? How do I secure our financial future? Who should we work with?

It's tough because no matter how committed we are and no matter how much we care about the people we're trying to serve, measurement and accountability can feel scary and threatening.

It's tough because taking impact seriously often means stopping or changing interventions that you've been doing for years and which staff, volunteers, supporters and trustees are deeply attached to.

And, like the dieting, it's tough because it doesn't stop. You never get to say 'OK, that's impact sorted, what's next?' As the great cyclist Greg LeMond said of his training, 'it doesn't get easier, you just go faster'.

So, if focusing on impact isn't hurting, at least the brains of your leadership team, it probably isn't working. Our own journey to focusing on impact has been painful too. But the great news is that it's worth the pain. As one of our charity partner CEOs said to me recently; "It turned out that although we had great data and great outcomes, they weren't great enough. Focusing on impact means we will get young people on our programmes into work faster, staying there for longer and progressing further."

We don't claim to have all the answers on impact – we're learning all the time. But if you work for, fund, or commission charities and social enterprises to deliver impact, you're not alone. I hope there's something in this report that you find useful. Please tell us if there is. And please tell us if there isn't. We'd love to hear what you think.



Andy Ratcliffe
Chief Executive Officer,
Impetus – The Private Equity
Foundation

Introduction

Impetus Trust and The Private Equity Foundation (PEF), originally established in 2002 and 2006 respectively, set themselves similar aims and took similar approaches.

The goal of both organisations was essentially to ‘partner for scale-up’. This meant finding high-calibre charities and social enterprises with ambitions for growth, and then working with these organisations to strengthen and expand them. PEF always focussed on supporting charities helping disadvantaged young people into work, whilst Impetus Trust was more varied, ranging from reoffending to early years provision.

Both Impetus Trust and PEF deployed a ‘venture philanthropy’ model, providing their charity partners with a support package that complemented grant funding with management support and with pro bono project expertise supplied by world-class business professionals.

Over their pre-merger existence, the two organisations partnered with 45 charities, providing them with £58.6 million worth of support; this comprised £24.5 million (42%) in grant funding, £22.7 million (39%) in pro bono expertise and £11.4 million (19%) in management support from their investment professionals.

The charities that both organisations worked with did grow – Impetus Trust’s portfolio reported steady year-on-year growth in both the number of beneficiaries reached and in turnover. This was no easy accomplishment: it was achieved mid-recession, when many charities were struggling and experiencing a decrease in their income.

Both Impetus Trust’s and PEF’s track records and achievements earned them wider recognition. In 2011, Impetus Trust was chosen with The Sutton Trust to co-manage the new Education Endowment Fund (EEF).

Created with a £125 million grant from the Department for Education, its aim is to improve educational achievement among disadvantaged young people. Likewise, PEF (through its incubated charity ThinkForward) was entrusted by the Department of Work and Pensions in 2011 with managing the first-ever social impact bond, designed to improve outcomes for young people not in education, employment or training (NEET).

Despite these successes, both Impetus Trust and PEF had begun to question if this was enough. We both wanted to understand whether even well-run charities were as effective as they could be in delivering real and lasting change for their beneficiaries.

The merger and the formation of Impetus-PEF in 2013 was an opportunity to consider what we had achieved as two separate organisations and to define what we wanted to achieve together. Our objective was clearly to make the greatest possible impact on the lives of specific groups of disadvantaged people. But could we deploy our resources in a more effective way, so that our charity partners could maximise their impact rather than simply grow?

After examining our work in depth, we concluded that:

- We needed greater clarity on the kind of impact we wanted to achieve and on how to manage for impact
- The questions we normally asked our charity partners about impact needed to probe more deeply, and our analysis of their answers needed to be more rigorous
- We needed to devote a higher proportion of our resources to the maximisation of impact and impact management.

Our theory of change: impact first, then scale

Determined to learn from the best practice available, we were assisted in our theory of change process by Dr David EK Hunter, a highly respected and experienced consultant specialising in social impact in the US. Putting in place the building blocks of our own impact strategy was challenging: we had to decide to stop work in areas where we had had success, and which we felt passionate about. It also meant becoming accountable for outcomes which we felt would be more difficult to achieve, but more worthwhile. Difficult decisions like these are an essential part of a successful theory of change – and ours was ultimately clarifying and rewarding.

It resulted in us narrowing our focus and investing our resources into only one area of social need – educational and employment outcomes for disadvantaged young people. We also decided that our unique contribution would be to help our charity partners become more effective at delivering life-changing outcomes for the young people they help.

Decisions from our theory of change workshops

- We are working to improve the educational and employment outcomes of young people aged 11 and 24, and living in economic disadvantage in the UK
- We will reach these young people through supporting charities that work with them
- We will first concentrate on improving these organisations' ability to make an impact in the lives of these young people
- Only when we are confident that an organisation is reliably making an impact for the majority of the young people it serves, will we dedicate our resources to dramatically growing theirs.

Further reading:

- *Leap of Reason*, Mario Morino, 2011
- *Working Hard and Working Well*, David EK Hunter, 2013

"You helped us reach more people" said charity partners

In an independent survey conducted jointly by Bain & Co and Noah Isserman (a Gates Scholar at Cambridge University at the time of the merger), charity partners were asked to name the specific capabilities that Impetus Trust or PEF had most helped them develop. The top two capabilities named were:

- (i) the ability to reach more beneficiaries, and
- (ii) leadership skills.

