

FINAL EVALUATION OF
THE SKILL MILL SIB
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PERU Policy Evaluation
& Research Unit

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Executive Summary

Introduction

Skill Mill is a social enterprise helping young people in contact with the criminal justice system while bringing social and environmental benefits to communities. Young people who have criminal convictions are provided with paid jobs involving outdoor work that is beneficial to the environment and communities. Whilst employed by the Skill Mill for six months, the young people work on projects in groups of four with one supervisor. The work is commissioned by clients including local authorities, businesses, and non-profit organisations. The young people also work to achieve a nationally accredited certificate from AQA, and additional training as needed for jobs locally such as the Construction Skills Certification Scheme, or training on how to use specialist power tools.

In 2020 a new four-year outcomes contract was financed by a Social Impact Bond (SIB) which enabled approximately 250 young people in contact with the criminal justice system to go through the programme over four years at eight sites across England. The SIB sites were in Birmingham, Croydon, Durham, Leeds, Nottingham, Rochdale/Bury, Surrey, and West Sussex.

The programme

The Skill Mill is an environmental services organisation that offers an intensive six-month work programme designed to help vulnerable young people aged between sixteen and eighteen to break the cycle of re-offending. The young people gain a nationally recognised qualification, practical work skills, a wage, and an opportunity to progress into further employment and/or training.

Social Impact Bonds

Social Impact Bonds (SIBs) originated in the UK just over a decade ago. They are a form of outcomes-based commissioning where the finance needed to make the contract work comes from investors who provide up-front capital to organisations, often social enterprises, to deliver services. Investors make payments only when achievement of outcomes is demonstrated by data. One of the unusual features of the Skill Mill SIB was that it had a tripartite funding model. The commissioners of the outcomes (the Youth Offending Services) were only required to fund one third of the total cost of the programme. Match funding from the Life Chances Fund provided the second third with the ambition that the final third would be generated by the programme itself through sales to employers. Over the last couple of years, terminology has evolved and SIBs are now more often referred to as a form of social outcome contracting.

The evaluation

There were three complementary stands to the evaluation that ran concurrently:

- Process and outcomes (main focus on young people, supervisors and local programme activities)

- Business models (main focus on the programmes across the country, employers, and other stakeholders)
- SIB Evaluation (main focus on the SIB financing model)

Data were collected by interviews, reviews of documents and datasets, and observation of activities and events. We spoke to 81 people during the evaluation as set out in [Table 1](#).

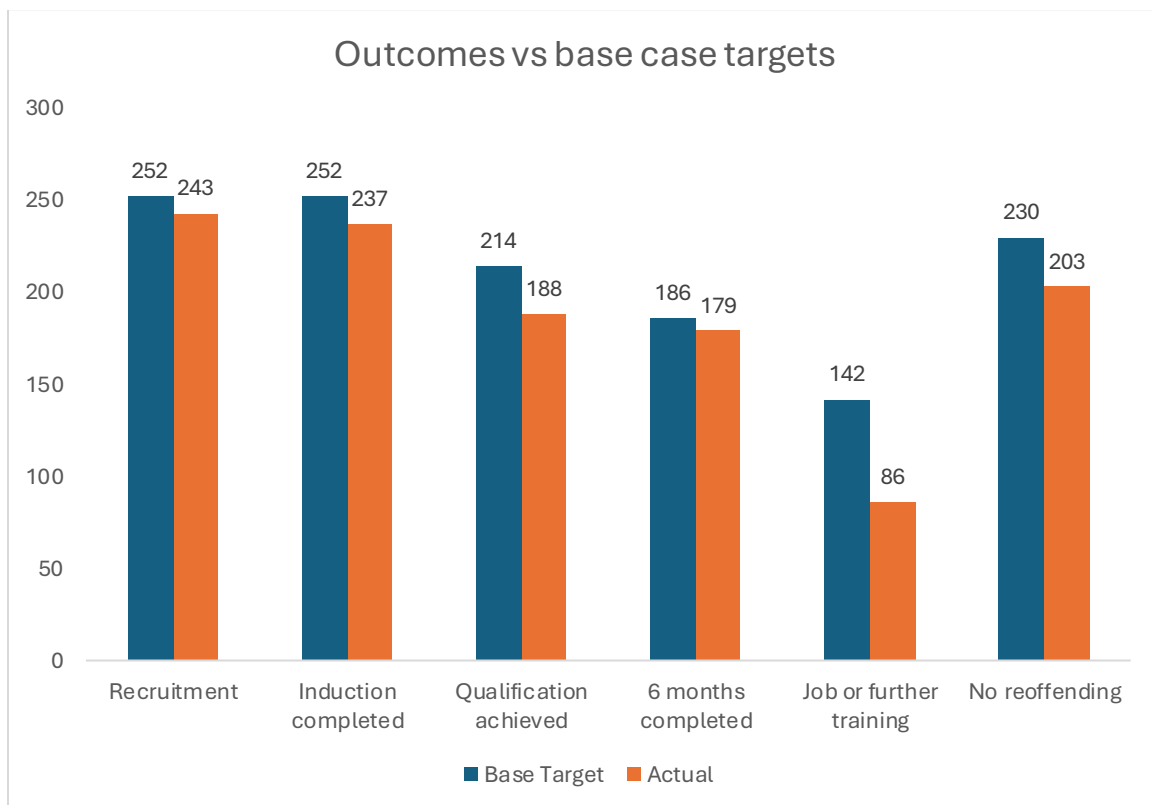
Table 1: Interviews undertaken during the evaluation.

Young People	Supervisors	YOS	Stakeholders	Employers	Skill Mill Leaders
28	14	15	16	5	3

Results

The chart below compares the outcomes achieved to the base case targets from the original financial model.

Figure 1 Outcomes vs base targets



The base case target are the outcomes that were expected to be achieved in the original financial model by this date of the project. The levels of performance are very high for such a challenging target group. It should also be noted that reoffending outcomes are still (as of 28 January 2025) unavailable for nine young people who started the programme in January 2024. Restricting our outcome analysis to the 243 young people

who started the programme (and excluding these 9 young people from the reoffending calculations) we can see that Skill Mill:

- Almost succeeded in achieving its target for young people completing their induction (98.0% of target)
- Came close to achieving its target for the proportion of young people gaining a qualification (91.3%)
- Fully achieved its target for the proportion of young people completing the programme (100%)
- Substantially undershot its target for the proportion of young people securing a job or further training in the six months after the programme ended (62.7%)
- Came close to achieving its target for the proportion of young people not reoffending (91.5%)

The primary reason for under-performance against some targets is that the project launched just prior to the COVID pandemic which understandably had a considerable impact on the initial cohorts. The conditions of the Life Chance Funding did not allow for an extension of the programme resulting in the need to run the final two cohorts simultaneously which, unsurprisingly, proved extremely challenging for Skill Mill as it required recruiting an extra supervisor in every site for the final six month period. The organisation did not succeed in running the extra cohort in two sites (Croydon and West Sussex) which meant that the overall cohort was short by nine young people. While the young people recruited generally completed their induction and completed the full 6-month programme, job and training outcomes were below predictions.

The programme was unable to fully deliver on this last tranche of funding which was responsible for the SIB not being able to return investors' funding in full and led to Skill Mill having to fund approximately £181,000 of the costs of running the final two cohorts from its own reserves.

The original financial model set a target of revenue from sales to employers of £1,149,754, but the programme succeeded in generating £958,129, still over eighty percent (83%) of the initial target. While this shortfall caused serious difficulties for investors and the Skill Mill, it is important to recognise that unusually for any sort of justice intervention in the UK, the programme was able to generate a very substantial proportion (26%) of its own funding.

Young people's views

When speaking to young people involved in the programme, it was clear that they felt Skill Mill had had a considerable positive impact on their lives. The types of benefits identified during our thematic analysis fit into four main categories. First, supporting access to training and employment for a marginalised group of young people. Second, the opportunity to gain practical and work oriented skills through the programme. Third, the opportunity to gain what we might define as softer 'life skills' (for example, learning how to budget and use money more effectively, receiving support for gaining basic

services such as bank cards and other forms of identification). Fourth, evidence of changed outlooks and perspectives on both themselves, their futures, and work in general. Common to all these changes was an associated sense of self belief, confidence, and pride in what they achieved during their six months with Skill Mill.

The views of supervisors

The views of supervisors on the strengths and weaknesses of the Skill Mill programme generally reflected the views of the young participants. They appreciated the unique nature of the programme, highlighting the importance of young people being paid for their time and understanding that if they didn't turn up for work, they would not be paid. In addition to the work related skills – how to dig a ditch, use a power tool etc. – there was even more emphasis on the life skills.

Examples of the benefits of the programme identified by supervisors included raising self-confidence and self-esteem, creating opportunities for upskilling and work experiences, providing assistance and support for a range of bureaucratic tasks, receiving a steady income and learning about money management, gaining experience of managing and maintaining different relationships, and giving much needed access to support for an often marginalised group. The one deficit in the programme highlighted by every supervisor was the lack of support for young people when the programme ended. Supervisors did everything in their power to try to help young people find a job or a proper training opportunity, but ongoing support after the six months was minimal as supervisors had a new cohort to look after.

The views of youth offending services

In the opinion of the research team, the views of Youth Offending Service staff were always likely to be the most reliable indicator of the value of the Skill Mill intervention, since this group understands the challenges for young people in contact with the criminal justice system and can compare the work of Skill Mill with many other internal and third party interventions.