Impact, by our definition, is the meaningful, lasting change in a young person's life which can be attributed to a specific intervention.

By 'meaningful', we mean that it has a transformative, proven impact on a person's wealth, health or wellbeing across a long period of time. By 'lasting' we mean that the effect can be seen to endure over a significant amount of time, long after the programme.

What makes an impactful organisation?

We believe that to be an impactful, or high-performing organisation, impact cannot come simply from applying a formula – the mind-set of the people who work in an organisation is the essential component and has to be driven and embodied by the leadership.

Having studied high-performing charities¹ – as we have done both in the UK and in the US – we have identified four core characteristics they have in common:



01 An **impact strategy** that reflects a clear and consistent set of choices about who they will serve, to what end, and how they will do this. These choices lead an organisation to build programmes that draw on the existing evidence base to stand a good chance of being impactful. However, they also provide them with a ‘North Star’ – a constant benchmark by which they can judge whether they are succeeding at this.



02 Place continuous **learning and improvement** at the heart of the organisation. This is sometimes known as ‘performance management’, and is the process by which an organisation identifies and collects the data which reveals whether:

- (i) an individual young person is on track to get to the outcomes intended, and if not, what action can be taken to get them back on track
- (ii) the programme as a whole is succeeding in getting young people to the outcomes intended and how it can be improved in the next iteration.



03 Drive collective **accountability** for outcomes from the Board of trustees to the front line. The board hold the management accountable for continually improving the outcomes for all the young people they serve, and management hold the frontline staff accountable for the outcomes of the individual young people with whom they work. This accountability is reciprocal – management is accountable for providing the frontline with the support, resources, and space to innovate and move every young person to the intended outcomes.



04 Leverage their impact strategy for **fundraising success**, using their clear focus and robust data to identify potential funders, articulate their value proposition and supply evidence of continuous improvement in producing meaningful outcomes.



05 Deploy their resources for both impact and **sustainability**. The budget supports activities with the greatest chance of producing impact and operates at margins that allow the organisation to build reserves and survive unforeseen events. When the organisation plans to grow, it takes into account the dangers to impact that this can pose and acts to mitigate these risks.

Some of these characteristics have received considerable focus in recent years, with the UK government funding organisational sustainability within the social sector, and consultancies developing expertise in this area, as well as in improving leadership and governance.

There is also a growing emphasis on the importance of using evidence-based programmes, or at least elements of such. However, there has been very little attention or resources given to building consistent impact strategies, aligning an organisation’s activities around them, or using performance management to operationalise these strategies. **This is a gap that we believe urgently needs filling.**

Reference

¹ Organisations in the US include ROCA, Centre for Employment Opportunities, Good Shepherd Services, and Our Piece of the Pie.



Our Driving Impact approach

Our approach today is 'impact first, then scale', and the programme we deliver to charity partners is 'Driving Impact'.

At Impetus-PEF we work with our charity partners to make them more effective; to enable them to help many more disadvantaged young people. We continue to support the charity's growth in scale – but only where there is clear evidence that the charity is producing transformative outcomes for the vast majority of the young people it serves.

On the following pages, we outline the steps we take our charity partners through on this journey and the key factors to consider when building a high-performing organisation.

How we drive impact

Where we work

We had a strong track record of working with charities supporting young people to achieve educational success and a secure entry to employment. In addition, the available evidence led us to conclude that these outcomes were most meaningful (in terms of having the strongest claim to lift these young people out of poverty over the long-term) for disadvantaged young people. This has resulted in programmes in the areas of educational attainment and employability skills, centred on specific, investable outcomes. We seek to work with organisations that we believe can help disadvantaged young people to reach these outcomes.

How we work

We don't work directly with disadvantaged young people – instead we seek to improve their educational and employment outcomes through supporting high-potential charities who work with them. We deliver our Driving Impact programme of support which focusses on making these charities high-performing; with strong leadership, organisational sustainability, effective programmes and robust performance management – so that they get all the young people they serve to transformative outcomes. When they are able to consistently produce these outcomes, we then focus on scaling these organisations so they can have a truly national reach.

The charities we work with are our partners in this. Impetus-PEF provides support, challenge, expertise and funding as part of our Driving Impact programme, but it is the leadership and the staff of the charities who make the commitment to embedding the changes that aligning activities with impact implies.

The high-performing organisations we have visited in the US describe this as a decade-long process which includes:

- Defining the building blocks of performance management (covered on page 12)
- Aligning delivery with these building blocks
- Implementing performance management, including software and staff training
- Embedding, testing, and refining tactical and strategic performance management
- Participating in formative evaluation which provides an impartial judgment on how well the organisation is delivering against its building blocks
- Participating in a summative evaluation that provides the most definitive answer to which outcomes are being created for young people, and whether they can be attributed to the organisation.

Impetus-PEF commits to providing support and resource throughout this evolution for organisations that also commit and stay on track.

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How the partnership works

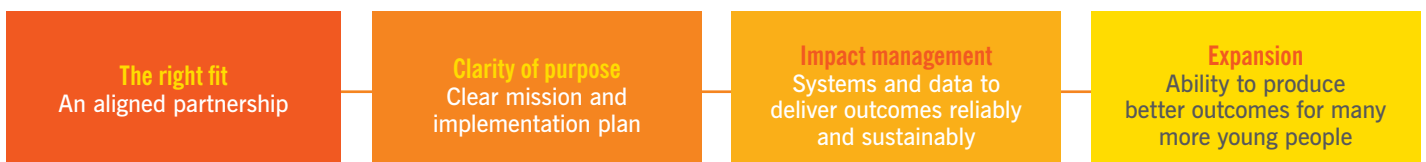
Getting to a place where an organisation can feel confident that it is reliably producing impact takes time. As we show in the following chapter, simply having an 'outcomes focus' is not enough.

Setting new criteria and measures of success for the young people you set out to help, putting them in place, and then creating, implementing, and testing the performance management feedback loops that allow an organisation to manage for outcomes is not something that happens in six months. Our partnership process, end to end, is likely to take more than six years.

What Impetus-PEF does during each phase



What the charity gains from each phase



What we bring to our charity partners

There are four elements to the support and resource that we provide to our charity partners:

01 In-house management support

We provide hands-on management support to the Chief Executive and senior management team of our charity partner, through our highly experienced, in-house investment team. Impetus-PEF investment team members each bring substantial management consulting, financial and voluntary sector experience, and their weekly support spans the entire period that we partner with a charity. These investment directors deliver our Driving Impact programme to our partner charities through the four investment phases outlined left.

The relationship focuses largely on the Driving Impact programme, but also encompasses all aspects of the partner organisation, including financial stability. The Investment Director aims to work one day a week on each of their partner charities and may have up to 100+ hours of contact time with the leadership of each organisation every year.

Honesty is a crucial component of the relationship between an Investment Director and the CEO of a charity partner, and this can only flourish where there is a high-level of trust, which takes time to build.

The team

- Team of seven Investment Directors, each with 15–20 years of experience in private, public and social sectors

How we support charities

- Source and recommend investments
- Work closely with charity CEO, SMT and Board
- Facilitate Driving Impact workshop during Focus Phase
- Support implementation planning
- Guide evaluation planning
- Build leadership capacity
- Scope and coordinate partner support
- Assess charity progress.

Building trust – an Investment Director's perspective

“Building trust is hard work; it has to be earned and it can take time. We cannot and should not take it for granted. Such is the sector legacy of “dressing up the story” for funders – that however much we think it’s easy, most CEOs will not be comfortable for a while sharing the things about which they are anxious or failing.

“Trust is key because it provides the platform for us to challenge them at every stage. Ask the CEOs what they value most and they often say – it is the monthly meeting where they are subjected to rigorous and constructive challenge and questioning that they don’t get elsewhere.”

Amelia Sussman
Investment Director

Honesty is a crucial component of the relationship between an Investment Director and the CEO of a charity partner [...]

02 Pro bono expert network

We have built a pool of highly skilled experts, who volunteer their skills to our charity partners and social enterprises, and focus on developing their sustainability and leadership in particular. This pool currently numbers some 400 individuals and 60 organisations, including world-class management consulting and professional service firms.

Our investment team identifies the most critical needs of our portfolio charities and then sources highly skilled volunteers from our extensive pro bono network to share their talent on strategic projects. Professionals contributing their skills can make a real difference to a charity – helping the organisation to develop its business plan, strategic review, financial systems, leadership coaching, fundraising strategy, and IT systems.

The pro bono associate, partner organisation and Investment Director agree the brief before the project starts – and the ongoing relationship between the three parties ensures that the results of the project go on to be implemented and impactful.

In 2014, firms and individuals in our pro bono network donated over 10,000 hours to 150 projects for our charity partners – and we aim to grow this amount every year.

03 Strategic grant funding

We provide core funding to our charities and social enterprises so they can improve their effectiveness and build their capacity. The initial funding is for a year, but after this milestone is successfully passed, multi-year agreements are made. This funding is linked to the organisation meeting pre-agreed milestones, which are tracked on a quarterly basis. In the initial stages of the programme, the funding allows the leadership to focus on understanding their current impact and deciding on the changes they will need to make if they are to improve. Later, the funding helps to actually meet the costs of implementing, testing and evaluating these changes. Finally, funding will allow charities to meet and overcome the challenges of scaling their organisation.

Example projects

Strategy

- Growth strategy
- Business planning
- Marketing strategy

Finance

- Financial processes and systems
- Financial modelling tools
- Financial reporting

Legal

- Contract reviews
- Drafting partnership agreements
- IP advice and review
- Employment legal support

Coaching/mentoring

- SMT coaching
- Business mentoring

Example partners

BAIN & COMPANY

OC&C Strategy Consultants

eden mccallum

pwc

KPMG

Deloitte

KIRKLAND & ELLIS

CLIFFORD CHANCE

Weil

MACFARLANES

YSC

MERRYCK & CO
LEADERSHIP ACCELERATED

The Worshipful Company of Management Consultants

04 Methods and tools

We have developed a number of proprietary methods and tools to be better able to support our charity partners throughout the different phases of our Driving Impact approach.