There was unanimous praise for the project model from all 15 YOS interviewees. They valued the approach which combined an intervention that models the world of real employment very closely (including providing a legitimate form of income) with an approach which nurtured and developed young people without excluding them in the early weeks of the programme when the behaviour of many would be unacceptable to most other interventions and almost certainly real life employers.

YOS managers were very clear that the Skill Mill took many of their more complex and challenging young people who were already heavily involved – or at high risk of becoming heavily involved – in criminal lifestyles. Since the YOS controlled the referral process, the evaluation team is confident that there is no “cherry picking” or selection of the young people who are most likely to succeed on the Skill Mill programme.

The Skill Mill SIB Model

SIBs are known for their complexity and high set-up costs. Local authorities in particular struggled to understand the SIB model. Local authorities often had limited experience and understanding of social investment. In particular there was confusion about the distinction between Skill Mill (the social enterprise that delivers the service) and Skill Mill Partnerships Ltd (the Special Purpose Vehicle that local authorities pay the outcome payments to). The cost of running the SPV was calculated to be £442,968 or exactly 10% of the total cost of running the SIB programme.

Most members of the SPV board described a somewhat stressful working atmosphere with a lack of trust and occasionally a degree of low-key antagonism between representatives of Skill Mill and investors. Skill Mill interviewees complained that most investors seemed to have relatively little interest in the programme and were focused on getting their financial return. Conversely, several investor board members, who were managing investments on behalf of others, felt that legitimate questions about data and performance were not fully answered by the Skill Mill team who took what investors regarded to be normal due diligence enquiries as criticism.

Conclusions – the Skill Mill programme

There was a strong consensus amongst young people, supervisors and Youth Offending Services that the Skill Mill programme is a robust and effective model which helps young people with significant experiences of the criminal justice system to find a way out of a life of crime by building work and life skills and gaining much needed self-esteem.

We identified the following critical success factors of the programme:

- It provides a much more comprehensive intervention of the scale needed to make substantial changes in the lives of troubled young people. The intensity of the programme (5 days per week) and the sustained period over which it is delivered (6 months) are both unusual in a UK setting but are critical to the programme's success.
- The combination of a real world work setting (proper work for real clients) within a forgiving context which does not expect but facilitates appropriate behaviour and performance is core to the programme's success.
- The fact that young people receive substantial (if relatively low) pay which is made on a weekly basis is a significant incentive and motivating factor. The fact that pay closely reflects attendance and performance is a reliable way to encourage progress.
- The small cohorts allow for very strong relationships and the development of trust between the young people and the supervisor. This results in supervisors being effective role models and mentors who are able to advise and support young people in every aspect of their lives.

- The skills and commitment of the supervisor are the single most important component in effective service delivery.
- The culture that each team comprises the supervisor and four young people who all work together at delivering the commissioned task is important, allowing supervisors to model both practical and social/soft skills.
- The fact that many of the work assignments are of concrete benefit to local communities greatly enhances young people's sense of pride and growing self-esteem.
- The embedding of the programme within local YOS makes for a very effective partnership with Skill Mill and YOS staff working easily and effectively together in the best interest of the young people.

The lack of aftercare for most young people is a serious deficit which potentially undermines the effectiveness of the programme for many participants.

It is clear that very many young people have gained jobs and stopped offending primarily because of the Skill Mill programme. However, the current reoffending and employment outcome metrics used both within the SIB sites and more generally by the Skill Mill programme are not as robust as they could or should be.

While the Skill Mill is to be commended for operating at the lowest possible cost, the ongoing success of the organisation is vulnerable to the inevitable occasions when leaders or supervisors have to take time off work for any reason

Conclusions – the Social Impact Bond

The SIB was probably the only available financial vehicle which allowed the Skill Mill to offer its programme to nearly 250 young people across the country. The fact that the Life Chances Fund effectively provided one third of the costs of the scheme made it affordable by eight YOS all of whom would have liked the programme to continue had they been able to source funding.

The operation of the SIB was extremely demanding on Skill Mill staff and involved the substantial diversion of time, money and energy away from service delivery.

The relationships between different board members, particularly those who worked for Skill Mill itself and investors were not as positive or cooperative as was originally hoped.

The reluctance of many large corporations to follow through on their apparent commitment to social responsibility and social value was perhaps the most significant reason for the eventual significant financial costs to both Skill Mill and investors.

However, the impact of the unexpected difficulties caused by the coronavirus pandemic, which only became fully acknowledged in the last year of the SIB's operation, cannot be under-estimated.

Skill Mill was arguably hampered by its rigid fidelity to the original delivery model (a team of 4 young people plus a supervisor working on environmental projects). At

various points as the programme experienced implementation challenges there were suggestions from the social investors to change the programme configuration, for example to run teams of five young people. However, these were rejected on the basis that a team of five would increase risk too much.

In retrospect, given the state of public finances, it was always unlikely that it would be possible to fund service delivery in the SIB sites once the four year programme had concluded.

Recommendations

We have only three recommendations for Skill Mill to consider in its invaluable ongoing work with vulnerable young people in contact with the criminal justice system.

Firstly, we urge the social enterprise to give serious consideration to building in aftercare as a core element of the programme.

Secondly, in future programmes funded through a social investment model Skill Mill's central team should be better resourced to support the development of sales opportunities.

Thirdly, we suggest Skill Mill approaches the Justice Data Lab administered by the Ministry of Justice for an authoritative analysis of proven reoffending rates of the SIB and previous Skill Mill cohorts. This would provide a robust reoffending measure (which we are confident would demonstrate the effectiveness of the intervention) which the Skill Mill team could use its efforts to raise funding to expand service delivery.

1. Introduction

Skill Mill is a social enterprise helping young people in contact with the criminal justice system while bringing social and environmental benefits to communities. Young people who have criminal convictions are provided with paid jobs involving outdoor work that is beneficial to the environment and communities. Whilst employed by the Skill Mill for six months, the young people work on projects in groups of four with one supervisor. The work is commissioned by clients including local authorities, businesses, and non-profit organisations. The young people also work to achieve a nationally accredited certificate from AQA, and additional training as needed for jobs locally such as the Construction Skills Certification Scheme, or training on how to use specialist power tools.

In 2020 a new four-year outcomes contract was financed by a Social Impact Bond (SIB) which enabled approximately 250 young people in contact with the criminal justice system to go through the programme over four years at eight sites across England. The SIB sites are in Birmingham, Croydon, Durham, Leeds, Nottingham, Rochdale/Bury, Surrey, and West Sussex (this last site joined in February 2021). Skill Mill also currently has programmes in a further five sites that are not funded under the SIB. This document is the final report of a four-year evaluation of the Skill Mill Social Impact Bond; it contains findings from all the qualitative research conducted throughout the evaluation and the final outcome data.

2. Background and context

2.1 The Skill Mill

The Skill Mill is an environmental services Social Enterprise that offers an intensive six-month work programme designed to help vulnerable young people aged between sixteen and eighteen to break the cycle of re-offending. The young people gain a nationally recognised qualification, practical work skills, a wage, and an opportunity to progress into further employment and/or training. The intervention is underpinned by the concept of desistance, which proposes that offenders need to move towards an alternative, coherent and pro-social identity to justify and maintain a crime-free life. Skill Mill's understanding of desistance is encapsulated in the words of Director Andy Peadar:

'The Skill Mill allows these young people to think of themselves in a different light, to be able to get that confidence in terms of being able to hold down a job, to enjoy it, and to make that shift in identity'.¹

Skill Mill is considered to be an effective intervention confirmed by its success in winning many prestigious awards spanning Youth Justice, sustainable development, community building, and enterprise including:

- The Queen's Award for Enterprise: Promoting Opportunity, 2021

¹ <https://www.avj.org.uk/news-content/avj-in-conversation-withthe-skill-mill>

- The Queen's Award for Enterprise: Sustainable Development, 2021
- Children and Young People Now Youth Justice Award, 2021 -
- Children & Young People Now Award for Partnership Working, 2019
- Investing in Children Award, 2017
- Water Industry Achievement Awards, Community Project of the Year, 2016
- Association of YOT Managers' John Hawkins' Award, 2014 -

The effectiveness of the Skill Mill model is built upon an authentic work experience delivering meaningful outcomes for young people who have been in the Criminal Justice system, including going on to find work or further training and stopping committing crime. Originally the work was specifically related to waterway clearance and land management. Now the range of employment is broader but still involves outdoor tasks that are physically demanding with environmental benefits, primarily in environmental maintenance and construction. The work is provided as a service for which public agencies and companies pay fees. For companies, there is potential to add value to tenders for public contracts under the Public Services (Social Value) Act 2012 as well as increasing their Corporate Social Responsibility (CSR) profiles more broadly.

Historically three quarters (75 per cent) of young people who have been through Skill Mill programmes have progressed to further employment, education, or training. An evaluation by the University of Northumbria found that participation in Skill Mill resulted in a significant reduction in the number and seriousness of offences committed, compared to an equivalent group not in the programme². However, this study was based on a cohort of 14 and a control group of 25 and while results were statistically significant the authors recognised that this was a small sample and acknowledged that it may have an impact on the findings, counselling caution in interpreting the findings

2.2 Social Impact Bonds

Social Impact Bonds (SIBs) originated in the UK just over a decade ago. They are a form of outcomes-based commissioning where the finance needed to make the contract work comes from investors who provide up-front capital to organisations, often social enterprises, to deliver services. Investors make payments only when achievement of outcomes is demonstrated by data. The first ever SIB was designed to reduce reoffending by prisoners released after short sentences. It was evaluated as successful and has attracted world-wide interest. Over the last couple of years, terminology has evolved and SIBs are now more often referred to as a form of social outcome contracting.