Facilitating decisions

- Driving Impact workshop during Focus phase to produce a blueprint for the organisation's impact goals and model.

Helping develop implementation plans

- Templates for three year change roadmap
- Tools for developing action plans
- Guide and training for assessing risks and driving change.

Guiding evaluation planning

- Path to evidence
- Tools for identifying appropriate evaluation method and for developing multi-year evaluation plans.

Assessing charities' progress

- Framework based on five impact performance pillars to assess charity's progress – used to tailor our support and a basis for investment decisions.

How Impetus-PEF helps Resurgo to drive impact

Jo Rice, Managing Director, Resurgo

It is embarrassing to say it now, but when we became an Impetus-PEF charity partner back in 2009, we did it for the money. Seven years later though, we have discovered that it has been the non-financial investment that has been more valuable to us than money ever could have been.

When we first started, it was widely assumed that if we tightened up a young person's CV, gave them some interview training and put them in front of the right opportunity, all would be well. In fact, we soon discovered that the major barriers to employment for this group of young people lay elsewhere; in issues around their attitude, social behaviour and particularly their misunderstanding of the hidden rules of the working world.

So on our Spear programme, we tackle the crunchy subjects head on. Things like the victim mentality, entitlement and welfare dependency. Our coaching model enables us to address these issues without being patronising and seems to give us permission to challenge as much as we encourage. We see our role as that of the 'critical friend'.

We were ready and open to being subject to the same challenge, albeit with different topics, when the Impetus-PEF team proposed putting us through their 'Driving Impact' workshops.

It turned out that, although we had great data and great outcomes, they weren't great enough. We felt the challenge keenly.

The overarching challenge was – do we run a course for young people or do we get disadvantaged young people into work?

The distinction is subtle but was hugely significant and addressing that distinction led to a 27 page document of changes for us to make over the next three to five years that would ensure that we really were delivering on our mission. I had no idea where to start.


But our Impetus-PEF Investment Director made sure we committed to our internal weekly meetings to keep us on track and showed us that we weren't approaching this alone. They also matched us up with some exceptional pro bono volunteers. People who knew just how to help us turn the intimidating commitment ahead into achievable, clear goals. Along with Impetus-PEF, our pro bono team at PWC became our own 'critical friends' in our path to becoming the highly effective and impact-focused organisation we wanted to be.

Their support is going to mean:

- We will work with more young people – our annual numbers will grow from 720 to over a thousand in the next three years
- We will deliver a better programme – extending our programme from six weeks by offering a year of ongoing progression coaching and placing young people directly into jobs through our employer partnerships
- We will have better data – that will help us drive the future operational changes of the programme.

And most significantly, we will have higher outcomes – where young people will get into work faster, stay there for longer and progress further.



 **The
building
blocks**

**of an impact strategy and
performance management**

Robust performance management relies on collecting the data you need, to know whether you are having the impact you intend, in real time.

Collecting the wrong data will give you the wrong information and you won't be able to act on it in a way that will increase your impact.

Identifying the data you need can only come after you have put the building blocks of your impact strategy and thus of your performance management, in place.

These building blocks speak directly to the deeply felt reasons people work with and for young people.

During the first stage of our partnership with a charity, called 'Focus' phase, we coach our charity partners through defining and refining these building blocks. This is the first, crucial step to high-performance.

Mission

Why the charity exists and what social inequalities it aims to reduce

Target population

The young people it serves expressed as a set of enrolment criteria

Outcomes

Long-term: the enduring benefits for a young person. Intermediate/Short-term: indicators of progress during a programme or at its end

Programme design

Who does what, when, how often, for how long to achieve these outcomes

Performance management

How performance is managed to ensure every young person progresses towards these outcomes

Mission

A mission statement is an operational anchor for everything an organisation does. It should address the following as unambiguously as possible:

- **The who:** the group(s) of young people the organisation will serve
- **The what:** the change the organisation pledges to make for these young people
- **The how:** a high-level description of how the organisation plans to make this change.

A mission that meets this criteria can be used to identify and avoid new opportunities which will lead an organisation off-course and dilute its chances of making an impact. It communicates a clear value-proposition to funders and partners. It also provides the basis for a strong and highly-motivating, organisational culture, where everyone understands who and what they are working for and how to tell if they are succeeding or not.

Below are some examples from organisations that Impetus-PEF has worked with, showing their mission as it was when we met them and how they went on to change it.

Already increased accountability can be seen – when a mission is reframed to address *the who*, *the what*, and *the how*, it starts to become much more evident whether an organisation is on or off course to achieve its ambitions.

Some of our charity partners – how their missions changed:

Old mission	New mission
To tackle educational disadvantage by making the benefits of tuition more widely accessible, to enable more young people to reach their potential in life, regardless of background.	To support young people facing socio-economic disadvantage to achieve a meaningful level of academic attainment, with a view to enabling them to go on to further education, employment or training. We do this by partnering high quality volunteer tutors with pupils to increase their subject knowledge, confidence and study skills.
To combat educational inequality by using volunteer tutors to help motivated students access top universities.	To provide personalised tuition and application support to students from disadvantaged backgrounds with potential, to access top universities.
To identify and provide a network of tailored support to disadvantaged young people so they can thrive in work and life.	To ensure that young people who are disengaged from or underperforming at school receive the individualised support they need so that they transition successfully into higher education or sustained employment.
To provide coaching services to increase sustainable employment for young people.	To inspire and help unemployed young people to overcome disadvantage to enter and sustain employment or succeed in education.