The Skill Mill SIB is one of 94 SIBs launched in the UK since 2010³. It was supported by the Life Chances Fund (LCF), set up with £80m by the DCMS in 2016 to seed new projects and contribute to the development of SIBs. For the LCF the main objective is growing the social investment market in England. The Skill Mill SIB is classified by the

² Long et al. 2018 <https://doi.org/10.1007/s10610-017-9365-y>

³ As per the GOLAB SIB database, accessed 16th May 2024: <https://golab.bsg.ox.ac.uk/knowledge-bank/indigo/impact-bond-dataset-v2/>

Life Chances Fund under ‘Youth’. It is also however firmly situated in Criminal Justice with its reducing reoffending outcome. This makes it highly interesting from a SIB development perspective as only the second UK SIB in criminal justice.

Since 2010 SIBs have attracted growing interest and spread internationally. Views about them tend to be polarised, and somewhat politicised. As yet they have neither fully entered the mainstream as their promoters anticipated nor withered into oblivion as their detractors hoped⁴. There are rapidly expanding policy and scholarly literatures on SIBs with numerous reports, books, web resources, and articles. It is beyond the scope of this report to cover all the material in depth. In this section we highlight the main themes and debates most pertinent to the Skill Mill SIB.

The UK was the pioneer in SIBs and still has by far the largest number of them, followed by the United States. There are notable differences between SIBs in the two countries. US SIBs are on average larger and have been more successful at leveraging private capital. A more centralized approach is characteristic of the UK with the government providing support and subsidies. In the US (but much less so in the UK) SIBs are typically driven by non-profits seeking funding to expand promising programmes⁵

SIBs hold out many promises, including:

- Minimise risk for small providers whose costs are covered by investors up-front⁶
- Enhance the potential for innovation on the front-line due to increased freedoms⁷
- Break down service silos by combining outcomes which would otherwise be the responsibility of several agencies⁸
- Improve ways of measuring performance and encourage evidence informed policymaking⁹
- Create a richer, more diverse funding environment for local public services
- Focus on prevention and earlier intervention in ways not funded by public budgets

There is however rather stark divergence of views on SIBs and some controversies. The optimistic promises above have been questioned by ‘cautionary narratives’ that take a more sceptical view on both pragmatic and ideological grounds¹⁰. Some critiques emphasise the costs of setting up SIBs, challenges of finding metrics that work for all parties, and difficulty of attributing outcomes to interventions when many external factors may be at play. There is also a more ideological perspective that equates SIBs

⁴ Wilson et al., 2020

⁵ Olson et al., 2022.

⁶ Wooldridge et al. 2019

⁷ Gustafsson-Wright et al. 2015

⁸ Ibid.

⁹ Mulgan et al., 2011

¹⁰ For a balanced review of narratives of promise and caution see Fraser et al., 2018

with a long-term trend towards privatisation and welfare retrenchment. This is expressed, for example, by Dowling (2017) as “privatising gains and socialising risks and costs”. Warner (2013) and Sinclair et al. (2021) consider that SIBs typically attempt to change the behaviour of vulnerable people and leave little or no room for interventions that build on the strengths of target groups, or involve them in shaping interventions.

Although SIBs are only a little over a decade old there is evidence that they have changed and evolved. In the UK (still by far the most prolific country for SIBs) variations are emerging, with some departures from so called ‘quintessential’ or ‘text book’ SIBs exemplified by the much reported Peterborough Prison SIB¹¹. These changes include:

- A more hybrid economy with other funding sources such as grants or loans as well as outcome payments.
- The use of rate cards allowing for a range of outcomes to be considered in relation to each individual therefore opening up the possibility for more bespoke and personalised plans for each individual¹².
- SIBs that focus on building a set of conditions for strengths-based approaches to service delivery rather than delivering a pre-specified intervention¹³
- Softening of the original monitoring and verification requirements. The use of control groups to determine success for the purpose of payments is now rare in the UK (although more common in the US).
- The original emphasis on cashable saving is reduced.

An aspect that has remained unchanged is that SIB investors in the UK are almost entirely charitable foundations and interest from commercial investors has not materialised as originally anticipated¹⁴. It is not uncommon for SIB interventions to combine investment with use of loans, reserves or more traditional grant funding. The Skill Mill SIB is an unusual hybrid in that it combines social investment with a commercial funding stream in which services are sold to external organisations.

Research undertaken by some of the authors of this report and colleagues from the US with a small group of SIBs launched in the UK since 2016 has challenged some of the more negative ‘cautionary narratives’, most notably assertions that SIBs are incompatible with strength-based service innovations, and that they repress rather than support learning¹⁵.

¹¹ Carter et al., 2018

¹² Fox et al. (2022)

¹³ Fox et al. (2022)

¹⁴ Olson et al, 2022)

¹⁵ A summary report (Fox et al. 2021) can be viewed at <https://mmuperu.co.uk/wp-content/uploads/2021/03/Social-Impact-Bonds-2.0-Website.pdf>. There is also a more detailed version that has now been peer reviewed (Fox et al 2022) available Open Access - see reference list.

The Skill Mill SIB contains an unusual combination of ‘quintessential’ SIB characteristics (as outlined in a comprehensive review by the GoLab¹⁶) and new variations. One of the important differences is that most (three out of four) of the investors in the Skill Mill SIB are commercial limited companies as opposed to charitable foundations. Its evaluation offers a unique opportunity to add to the emerging body of evidence and inform policy and practice.

¹⁶ Carter et al., 2018

3. Evaluation Design

There are three complementary strands to the evaluation that run concurrently:

- **Process and outcomes** (main focus on young people, supervisors and local programme activities)
- **Business models** (main focus on the programmes across the country, employers, and other stakeholders)
- **SIB Evaluation** (main focus on the SIB financing model)

Each of these strands contains elements of implementation and impact evaluation. Implementation concerns the extent to which the programme was implemented as intended. Impact is about what was achieved, and the difference made. Data were collected by interviews, reviews of documents and datasets, and observation of activities and events. We spoke to 81 people during the evaluation as set out in Table 1.

Table 1: Interviews undertaken during the evaluation.

Young People	Supervisors	YOS	Stakeholders	Employers	Skill Mill Leaders
28	14	15	16	5	3

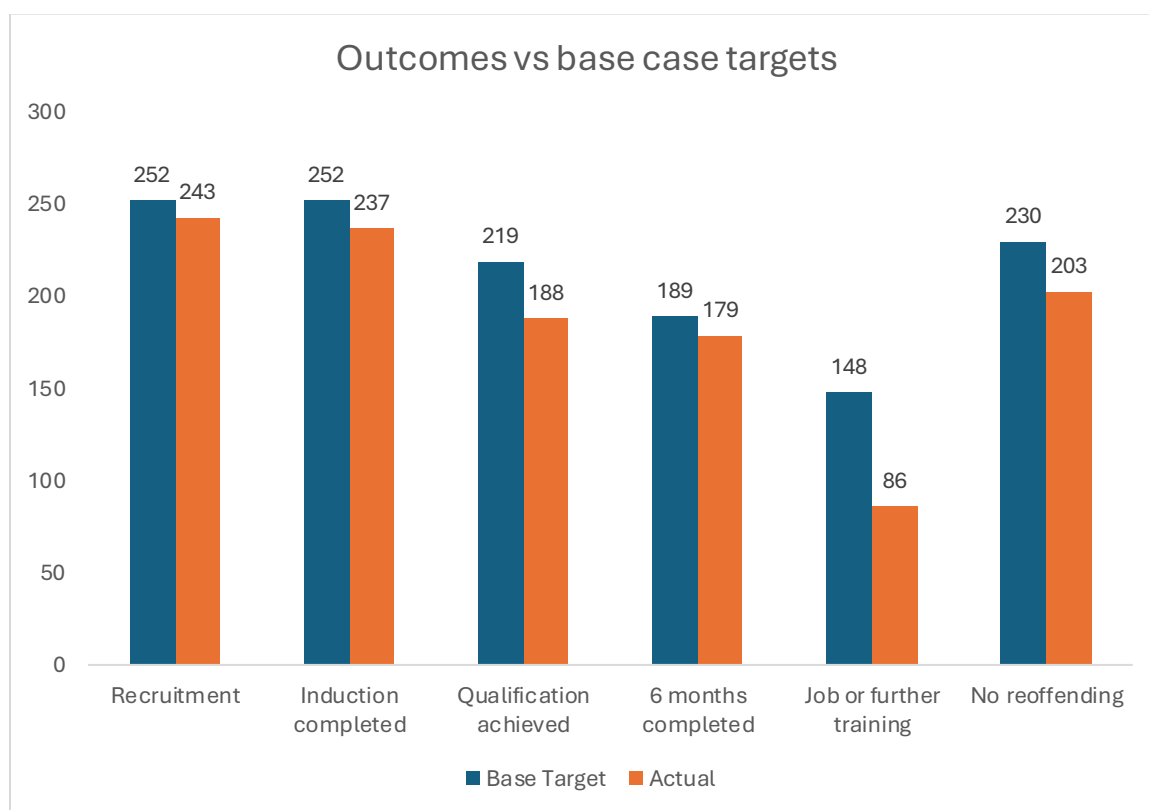
For more detail see Appendix 1

4. Results

The first Skill Mill SIB cohort commenced in summer 2020 with a further seven cohorts, with the final cohort finishing their six months with Skill Mill in early 2024.

The chart below compares the outcomes achieved to the base case targets from the original financial model.

Figure 1 Outcomes vs base targets



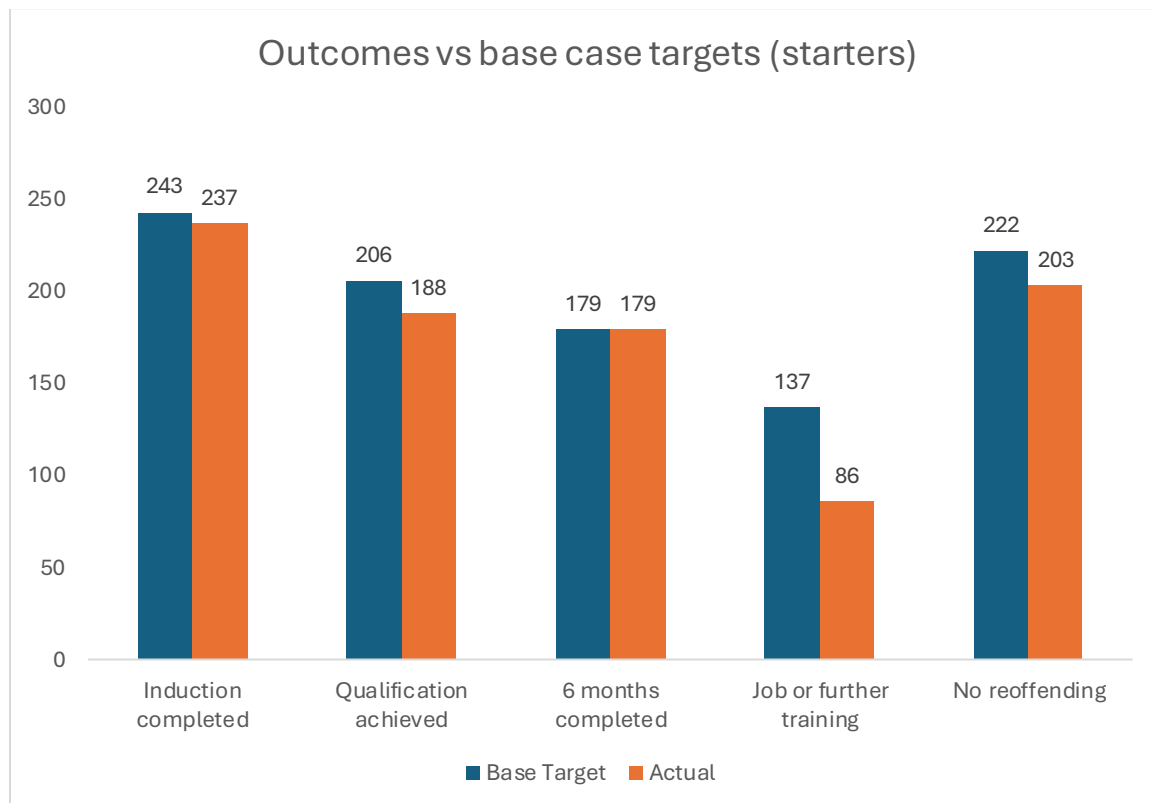
The base case target are the outcomes that were expected to be achieved in the original financial model by this date of the project. The levels of performance are very high for such a challenging target group. The primary reason for under-performance against some targets is that the project launched just prior to the COVID pandemic which understandably had a considerable impact on the initial cohorts. The conditions of the Life Chance Funding did not allow for an extension of the programme resulting in the need to run the final two cohorts simultaneously which, unsurprisingly, proved extremely challenging for Skill Mill as it required recruiting an extra supervisor in every site for the final six month period. The organisation did not succeed in running the extra cohort in two sites (Croydon and West Sussex) which meant that the overall cohort was short by nine young people¹⁷. While the young people recruited generally completed their induction and completed the full 6-month programme, job and training outcomes

¹⁷ West Sussex did not join the programme until the second cohort which is why the recruitment target was 252 and not 256 (8 sites x 8 cohorts x 4 young people per cohort).

were below predictions and reoffending rates higher than historical Skill Mill performance.

These outcome figures improve when we take into account the fact that the overall cohort was 243 rather than the original planned 252. In Figure 2 below, we show the outcomes for the 243 young people who actually started the programme. It should be noted that reoffending outcomes are still (as of 28 January 2025) unavailable for nine young people who started the programme in January 2024.

Figure 2 Outcomes vs base targets (restricted to 243 actual starters)



Restricting our outcome analysis to the 243 young people who started the programme (and excluding these 9 young people from the reoffending calculations) we can see that Skill Mill:

- Almost succeeded in achieving its target for young people completing their induction (98.0% of target)
- Came close to achieving its target for the proportion of young people gaining a qualification (91.3%)
- Fully achieved its target for the proportion of young people completing the programme (100%)
- Substantially undershot its target for the proportion of young people securing a job or further training in the six months after the programme ended (62.7%)
- Came close to achieving its target for the proportion of young people not reoffending (91.5%)

Tripartite funding model

One of the unusual features of the Skill Mill SIB was that it had a tripartite funding model. The commissioners of the outcomes (the Youth Offending Services) were only required to fund one third of the total cost of the programme. Match funding from the Life Chances Fund provided the second third with the ambition that the final third would be generated by the programme itself through sales to employers.

The programme was unable to fully deliver on this last tranche of funding which was responsible for the SIB not being able to return investors' funding in full and led to Skill Mill having to fund approximately £181,000 of the costs of running the final two cohorts from its own reserves.

The original financial model set a target of revenue from sales to employers of £1,149,754, but the programme succeeded in generating £958,129, still over eighty percent (83%) of the initial target. While this shortfall caused serious difficulties for investors and the Skill Mill, it is important to recognise that unusually for any sort of justice intervention in the UK, the programme was able to generate a very substantial proportion (26%) of its own funding. We explore the reasons for the difficulties in generating employer sales in the body of the report.

In the following subsections which form the main body of this report we provide more detailed analysis of the headline results. Sections 4.1 and 4.2 focus in-depth on the lived experiences of young people and supervisors, offering rich contextual evidence that draws attention in particular to the young people's journeys towards desistance. Section 4.3 looks at the views of partners; focusing firstly on the Youth Offending Services before examining the employers; perspectives. Finally, Section 4.4 considers the Skill Mill SIB model from the perspectives of all the those involved in the Special Purpose Vehicle (SPV) established to oversee the SIB.

4.1 The Skill Mill programme from the perspectives of young people

When speaking to young people involved in the programme, it was clear that they felt Skill Mill had had a considerable positive impact on their lives. The types of benefits identified during our thematic analysis fit into four main categories. First, supporting access to training and employment for a marginalised group of young people. Second, the opportunity to gain practical and work oriented skills through the programme. Third, the opportunity to gain what we might define as softer 'life skills' (for example, learning how to budget and use money more effectively, receiving support for gaining basic services such as bank cards and other forms of identification). Fourth, evidence of changed outlooks and perspectives on both themselves, their futures, and work in general. Common to all these changes was an associated sense of self belief, confidence, and pride in what they achieved during their six months with Skill Mill.

4.1.1 Supporting access to training and employment for a marginalised group

A common theme that emerged when speaking with young people involved in Skill Mill was that this group experienced a relatively high level of marginalisation from

mainstream education, training and employment (ETE) provision. Our analysis identified that this difficulty of access was at least in part due to lack of alternative options for young people. Skill Mill offered a unique proposition for them. The combination of employment, mentoring and training, along with the flexible, pro-social and independent set up of Skill Mill meant that the young people had both the environment, and the motivation, to be able to flourish within the Skill Mill set up. As one young person reported,

'I couldn't get no-where else without it'.

Young people we talked to experienced barriers to more traditional educational, training and employment opportunities. For example:

'I wasn't really into school, school was a bit rough, if I could have gone straight into work at 14 I probably would've'

'I wanted to go into college to show to my mum that I was trying, and got in, but then covid happened and I didn't go back... but I didn't really like college, and then got into trouble and had to go to the probation services, which is where I heard about this'

Due to their issues with school attendance and/or exclusion, and contact with the criminal justice system, many of the young people were unable and/or uninterested in enrolling in colleges or training programmes. Additionally, due to their lack of experience they found it very difficult even to be invited to interviews for jobs.

'I was going to lots of interviews before, and no one was getting back to me, I was starting to get pissed off.... but then my YOT worker told me about this, did the interview, and a day later they called me to tell me I got the job. I was buzzin man'

As with many people of their age, one of the main reasons for this lack of access to employment was their lack of experience, but in addition to this common impediment these young people often faced a secondary disadvantage resulting from their offending history. This consideration was not only affecting their access to employment, but to education as well.

'They just based me on my conduct, based me on my appearance, you get me... they like really judged me... as I was in the interview they were asking me like 'have I been on cases?' 'what have I done?'... it made me really think, you think that of me, you've never seen me before in your life'

This marginalisation often had knock on effects in terms of increased likelihood of re-offending and engaging in other problematic behaviours, something that participating in Skill Mill helped to address.