Target population

Whilst the mission statement includes a high-level definition of the young people an organisation intends to serve – for example ‘young people who are unemployed’, or ‘young people at risk of educational failure’ – a much tighter definition is required for an organisation to be effective in managing enrolment onto a programme and in developing a programme that is fit to serve those that it enrolls.

Coming up with a full definition leads an organisation to decisions – about who it will and will not enrol and serve. These can be difficult, often emotional, decisions. However, selectivity is essential to become high performing – it is not possible for an organisation to serve equally well (or well at all) young people with very varying needs. In practice, selectivity means answering:

➤ Which young people will get to the outcomes without your help?

Some young people will reach the outcomes the organisation is aiming for without the organisation’s help. The implications of enrolling this group are two-fold: firstly, robust evaluation will reveal that the organisation cannot attribute the young people’s outcomes to their efforts, thus undermining their claim to impact. Secondly, and more seriously, it deprives someone in real need of the service from receiving help.

➤ Who is your organisation serving without being fit to do so?

Some young people have needs too complex or severe for the organisation to stand a chance of helping them. Again, enrolling these young people undermines an organisation’s chances of making impact, and means others who could be helped are deprived of a place. In addition, the organisation is making a promise to a young person that it cannot fulfil, which is just as bad.

Below are examples from organisations that Impetus-PEF has worked with, showing their target population as it was defined when we met them, and how they went on to change it.

Some of our charity partners – how their target populations changed:

Old target population definition	New target population definition
16–24 year old NEETS.	16–24 year old NEETS, English-speaking, plus one or more disadvantage indicators including: previously FSM, social housing, criminal record, low attainment, young carer, multi-generational unemployment. Exclusion criteria also apply, including non-English speaking.
Young people most at risk of becoming NEET (as defined by school).	Student enrolment: predominantly (up to 100%) students from low income backgrounds, with potential to reach a top third university but gap requires support from the organisation. In schools with a low top 3 rd access track record for disadvantaged students, limited access provision and with clear alignment with organisational mission.
‘High potential’ students in schools with large FSM population.	Aged 14–19 in a school with high FSM and high previous NEET destinations, plus two or more disadvantage factors including: eligible for FSM, low academic attainment, attendance, poor behaviour, other defined risk factors (including carer status, or family history of unemployment).

As these examples show, an organisation's target population definition should be detailed. Without this detail, an organisation can easily lose control of who it is enrolling, which undermines a central plank of its impact strategy and thus of its chances of making impact.

Sometimes there are good reasons to enrol young people outside of your target population, for example, to normalise the programme and avoid stigmatisation of the target population. The young people enrolled, but outside of the organisation's 'target population', are known as the 'service population'. The proportion of service population in a programme must be capped at an upper limit. Too much organisational resource expended on service population reduces the value being created to society.

A target population definition should be directly informed by the charity's experience of who they are best at serving – knowledge which is often held by the frontline staff, but rarely explicitly drawn out. This should be tested against available evidence. As more insights appear from performance management data the definition can be refined. Organisations that are focused on impact are not afraid to define whom they serve effectively and who would be better served by other programmes.

Outcomes

Next, an organisation needs to go into more detail about the outcomes in its mission statement. Organisations should decide for themselves the outcomes they want to be accountable for producing. These decisions provide the detail by which an organisation will judge whether it is succeeding or failing, and alter its actions accordingly.

The challenge in setting the long-term outcome is ensuring that it is meaningful for your target population, whilst at the same time being achievable for your organisation. For a youth employment charity, it is meaningful to get young people into employment that is sustained ten years later, but would it be realistic to hold one organisation accountable for that – or even to commit to routinely following up beneficiaries for a decade after the programme ends? On the other hand, sustaining a job for six weeks is too short to feel any confidence that the result will stick and that life-long employment is now more likely to follow than not.

It is down to an organisation as to where they set the bar for long-term outcomes, however, setting them too low lets down young people and deprives the organisation of ever being sure of whether they are making an impact.

The high-performing charity will aim towards three types of outcomes, as follows:

➤ **Long-term outcomes** are the ultimate value that an organisation is trying to create for young people and it is the lasting effect of a charity's work (e.g. sustained employment). The impact of a high performing charity is in its long-term outcomes – they are assessed at some point after a young person has left a programme and show that the organisation's effect on a young person's life endured in a meaningful way.

➤ **End of programme outcomes** are the outcomes that must be achieved for a young person to successfully complete the programme. In deciding on the end of programme outcomes, an organisation must consider which achievements create the conditions which would lead them to feel confident that the young people they serve are likely to go on to reach the long-term outcomes above. For example, if your long-term outcome is 18 months of sustained employment, should your end of programme outcome for a young person be their starting a job, or should you maintain support until they've been in it a month and you've helped them weather those tricky first weeks?