'I was always up to trouble, messing around, hanging with the wrong people'

Giving them this opportunity meant they had to become more structured and had less time to 'get into trouble', which in turn had significant impacts on their ability to 'walk a better path'.

Experiences of obstructed access to more traditional ETE opportunities meant that the young people really appreciated the chance given to them by Skill Mill. Such an inclusive admission policy was strongly linked to young people's desire to 'do right' and 'pay back' both Skill Mill and their supervisors for the time, effort, and opportunity given to them. On several occasions the young people discussed how they enjoyed the flexibility and variety that Skill Mill offered, the financial benefits, and the unique role of support and mentoring that the supervisors bring. As one young person said:

'There's nothing else really like it... it's not just one job, you're doing a bit of everything'

Skill Mill provides a genuine alternative way for young people to engage in employment which aligns with their interests and ambitions, whilst also giving them much needed exposure to what a life of work might look like. The genuine employment element is clearly of great importance to them, having had various schemes and placements imposed on them in the past.

Several young people talked about having to be persuaded to consider the programme because they initially thought it must be a form of court-ordered unpaid work. Once they realised that it was their choice whether to engage in the programme, they generally shared very positive views. They regarded the programme as being a real job:

'I have to do proper work, not make work'

Participants also saw the programme as a route to a working life:

'Getting out of the house and being active is so much more motivating. Its great being paid and I really want to get a qualification. The CSCS card is really important for job possibilities'

Although some young people complained about the level of pay, most acknowledged that the Skill Mill approach which meant they got paid at the end of every week but only for the days on which they had turned up to work and engaged properly in the required tasks was fair.

'If you get stuck in and don't mess about, you end up getting some proper money, enough to buy stuff, go out sometimes and even give my mum a few quid.'

4.1.2 Work related skill development

Another common theme amongst the young people we spoke with was the impact that Skill Mill had made in terms of extending their work-oriented skills and experiences. These skills included the applied practice of interviews and CV writing, 'on site' skills of using tools and different processes, management of time and routine, as well as experience of conducting themselves in different settings and with different people.

Participation in Skill Mill was usually their first entry into the world of work, particularly formal employment as opposed to occasional days working for family members. It gave them invaluable experience and insight into what employment requires and broadened their perspectives on what their interests, abilities, and options might be. In the words of some of the young people:

‘Skill Mill shows us what a job is like... it’s about getting up in the morning, you have to push yourself. There are some days you don’t want to, but you have to’

‘I’m used to waking up in the morning now. Obviously I’m used to the work.’

‘I’ve also learned about what the employment contracts are like and what the regulations mean.’

‘Learning how to act presentable in an environment which I already knew how to do it before, but obviously more professional standard, speaking more formally towards different types of people instead of going about swearing in the middle of the sentences.’

The young people had very little experience of interview settings and CV writing and one advantage of their time at Skill Mill was their ability to work on and expand their CVs, so that when applying for their next jobs they had genuine experience. This often translated into a sense of renewed self-confidence and self-belief, as well as increasing their chances of securing employment. They reported that supervisors gave support in writing CVs, guiding and advising them what to add, and taking photographs to put in their work portfolios.

[My supervisor] is really good at that man, helping with the CV. I got the AQA, I already got the CSCSS card, asbestos awareness, the turf stuff and stuff like that’

Young people talked with real pride in their work; three showing the researchers photos of completed assignments which they had kept on their phones.

As with their limited experience of CV writing, many of the young people had never been in formal interview settings prior to their time with Skill Mill. This opportunity to participate in a formalised application, interview and induction process gave them not only a chance to build their CV and practice interview technique, but it also gave them an early sense of achievement and built their confidence.

These core skills are pivotal for the young people’s chances of securing education, training and employment post Skill Mill and as such provide real practical value for the young people, as well as helping them to build self-confidence and self-belief.

The participants typically experienced a wide variety of different types of work. Opportunities varied greatly from site to site, depending on the relationships that each site had with local businesses, charities, and councils. Work that the young people described includes ecological preservation, ground work and maintenance, landscaping and gardening, painting and decorating, construction and property

conversion, as well as providing public services such as litter picking, graffiti removal, and working in foodbanks.

'we've been doing all sorts – removing graffiti, litter picking, ground maintenance, planting, painting, clearing sites'

'We've just finished cladding this massive barn, it was a wreck before we started, now it looks great.'

'We're turning a garage into a classroom as well... we had to make all the wooden frames around the wall and out in the insulation'

'Doing the garage, doing brick laying, building a greenhouse soon. Laying some concrete for the base for that project.'

'I've learned how to use a strimmer, learned how to use a lawnmower'

This wide range of jobs meant that the young people had many chances to try different activities and learn about different skills. From basic construction and joinery skills such as how to properly use a saw, how to build partition wall frames, to more niche skills such as learning to pilot and park barges, and general boat maintenance. This learning is supported by working alongside their supervisors who typically 'muck in' and help, in addition to advising the young people on more effective ways to work.

'I kept using the saw and it kept bending, and he said if you do it like this, then it was a lot better'

'What they've taught me is all new to me'

These 'on-site' skills are often in line with the young people's career interests which helps keep the sense of Skill Mill as 'meaningful work'.

The fact that many Skill Mill projects benefit the local environment has not gone unnoticed in the communities around them, with some of the young people winning awards for their efforts – most notably in Rochdale for their contribution to the Rochdale 'In bloom' project. This type of recognition is good for the young people's self-image, as well as good for Skill Mill as a whole.

In addition to positive press coverage, the young people commented on how often members of the public show appreciation for the work they're doing. Such recognition helps to cement the young people's sense of achievement and motivation.

'lots of people will come up and say hi, and are really happy to see what we're up to'

'I ain't felt it just yet [pride] with the garage cos we ain't finished it, but with the turf I remember quite well, we'd done it, and then we didn't go back there for ages, and then when we started the garageand then when we went back we were all like, 'whoa, we weren't expecting it to look like that', but yeah, it looked good'

One participant recalled a local man praising them for a job well done:

'This old bloke came up and said it was brilliant what we were doing, that every time it rained it would flood near his house and what we did has totally stopped that happening.'

These experiences of self-reflection and receiving praise are real benefits for the young people involved, and help to cement their desire to continue developing their skills and progress in another training or employment environment.

As with their experiences with interviews and CV writing, the young people have had limited experience of keeping to work related routines. Their employment at Skill Mill required them to keep to an established work schedule, as well as organise their transport to and from the designated work locations. Time keeping and keeping to routine was discussed by all the young people and seen as a real positive step for themselves. This change to their routine was often in stark contrast to their use of time prior to their involvement with Skill Mill.

'Before I got this job, I was horrible with my time keeping... I'd go somewhere and be like an hour late, but now, it doesn't matter what time I go to bed, I'll still be here'

'I would say my routine has changed a lot. After the first couple of weeks, I got into the habit of going to bed early. To be honest, I'm sleeping much better after grafting all day.'

These advances in terms of time management did not happen overnight and required commitment and drive on behalf of the young people, a flexibility on behalf of the supervisors and employers, as well as an open line of communication in terms of planning their time. There were also times that the young people admitted that they felt they had let their supervisors down by their impunctuality or lack of attendance.

'I think we have let him down a few times when he really needed us... he lets us know when we've done wrong 100%.... we've not had it easy, but he's done good for you'

4.1.3 Life skills

In addition to the work-oriented skills that the young people developed, their exposure to new experiences outside of a work setting, most notably their attendance to Skill Mill events, had considerable impact on their self confidence and self-esteem. Young people discussed how they enjoyed their experiences travelling to different places, meeting different people, and seeing new things. These experiences allowed them to develop their interpersonal skills and build new relationships, helping them to understand the importance of 'wearing different hats' depending on where they are and who they're with, experiences that many of them had never had before.

'He was quiet in the front seat at first, just sat in the front of the van at first on his phone' (Young person talking about the changes seen in one of his colleagues)

Later in the 6 months programme the same young person stood up in front of a large crowd of strangers to talk about his experiences at one of the Skill Mill events. This type of change is not uncommon amongst the young people, with many of the supervisors also commenting on how the Skill Mill had made drastic changes to young people's ability to speak to strangers and be more outgoing. As discussed in relation to supporting access to training and employment, these young people often come from quite complicated backgrounds, and feel a sense of marginalisation, so for them to begin to gain confidence and ability to talk to different groups is an important achievement. One young person, on attending the ceremony in Newcastle when the Princess Royal presented the two Queen's awards to Skill Mill, expressed surprise at how open and interested the others were in engaging with him, something that he was not accustomed to.

'I've had some bad conversations with people, you know, showing negativity towards me, you get me... from that, I haven't really been keen on talking to people... That day, as soon as I went there [Newcastle] and seen everyone interacting... people coming up to me and interacting with me and generally just getting into good conversations... it boosted my confidence in talking to people one to one'

These types of opportunities to meet and talk with different people, and the ability of the young people to respond and flourish in these new environments, are another element of Skill Mill that equips the young people with fundamental skills, along with changes in perspective, that can help them in both their private and professional lives.

One important practical benefit of their time with Skill Mill was the support young people received when setting up their first bank accounts. When they started Skill Mill many of them did not have bank accounts and so had to make other arrangements so that they could receive their pay. Navigating the application process for a bank card was seen as a daunting experience especially since they frequently needed to apply for formal identification in order to set up their own accounts. The supervisors' knowledge and support gave them the insight and confidence to get the relevant information and documents together, which then allowed them to set up their accounts in order to receive their pay. Most employers will need their employees to have bank accounts and personal identification, so these steps were key to supporting their transition into work in later life.

In addition to bureaucratic and administrative support, working with Skill Mill meant young people received the correct personal safety equipment for working on site. Once they received their uniform, and got their own safety shoes and work trousers, they were again more prepared to move into further employment post Skill Mill. They also talked about how their supervisors offered them the use of tools, equipment, and transport after Skill Mill. This gave them the sense that if they needed support for another job, or for something like moving house, they now had somebody that would be able to help out. Access to these types of support again built their sense of self-confidence, and gave them a related sense of security which many had not had before.

The financial benefits of having a 6 month contract with Skill Mill were also a common theme of discussion amongst the young people. The secure income allowed them to invest in themselves, as well as their families, and taught them how to use their money. Often, they admitted to not using it very 'productively' at first, but as time went by, they were able to use it for a range of positive and helpful things.

'I've kinda struggled with it, before I had the job I've never really had money like that.. I didn't really know how to work with it, organise it productively, thinking of how I can save it'

'It might come to a week where I don't even need my money, and my mum might need it for something, so I'll just give her my 160. It makes me feel alright about asking for money,

'I bought my mum a new pair of shoes, and my brother supports Liverpool so I bought him a Liverpool kit'

Although the circumstances of the young people are different, what these examples all show is that receiving an income has helped not only with supporting their own needs, but also helped them to understand the importance of both saving and of contributing to their families. These changes, as well as making their and their families lives easier, have given them a sense of pride and self-worth, and opened their eyes to the importance of having money in the future.

A further benefit of their time at Skill Mill was their experience of building and maintaining relationships with their colleagues, supervisors, and external employers. Building these relationships was seen by many of the supervisors as central to the good work that Skill Mill does, and central to the young people's ability to transition into employment post Skill Mill. This emphasis on supporting relationships is especially important due to the difficult experiences this group have encountered in the past - especially in institutional and hierarchical settings.

The ability for the young people to have a positive working relationship amongst themselves is also a consideration when recruiting, ensuring that no conflict is built into the cohort via the selection process. The unique working model that Skill Mill uses – that of working in teams of four with one supervisor – was largely seen as a positive for the young people involved.

'Everyone has their moments... (but) I'm genuinely connecting with them'

As this young person suggests, working side by side with other young people did have some issues, and in one case one young person was asked to leave due to their lack of respect for other people's work, but this appeared to be an isolated incident. The young people we interviewed appeared to have developed good relationships with one another, and in some cases created very strong bonds. These strong bonds extended to the supervisors too, whose support was clearly appreciated by the young people we spoke with.

'You meet new mates here and then get along with them, which makes life easier at work and stuff like that'.

'At first you are wary of each other, you won't speak to each other as much, but once you do, like, two three jobs with each other, you actually get an understanding how both of you are'

'He (the supervisor) wants us to succeed, and has faith in us that we can do it (doing different jobs)'

'All the memories of this team, the happiness and everything else is all in that van'

In addition to the support received as a part of Skill Mill many of the young people discussed the impact that other relationships had had on their ability and motivation to complete the programme. This support tended to come from partners, family members, and other members of the YOT team. The support received from members of the YOT team underlines another key advantage of Skill Mill; that it is embedded in a broader local authority/local criminal justice system, a positive aspect that we discuss in greater detail in a later section.

In addition to support they received from these groups, they also felt a sense of pride in knowing that their family, partners, and other YOT members were pleased with the progress they had shown from their involvement with the Skill Mill. This supportive community gave them a platform, and incentive, to maintain their newfound focus and self-discipline.

Pride in the fact that they had a “proper job” was evident in many of our interviews. We were told of one young person who had taken his mother out to celebrate her birthday at a local restaurant and wore his Skill Mill uniform. His supervisor asked him why he had not changed out of his work clothes and was told that the young person wore his uniform on purpose so that everyone knew he had a job.

4.1.4 Changed personal narratives/personal development

One of the key elements of the theory of change for Skill Mill was evidence of young people's changed personal narratives. Throughout the interviews the young people shared several examples of how their time at Skill Mill had impacted their view of work, their potential next steps, and their view of themselves. As such, Skill Mill appears to genuinely improve and expand their own abilities and interests whilst also inspiring renewed visions of what they would like to do next.

Examples of changed personal narratives include changes in attitudes towards littering and graffiti, changes in their perception of work and free time, changes to the way they saw new experiences and new people, and changes to their career ideas and ambitions.

'That's one thing that's changed, the business, I would have never of thought about that before... you know, when we was laying the turf, I thought 'this is

easy', I don't really know what I was doing, but then five minutes in I just thought, yo, making a gardening business ain't that difficult

After discussing visits to different places, seeing different things, one young person reflected;

'Wherever we'd go, I'd enjoy it, that's the way I am nowadays'

For him, this was a big shift in his openness and interest towards new things and experiences, and could easily be attributed to his time spent with Skill Mill. Similarly this young person remarked that Skill Mill had;

'(Given me) access to a different skills and experience... and different pathways (in life), I'll be real'

Skill Mill's public recognition appears to have contributed to young people's positive identity. One told us how proud he was of the Queen's awards, making him feel part of something that is gaining nationwide recognition.

For another young person the Skill Mill experience had rekindled an old thought that he had forgotten

'I kind of want to work somewhere like this, you know, like [the supervisor's] job, working with youth, I'd like to do something like this'

We asked young people how they thought their lives might have gone had they not joined Skill Mill.

Young people reported positive changes in their lives, such as reduced involvement in criminal activities, improved personal discipline, better time management, and a more positive outlook on employment and education. They appreciated the structure and purpose the programme provided.

'There's no point going to a job that you don't enjoy'

'It's really improving life, and then it's about getting better innit'

'There's more stuff out there in a normal job than criminal activity'

Some participants believed that without the Skill Mill, they would still be involved in criminal activities, be unemployed, or struggling to find a constructive path in life, although two participants thought that they would be working even without the help of Skill Mill.

'I'd be in jail'

'I'd just be stuck with no prospects'

'I wanted to commit offences and make money, but that's illegal money. I have legal money now'

‘ I feel like I’ve really grown out of getting into trouble” I’ve stopped getting involved with all that bother. I’ll come home and I’m tired and I’ll just go on my Xbox and go to bed early enough to get up in the morning. It’s got me into a work routine and made me much more motivated and productive, it’s really built my confidence and I feel much more confident about my next move’

‘ My parents are really pleased. I’m two days a week at the moment but I’m really keen to go full time and I think they’re gonna offer me a job’ (young person interviewed on job placement).

One illustration of the very real positive impact Skill Mill can have came from Dale who had been arrested prior to Skill Mill, and referred to the programme through his YOT. His experience and evidence of changed attitude helped him to avoid a sentence in court.

This example and others highlight the difficulty that this group of young people can face whilst trying to ‘turn their lives around’ and move away from offending backgrounds .

Boxes 1 and 2 tell two of their stories in some detail to convey how attitudes shaped by experiences of being let down and not fitting in can slowly change towards pride in achievements during time with Skill Mill. Names have been changed to preserve confidentiality and, for the same reason, details of the site location have been omitted.

Danny's story

Danny was unemployed prior to his time with Skill Mill. Like many of the young people on Skill Mill he felt that he had been treated unfairly by some in authority positions. He said that not being offered a place in college was unfairly based on his appearance and past court cases and criminal charges. He was excluded from school two weeks prior to his final GCSE exams, another decision that he feels was unfair and disproportionate to his actions (an opinion he says was shared by his probation officer). This perception of distrust in authority and institutions seems to have extended at first to his attitude towards Skill Mill. He saw it initially as another empty promise and an opportunity to be let down.

Skill Mill has been his first job and as such a steep learning curve. He talked about how he struggled initially with the routine and had to learn fast how to manage his time. Fortunately, he had support from his mother who was very proud and happy to see him on a more 'productive route'. He also talked about how the change of routine and lifestyle made him reflect on his past, and how much he had previously been 'wasting time at home'.

'Before I got into this I was in a bad routine, bad schedule, bad mindset, waking up late, wasting my time, just not valuing my time right... now I can see changes in myself, now that I'm waking up earlier, I'm really happy with that'

His reflections on changes in his own life extended to his peer group, many of whom had dropped out of college. He explained that this made him doubly focussed to make a success of his time at Skill Mill, and how he felt he had a responsibility to be an inspiration for them.

I'm still trying to work towards something, and I'm not going to lie, I'm trying see myself as a role model to them... Every single day I'm trying to inspire them to get a job, to do productivity, to do something with their lives.. I'm always sending them job applications.

During his time with Skill Mill Danny has had the opportunity to gain many practical skills and experiences in addition to developing his 'fitness for work'. Work he has been involved with includes woodworking, bricklaying, ground maintenance, site maintenance, gardening and laying turf. As a part of this work, he has become more confident and comfortable using many different types of tools and processes. He sees these experiences as very positive as he tries to move towards a career in construction. These experiences have also pushed him outside his comfort zone. He admitted there were times he felt 'a bit frightened' by having to learn new skills or do things he had never done before. Similarly, the opportunity to go to new places and meet new people were great examples of when Danny got outside his comfort zone, and felt he really flourished. Attending a Skill Mill meeting in Newcastle particularly stuck in his mind, especially the openness with which he felt the people interacted with him there, and the confidence he gained from feeling like his opinion and ideas actually mattered.