The challenge in setting the long-term outcome is ensuring that it is meaningful for your target population, whilst at the same time being achievable for your organisation

➤ **Short-term outcomes** are those outcomes which represent incremental progress made throughout the programme, and who culminate in the outcomes achieved at the end of the programme. They may include completion of programme elements and improvements in attainment, behaviour or skills. They often include improvements in confidence, motivation and resilience. To effectively monitor and understand these outcomes, an organisation can use scales or ladders of progression, as well as yes/no questions. Such scales allow frontline staff to see, understand, and act on the small progressions made day-to-day and week-by-week. This allows for a deeper, more granular understanding of what is contributing to success, and allows for each young person to receive comprehensive support.

In this way, the outcomes framework lays the foundations for performance management, and continuous improvement. Neither 'end of programme' outcomes, nor short-term outcomes are set in stone. Both may need to be adjusted over time, as data is gathered that shows at which point young people are able to move on within the programme, or at which point they are flourishing with no need for further support.

Below are some examples from organisations that Impetus-PEF has worked with, showing their long-term outcomes as they were defined when we met them, and how they went on to change them.

Short-term outcomes are nearly always bespoke to an individual programme.

They need to reflect the progress young people should be making after participating in different components of a programme. Frontline staff can then track this progress at an individual level and course-correct where progress is not being made.

Short-term outcomes: examples

- Enabling school engagement (measured by absence of exclusions etc.), school attendance, academic achievement, improved work-readiness.
- Self-efficacy, self-presentation, effective communication, participation, self-management, ability to carry out job searches.
- Mastery of topics required to achieve a C at GCSE. Ladders (scales) that count numbers of topics and total that have been mastered.

Some of our charity partners – how their outcomes changed:

Old long-term outcomes	New long-term outcomes
In education, training or employment (loosely defined) 12 months after the end of the programme.	Sustained <i>full-time</i> employment (defined) or succeeding in <i>full-time</i> education (defined) or sustaining <i>part-time</i> employment and succeeding in <i>part-time</i> education – check-in at three, six, nine and 12 months after leaving the programme.
Getting a job (16 hours a week plus) or getting into higher education at the end of the programme.	In sustained employment (more than 12 months out of the past 18 months and 24 hours per week) or in higher education – on a course of at least two years in length, at Level 4 or higher.
C grade in English or maths GCSE.	Five A*-C grades at GCSE, including English and maths.
Securing a place at a top third university.	<i>Enrolment</i> at a top third university.

Programme design

Once an organisation has clarified who they will serve and which outcomes they will aim to produce for them, they must consider whether the programmes they currently operate are likely to get them there. There are several key questions to answer:

- **What will you deliver?**
- **What competences are needed by those who will deliver it?**
- **How frequently will it be delivered?**
- **How long will the programme last in total?**
- **When and how will it be delivered?**

Codifying – which at its most basic, simply means writing down – the answers to these questions is crucial for an organisation that is committed to driving impact for every young person it serves. Without the shared understanding of what is to be delivered, different young people will receive different services without this being recorded. It will then be very difficult to understand what drove differing outcomes and thus to replicate the positive ones.

When coming up with the answers, an organisation must constantly ask itself, ‘Is this enough to get our target population to our outcomes?’ Considerations about cost and practicality cannot be ignored of course. However, is an affordable but only patchily effective programme for 1,000 young people better than one which much more reliably produces meaningful outcomes for 500? Is the latter likely to represent greater ‘value for money’?

Another important advantage of a codified programme design is that it allows an organisation to credibly articulate its value proposition to funders and commissioners – explaining how each of its programme elements aims to tackle a specific barrier faced by the young people in its target population.

Programme change: examples

- A GCSE tutoring programme changed its course duration from eight sessions to up to 20, depending on pupil progress and need.
- An education organisation changed the university application support element from variable and ad hoc to codified and universal.
- A school-to-work support programme reduced the caseload of its coaches by half.
- A youth employment programme changed its course duration from six weeks with ad hoc follow up to 12 months with support after the job start.

Sources of evidence on effective programme design for young people

- Ready For Work
Impetus-PEF
- Teaching & Learning Toolkit
Education Endowment Foundation
- The Early Intervention Foundation Guidebook
- Child Trends Databank
- MDRC

Performance management and accountability

Performance management rests on these four building blocks – clear definitions of the mission, target population, outcomes and programme designs. They allow an organisation to see which data sets it needs to collect, track and act on. They give every member of staff, from frontline to board, a clear understanding of what success looks like – and failure:

- Did they reach the right people?
 - How many of their beneficiaries were in their target population?
- Is the programme delivered with fidelity – that is to say, as codified in the building blocks – everywhere it is delivered?
- Did those young people succeed on the programme?
 - How many of them dropped out of the programme?
 - How many achieved the end-of-programme outcome?
- Did the programme produce a meaningful lasting change for young people?
 - How many sustained that outcome after the charity's support was no longer there?

An accountable organisation wants to avoid failing any young person it serves. Without performance management it is impossible to see failures before they happen – and thus impossible to prevent them. High-performing organisations seek to make visible, understand, and act on the progress of young people as it is occurring, and use the information to drive change and continuous improvement.

So what does data-driven decision-making and accountability look like in detail? At the level of the frontline, it looks like knowing where every young person is on the programme and whether they are making expected progress. Where a negative, or no, effect can be seen, action is taken.

Creating this feedback loop always involves the systematic collection of data by frontline staff and constant reflection on what the data is telling them about individual young people's progress towards outcomes, and what changes could be made if they are off course.