This renewed confidence, and pride in himself – to the degree of considering himself a role model to his peers – are hallmarks of what the Skill Mill project is really good at: Exposing young people from marginalised backgrounds to new experiences and opportunities, allowing their natural abilities and interests to come out, and helping them discover things about themselves that they may not have previously known. All the time whilst building into them a sense of purpose and routine that can potentially build a sustainable foundation for a positive future in work. In Danny's own words: As Danny said;

'As soon as I got into it it opened my eyes, and I just want to work more now'

Toby's story

Toby had been going to college before the pandemic and after a somewhat disruptive past really wanted to show his mother that he was 'trying'. But during lockdown he 'got into some trouble' and felt college was no longer the right fit for him. This prompted his youth worker to suggest he apply for the Skill Mill. With her help, and his mother's, he wrote his first ever CV and went along for an interview. On reflection he acknowledged how strange he found the experience of being interviewed and said that it was 'pretty weird to be sat in a room in front of two blokes'. But once he got past the initial stage of the interview and induction, he had a genuine feeling of achievement, a feeling that would grow during his time with the Skill Mill.

One of Toby's colleagues said that in the beginning he would sit in the front seat of the van and just look at his phone, but as time went by, he grew in confidence and began to open up. So much so that he stood up at the Skill Mill event in Alnwick and shared his experience of Skill Mill in front of a large crowd of people. He reflected on the change he experienced:

'Skill Mill gives you a confidence boost. Six months ago I don't reckon I would have sat down here with you and had an interview and just talked about things, I don't think I would've done that.. it gives you the things you need' –

Toby is extremely proud of how he spoke with Princess Anne at the Newcastle award event. 'Look, that's the back of my head' said with a laugh and smile as he showed the interviewer some pictures on his phone, 'that's princess Anne chatting away with me!'

Toby's confidence is plain to see, a new found confidence that he credits Skill Mill for helping to develop. He particularly enjoyed the opportunities to travel and meet different people, as well as his experiences on canal work where he and his colleagues learned how to helm a barge, whilst also learning about general maintenance of barges and even helping with the building of a boat. His pride of being involved with a project like Skill Mill is clear to see, and he re-iterated how thankful and appreciative he was to be involved with Skill Mill, and to have met his supervisor.

During his time at Skill Mill Toby explained that he has done 'all sorts', from planting flowers and trees to ground maintenance and clearing sites to litter picking and helping support the ecological development at the island (find the name). Through learning practical skills such as how to use various pieces of construction and gardening equipment, to the support he received in setting up his first bank account, and the benefits of having some structure and routine so that he feels 'work ready', he acknowledges that Skill Mill has given him a great deal. When asked if he could change anything about Skill Mill he commented:

'I wouldn't change anything about the Skill Mill, but if I could change anything, I'd change how I behaved, and make sure that I came in everyday'

So whether it's the benefit of developing practical new experiences and skills, or the exposure different opportunities and people, Skill Mill gave Toby a strong sense of pride in himself, a pride that translated into a willingness to open up, have new experiences, develop his work ready skills, and manage to give back both financially and practically to his mother – all skills and experiences that he says 'will set me up for life'.

4.1.5 Reflections of Young People

As a part of asking the young people about their experiences of Skill Mill we specifically asked about parts of the programme that they did not like and how they would improve the design of the programme.

A number of issues emerged. These are discussed below, starting with those issues raised most often.

The young people were generally very positive about their experience in the Skill Mill with eleven interviewees stating that they had no criticisms of the programme. Participants were mostly content with the nature of the work, the equipment, the team and the supervisor. The shortcomings in the view of the young people included adverse weather conditions, certain tasks like litter picking, and sometimes the monotony of similar tasks like sanding or routine jobs in the farm.

'It's just some of the tasks that we get done, it's not like I don't want to do that. It's just some of the tasks. You don't want to be shovelling shit, you know what I'm saying? At the end of the day we get it done, but apart from that it's all right'

'We have to do sanding and we don't like that. You have to do it for ages.'

'Heavy lifting, there's a lot of shovelling, moving barrels, they're boring. But yeah, obviously picking up litter, it's kind of a little bit boring'.

'I would appreciate different work a wide range of skills using more machinery learning a forklift'

Many young people complained about the short duration of the Skill Mill programme which some participants felt limited their learning and growth opportunities.

'I wish it was a bit longer. Only thing I wish it was. That's the only downside'

'Like six months, like, it flies over'

'Whereas if you work for eight, nine months, you've got more experience of what the work is. Feel like stuff that I have more experience. And when I stay a longer time, it's like getting to know more people longer and getting to a point where you can start finding yourself jobs and more stuff like that'

'I wouldn't want to quit Skill Mill. I'd rather have it as a permanent job, to be honest. It's not because it's easy or anything. It's just because I like the job role and I pretty much like what we're doing'

This desire for a longer programme was essentially connected to the fact that while some young people thought they would be able to find work at the end of the six months, many were worried that they wouldn't be able to find a job.

'It's been great but it's still hard to get a job and then I'll be back to square one'

There were also several complaints from the young people about the level of pay on the programme which many of them found too low.

'Like we do more work for the pay'

Several young people said they needed a pay rise because of recent increases in the cost of living and their daily expenses:

'You know, even the buses, even like the buses aren't that worth the pay because it's only like 30 a day. Like I think they could really do more with a pay. Now basically though I have to get like today, I got to get two buses to work and two buses back. And it's only for like 30 pound a day or something'

'We might spend ten pounds on food at lunch, might spend on drinks and food at break'

Some young people said that they would welcome the opportunity to do more educational trips and travel to different places.

'If I was in charge of Skill Mill, I'd insist of more stuff like that' [talking about trips to Skill Mill events, meeting prospective employers and visiting a museum]

A final question we asked was whether young people would recommend the Skill Mill programme to a friend of theirs. Everyone said they would do so:

'I got my friend the job here he had nothing to do and wanted to turn his life around. If you've got the patience then it's a great programme'

'I'd say it's all right the pay is not brilliant and it could be more practical but if you haven't got a better offer, definitely do it. It's very difficult to find work when you're sixteen or seventeen'

'I definitely recommend it. And they were really pleased that something positive came out of that court case. To them it's a good little scheme the rules are simple the bosses are friendly if it was better publicised it could help a lot more people there's loads of people I know who would benefit from it'

4.2 The views of supervisors

The views of supervisors on the strengths and weaknesses of the Skill Mill programme generally reflected the views of the young participants. Our thematic analysis created main categories of findings as follows: awareness of the unique design of the Skill Mill programme; benefits that Skill Mill offers both for the young people themselves and the wider community context; and outcomes and challenges for Skill Mill.

4.2.1 Unique design of the Skill Mill programme

A key theme that emerged in our analysis of the perspectives of supervisors was the appreciation of the unique service design employed by Skill Mill. They stressed that young people who most struggled with acceptance into more traditional options were actually the focus of Skill Mill's approach to admission. As a supervisor explained:

'There are no opportunities locally, no Saturday jobs, training providers not very good, no good for our young people. Lots of kids can't get a job despite multiple applications. I've had parents crying with pleasure at hearing their kids are on Skill Mill'

Staff recognised how different this approach was to alternative more established ETE programmes, giving young people the opportunity to experience a wide variety of different supervised jobs whilst also being paid. Supervisors highlighted the importance of young people being paid for their time and understanding that if they didn't turn up for work, they would not be paid. In addition to an obvious incentive to work (generally unavailable in other employment and training interventions within the criminal justice system), payment also provided an insight into the realities of working life.

'Some kids start without even a mobile, two weeks of pay later, they've got a second hand iPhone. Their confidence goes through the roof, giving parents money towards their keep is really powerful. When they turn up the first week, they've often got holes in their jackets & trainers. They know where they are in society, they don't have designer labels like their peers'

In addition to this, the variety of work undertaken gave the young people hands on experience of different types of work that allowed them to develop their thoughts about what they enjoyed doing and what work might interest them in the future.

When discussing Skill Mill, a theme relating to the theory of change arose in several conversations - the importance of having meaningful work for the young people to engage in. By providing work that 'needs to be done' the young people's focus was more consistent, and a sense that Skill Mill is a genuine job was easier to maintain for the supervisors:

'Have to be mindful that they do 'proper work' so that the young people don't feel that they are just doing community service type work'

'If the job doesn't feel meaningful, if you are just filling time, they start messing about, coming in without uniform. If we are doing work at a school, it is a proper, formal work environment, they must behave, no swearing, act like role models'

Several supervisors focused on the importance of ensuring that every day's work made a difference, ensuring that the young people could take pride in their achievements.

'That sense of achievement, even on a daily basis I want it to look different from when we arrived in the morning'

'Look at what we've done - ask your mates what they've done today'

In addition to the work related skills – how to dig a ditch, use a power tool etc. – there was even more emphasis on the life skills.

'We work much more on soft skills than on practical skills'

'Get up, get dressed, get to work on time in your uniform... get paid'

The one deficit in the programme highlighted by every supervisor was the lack of support for young people when the programme ended. Supervisors did everything in their power to try to help young people find a job or a proper training opportunity, but ongoing support after the six months was minimal as supervisors had a new cohort to look after:

'What happens next? I worry about the level of aftercare, there really isn't one apart from a reference'

'Some people would like to stay on for longer. The endings are difficult, moving them on to get something proper. The Careers Service are not very helpful, miss one appointment and you are out.'