We call this tactical performance management.

'Katie has missed two sessions now – and both on Wednesday afternoons. I know she has caring responsibilities some afternoons, I'll give her a call and see if this time doesn't work anymore.'

'Makai failed his mock interview despite the prep sessions we did. I'm going to ask my colleague to deliver one more before we try the interview again. I think he's too comfortable with me for it to be a useful practice.'

At the level of the frontline, it looks like knowing where every young person is on the programme and whether they are making expected progress

Performance management does not stop there though. Aggregating the individual data provides crucial information for senior programme staff to review whether their programme appears to be effective for the young people they are serving. We call this **strategic performance management**.

‘We lose 40% of attendees during the summer holidays – they’re just not turning up for the first session of the new term. What can we offer during this time to keep them engaged?’

‘We get the young people to a place where they seem job-ready but three in five are missing two days a week on average as soon as they start at their work placements. We need to start giving them a ring every morning for the first fortnight to make sure they’re on the way.’

‘This new school we’re working with keeps referring young people to the programme who don’t meet our target population. I need to find out whether this school actually has the young people we want to serve, or whether we need to look at our enrolment criteria again.’

Without the visibility that this data collection and reflection provide, it is very difficult for an organisation to have a clear idea of its chances of success with an individual young person, or whether the programme is right to serve any. It cannot reliably intervene to get a young person back on track. It cannot know which of its frontline staff need support, and which should be sharing their successful practice across the team. Most importantly it cannot be held accountable – by its staff, its board or the young people it serves. These building blocks and this performance management are at the heart of accountability. They protect organisations from being too much swayed by the wishes of donors or commissioners and helps them stay focused on the young people.

‘Performance management’ at the tactical level can sound like a top-down method of exerting control and compliance over frontline staff, but this is far from what it should be. Collecting and examining the data on an individuals’ caseload does allow frontline staff and their manager to discuss where progress is and is not being made. However, it also allows frontline staff to identify where a young person needs something different – they can draw down any additional resource needed to facilitate this and get the support they need from their manager.

Performance management gives staff the opportunity and backing to innovate. Where that innovation leads to success, this can also be seen as part of the strategic performance management of the programme and play a part in the continuous improvement of the programme.

Accountability is a challenging concept for the social sector, where the problems being tackled are complex, outside and daunting. In addition, funders have sometimes held organisations accountable for outcomes which are the funders’ own prerogative and which do not reward true accountability within an organisation. Impetus-PEF is committed to incentivising and supporting a change to a world where it is a badge of honour for an organisation to display the choices it has made, the scrutiny it subjects itself to, its failures as well as successes and the changes put in place as a result.

Collecting and examining the data on an individuals’ caseload does allow frontline staff and their manager to discuss where progress is and is not being made

After the building blocks – what happens next?

We know that defining the building blocks and developing the blueprint for an impact strategy, is a challenging process. It requires the leader and those working with them to maintain a relentless focus on defining a target population, outcomes and programme which will represent real change for young people and which they stand a realistic chance of delivering.

But implementing the impact strategy – so that it changes the activities of every single person in the organisation – is a much longer, more complex and more difficult process. As detailed earlier, high-performing charities in the US describe up to a decade of dogged implementation, testing and refinement of new programmes and performance management. We are committed to supporting our partner charities through this process.

Performance management improves services for young people – and provides valuable, reliable data on how well a charity is doing at this. But there is still a crucial role for external evaluation in the journey to impact. A summative evaluation (which can be defined as one which compares whether young people who participated in a programme reached the intended outcomes more often than a similar group who did not participate) carried out at a high level of robustness is the best way to answer the question of whether the outcomes achieved can be attributed to a particular charity's programme.

However before a charity considers the hard work and cost associated with participating in such an evaluation, they should go through a formative, or process, evaluation. This evaluation will give external audit on how well, and faithfully, the organisation is implementing the building blocks of its strategy. It will determine, among other things:

- What are the characteristics of the young people enrolled?
- What proportion of young people admitted to the programme complete each element?
- Where do young people drop out and why? Which short-term outcomes do they reach and in what proportions?
- To what extent is the programme delivered with fidelity to the design set out in the blueprint?
- Which outcome measures are of primary interest, and is the organisation able to collect valid data to check whether young people reach them?

This evaluation may show that some sub-groups within the target population appear to benefit more than others, or that young people in one service location take up more or less of one programme component than young people in another. It will certainly reveal how good a programme was at retaining young people throughout its duration. These findings may well lead to decisions made in the Driving Impact workshops around target population or programme design being revisited and modifications being made.

The formative evaluation will identify problems with delivery which make impact less likely and should include some quantitative analysis as to the causes. This gives the charity the opportunity to remedy these problems before they engage in a summative evaluation and so stands them in better stead for a positive result in such a trial.



What we're learning



We know that our experience to date has given us part of the picture of what it takes to get an organisation to high-performance and impact – but we do know it is only one part.

Partnering with more charities and taking them further through our Driving Impact process will tell us more, as will working with funders, commissioners and other organisations whose concern is making a difference to beneficiaries.

We are committed to learning from, and improving our own performance: this leads us to update our own methods and tools, but also uncovers the wealth of examples that we are sharing in this report. These examples include practices we have seen in charities which make it difficult for them to drive impact. We can also draw out implications for the social sector as a whole – all of us who fund, commission and deliver services which aim to transform lives.

Considering how to help organisations become impactful has to begin with what stops them being as impactful as they want to be. Our approach is grounded in an understanding of how challenging it is to transform lives:

- Most charities are trying to solve problems which have become entrenched over decades and which the public and private sectors have failed to solve.
- These problems are usually complex, and yet most charities are only able to address one or two of the underlying causes, and may have limited time with the young people.
- Funding – whether statutory or grant – is usually short-term and restricted. Frequently, charities have to use reserves to subsidise delivery, damaging their ability to become high-performing.
- CEOs have to spend a disproportionate amount of time and mental energy fund-raising.
- The quality of governance in the social sector is patchy, with many boards lacking all the skills they need to support the CEO and hold them to account – particularly on impact.

These are just a small selection of the issues which make it hard for charities to be fully effective – despite the commitment, experience and intelligence of those in the sector. They mean that the day-to-day work of the leadership in charities is often not about ensuring services are impactful and ever-improving, but about raising money and putting out fires.

When we begin working with our partner charities we take a ‘deep dive’ into their existing data to find out as much as we can about the young people they are serving, the programmes they are delivering, and the outcomes they seem to be getting. As a result, we have observed the following and pulled out specific examples on the following page.

[...] our own performance management leads us to update our own methods and tools, but also uncovers the wealth of examples that we are sharing in this report

01

Charities are enrolling young people who are outside of the group they believe they are serving, or want to serve.

One charity found that only 50% of the young people enrolled fell into the group they thought they were serving. 25% had no risk factors for unemployment. Yet 32% of young people that the organisation referred to other services did actually meet their own enrolment criteria.

02

Organisations are not tracking the majority, or a significant minority, of the young people they serve even throughout the programme, or after it's ended.

One charity found that a quarter of young people enrolled on the programme dropped out of the programme but were not included in the outcomes data. This artificially improved their outcomes data, but also obscured the fact that these young people did not receive effective support.

03

Organisations focus on outcomes for young people that are not actually that meaningful.

Many organisations that support young people to get into employment claim 'increased employability' as an outcome, reflecting the purpose of many of the activities they carry out. However, a recent review of evidence-based programmes carried out by Impetus-PEF shows that many programmes which have an impact on employability do not also have an impact on the more meaningful outcomes of employment or employment quality.

04

Organisations deliver ad hoc support to young people, rather than a defined and codified programme.

One charity provided six weeks of support to participants followed by ad hoc support to some, but the rationale for why some people received extra support was unclear, uncoded and inconsistently applied.

05

Organisations use evaluation to 'prove' their effectiveness, rather than improve it.

Many organisations we have worked with have engaged in 'summative' evaluations, designed to validate their efficacy in producing outcomes. None of them had engaged in a 'formative' evaluation which would have provided insight into what they deliver, to whom, and what results it seems to produce.

We have described how Driving Impact aims to change these practices within our partner charities. But the change must go beyond individual organisations and the benefits they will produce for the young people the charities serve. The implications of what we are observing and learning are that the wider social sector must change if it is to incentivise and reward, true impact and the hard work it requires:

- Becoming a reliably effective organisation serving young people takes time – if a funder wants to be part of this decade-long journey they need to commit to long-term funding.
- Incentivising the growth of an organisation which cannot show itself to be impactful, risks growing an organisation which is patchily effective, or not effective at all.
- Organisations need more than funding on their journey to becoming high-performing. The skills and practices we develop during our Driving Impact approach are not yet well-known or easy and they take time and resource to realise. Funders can commit to providing expert support and resources for this purpose.

➤ ‘Impact measurement’ has resulted in changes to the way organisations seek funding, but not to how they deliver services. Funders and organisations are now deeply sceptical about ‘impact reports’.

➤ However, the new enthusiasm for Randomised Control Trials conceals the fact that many have been entered into too soon, poorly designed and badly carried out. Even where they have been high quality, the results – whether positive impact, no impact, or negative impact, have not been acted on by organisations or funders.

Establishing high-performance as a shared goal can move the social sector from a place of patchy effectiveness to reliable impact. Translating this goal into reality will require change from charities, funders and commissioners. The relationship between these groups is symbiotic and concerted effort towards high performance within one group will catalyse change from others in response.

However, all these groups can move forward together, recognising that change is best created in partnership with those upon whom they depend to make impact: funders upon the charities they support, charities upon the commissioners that contract with them and commissioners upon the funders who should be building their future pipeline of service deliverers.

None of us are satisfied with the situation for disadvantaged young people in the UK today – neither can we be satisfied with our efforts to change it. Whether a proposed solution is bold and disruptive, or iterative and incremental, we all need to be tougher at holding ourselves and others to account. We all need to ask ourselves; ‘Is this really working? How can it be better?’

We know that social sector organisations make transformative differences in the lives of young people – and we know there is room for improvement. We believe that Driving Impact can provide the incentives, expertise and resource that charities need to complete the high-performance picture.

Whether a proposed solution is bold and disruptive, or iterative and incremental, we all need to be tougher at holding ourselves and others to account

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