'The young men start to tail off at the end. I might be the only stable adult they've had in their life, they start not turning up because they don't want to say goodbye, for the programme to end.'

'It's hard to provide aftercare, the odd call or text is about it.'

'We try our best to find them work, they have CVs and letters to go out but finding jobs for 16/17 year olds with criminal records is very difficult.'

Supervisors highlighted the positive benefit of the Skill Mill staffing model, where the supervisor would be an existing member of the local youth justice or local authority staff, but then be seconded to Skill Mill, thus giving them the dual benefit of access and knowledge of other services and materials, whilst also giving them a degree of autonomy from the local service provision. Most supervisors were hand-picked for the role because they combined practical skills (often from prior careers) with the ability to engage and supervise young people. The design of the programme involved a unique work environment which for one supervisor:

'Somewhat reminded me of what I used to be about, and what I used to achieve with young people ... spending quality time and build relationships'

That said, most supervisor interviewees emphasised that it was a very demanding role:

'Sometimes I have needed support when I've had a more lively group and been working in a secluded spot, I've sometimes had a support worker. A support worker would be useful, they get bored if they are waiting but sometimes the task is demanding or someone needs some 1-2-1 time'

'It has been a challenge. 4 is too many in the cohort especially since they are quite high risk. Keeping them all focused and dealing with challenging behaviour really needs two workers'

In addition to supervising the young people, almost all the supervisors highlighted the ongoing challenge of finding sufficient work projects, especially those which were properly paid:

'The pressure to find paid work. Skill Mill hasn't been able to find the paid work like they promised. Because I know property managers of community centres etc. I can usually find work.'

'Finding the right work is quite tricky; it needs to be not too high quality, doable but not just manual labour. It's hard to do high quality work with this group'

'Teams can very rarely earn the Skill Mill target of £500-600 per day.'

'It would be nice to have someone finding and pricing the work for you. The job is like working for yourself, you've got to do it all.'

4.2.2 Benefits of the Skill Mill for young people and communities

Examples of the benefits that Skill Mill offers to the young people include raising self-confidence and self-esteem, creating opportunities for upskilling and work experiences, providing assistance and support for a range of bureaucratic tasks, receiving a steady income and learning about money management, gaining experience of managing and maintaining different relationships, and giving much needed access to support for an often marginalised group. The impact that Skill Mill had on the young people's confidence was clear to see according to a number of supervisors:

'They may struggle with self-esteem, this allows them to walk a bit taller, they are achieving something, they're bringing value into their homes and communities. They bring money into the home whereas before they'd bring the police to the door'

'Definitely seen some people make real progress. Young people often surprise you the way they adapt to different work tasks and locations. Strengths come through in different ways. Lots of people struggle in the classroom, but shine in the real world.'

'Most have never worked in their life, they do learn what is expected, takes time to turn up on time, learn how to behave. A bit of positive peer pressure helps'

'Quite a few have progressed on to jobs, people get girlfriends, settle down'

The interface between Skill Mill and the communities in which they work is highlighted in several accounts of positive reactions from residents and passers-by, which in turn boost young people's self-esteem. For example, in the words of one supervisor, referring to members of the public seeing young people doing clearances and praising their work

'You can see the chest come out and it's like you know wow they just said I'm doing some good, where they are used to getting you are no good you'll never do anything. They're always getting knocked - down just building them up that little bit and it's absolutely fantastic.'

'Local people in the community are impressed and change their view of young people, once they realise it's not Unpaid Work.'

4.3.1 The views of youth offending services

In the opinion of the research team, the views of Youth Offending Service staff were always likely to be the most reliable indicator of the value of the Skill Mill intervention, since this group understands the challenges for young people in contact with the criminal justice system and can compare the work of Skill Mill with many other internal and third party interventions.

There was unanimous praise for the project model from all 15 YOS interviewees. They valued the approach which combined an intervention that models the world of real employment very closely (including providing a legitimate form of income) with an approach which nurtured and developed young people without excluding them in the early weeks of the programme when the behaviour of many would be unacceptable to most other interventions and almost certainly real life employers.

'It has all the advantages of an apprenticeship without the downside of a day in college once a week which most of our young people just wouldn't cope with because of their negative experiences of school.'

YOS managers were very clear that the Skill Mill took many of their more complex and challenging young people who were already heavily involved – or at high risk of becoming heavily involved – in criminal lifestyles. Since the YOS controlled the referral process, the evaluation team is confident that there is no “cherry picking” or selection of the young people who are most likely to succeed on the Skill Mill programme.

YOS interviewees praised the high quality of co-operation between the Skill Mill and YOS workers, greatly enhanced since most supervisors were seconded members of YOS teams.

The presence of Skill Mill as an additional opportunity for young people has also been externally recognised. In Surrey, HM Inspectorate of Probation highlighted it in their 2022 inspection report as one of the strengths, and highly effective.

The 'youth offer' is impressive and gives opportunities, such as the 'skill mill', that enhance the quality of post-16 ETE provision¹⁸.

Only three areas for improvement were identified. YOS interviewees agreed with young people and Skill Mill supervisors that the lack of an aftercare service was a significant deficit of the model. Two interviewees pointed out that this deficit was mitigated when a young person still had the help and support of a YOS worker at the end of the 6 month programme. However, they acknowledged that many young people were no longer on statutory supervision at this point or had turned 18 years of age and were not able to avail themselves of this support.

¹⁸ Her Majesty's Inspectorate of Probation, 2022

The second issue is also one that has been already discussed at length; the difficulty in finding sufficient work, especially work which employers were prepared to pay for. Several YOS felt that they did not receive the support promised by Skill Mill in this one area.

Although interviewees agreed that not every young person took maximum benefit from the programme, all could name several individuals for whom Skill Mill was the key intervention which had helped them turn their life around:

‘ They have worked well with people with special educational needs, people coming out of custody and lots of children in care. There has been a good mix of young people from a wide range of ethnic backgrounds. One young man was heavily involved in shoplifting, committing crime most days. He did absolutely brilliantly, has been in work for at least 12 months now and has just become a dad. ’

‘ Our Skill Mill graduates do a lot of our public speaking and the amount of self-confidence they have gained is obvious to us all. ’

‘ I have no doubt that Skill Mill saved one young person from prison; it really helped shift him into a different identity and noticeably accelerated his maturing. We had a very quick reduction in the number of police reports about him. ’

‘ The whole cohort really gelled into a great team; they even clubbed together to buy their supervisor flowers when the 6 months ended. ’

The final issue raised by two different YOS areas was that the reoffending data captured by the project was not directly comparable to the reoffending statistics used by the Ministry of Justice. While Skill Mill reoffending is measured at 12 months after the start of the programme, official MoJ figures are calculated on the basis of the same 12 month period but allow an extra six month period for an individual’s case to be processed by the courts. Two YOS areas said that there had been significant delays in local courts aggravated by the pandemic and that they were aware of a number of participants who had pending court cases for alleged crimes committed during the 12 month period. Since no re-offence had been proven, these young people were recorded in the Skill Mill official figures as having not reoffended. This was the method of recording required by the SIB contract. YOS interviewees were clear that reoffending rates had been very positive but wanted to raise the issue that these were not comparable with other data.

The final question that we asked all YOS managers was whether they were pleased that they had funded the Skill Mill programme. All interviewees stated unequivocally that they were delighted to have funded the programme, wished that they could have funded more places and were extremely disappointed that they were unlikely to secure funding for the continuation of the programme without the match funding from the Life Chances Fund:

‘ This is what YOTs are screaming out for, especially with high NEET numbers & high caseloads. We really value the programme ’.

‘Some of our harder to reach children have seen real success, we struggle with high risk children accessing any form of ETE’

‘Seen some real successes, an incredible initiative’.

‘We are keen to get copy of evaluation so that we can argue to the board why they need Skill Mill to continue.’

‘Very difficult to see funding options in the future, we have to pull back on non-statutory provision even though it would save lots of future costs in an invest to save approach, but where do we find the money to support it?’

This situation left almost all the Skill Mill SIB YOS in the position of wanting to continue funding the programme but unable to do so because of lack of funds.

4.3.2 Employers

The longer established Skill Mill sites have built relationships with employers operating in their areas. Skill Mill’s offer aims to tap into companies’ Corporate Social Responsibility. One line manager in a site where sales are strong reported that he was surprised about the company’s *‘genuine desire to improve the lives and chances for young people’*. He explained how they put on talks for young people and *‘have really bought in to the Skill Mill objectives’*. Some of his counterparts in other sites consider that Skill Mill allows companies to *‘put a tick against that box’* [Social Value].

Line managers and supervisors especially in the more recent Skill Mill sites are well aware that working on mainly voluntary and community-based projects without fees is not ideal from a business perspective, although it may be beneficial in terms of varied work experience and profile building. One commented, for example, that their contacts are with local authority departments and community partners, and *‘the private sector route is fairly untapped’*. Staff in the local teams, as several pointed out, are not professional salespeople. They often seem to be feeling their way in selling and pricing services. Although they are proud of the work the young people can do they are conscious of limitations when it comes to the commercial offer. As one reflected

‘Pricing contracts is tricky – we are aware that the job quality may be uneven for example between the beginning and end of a cohort’

Skill Mill teams both nationally and locally are resourceful and enterprising in seeking out opportunities to extend their business offer and leverage new sources of support and funding. Teams around the country have won local awards. Although these involve only very small sums of money they add to prestige and recognition. For example

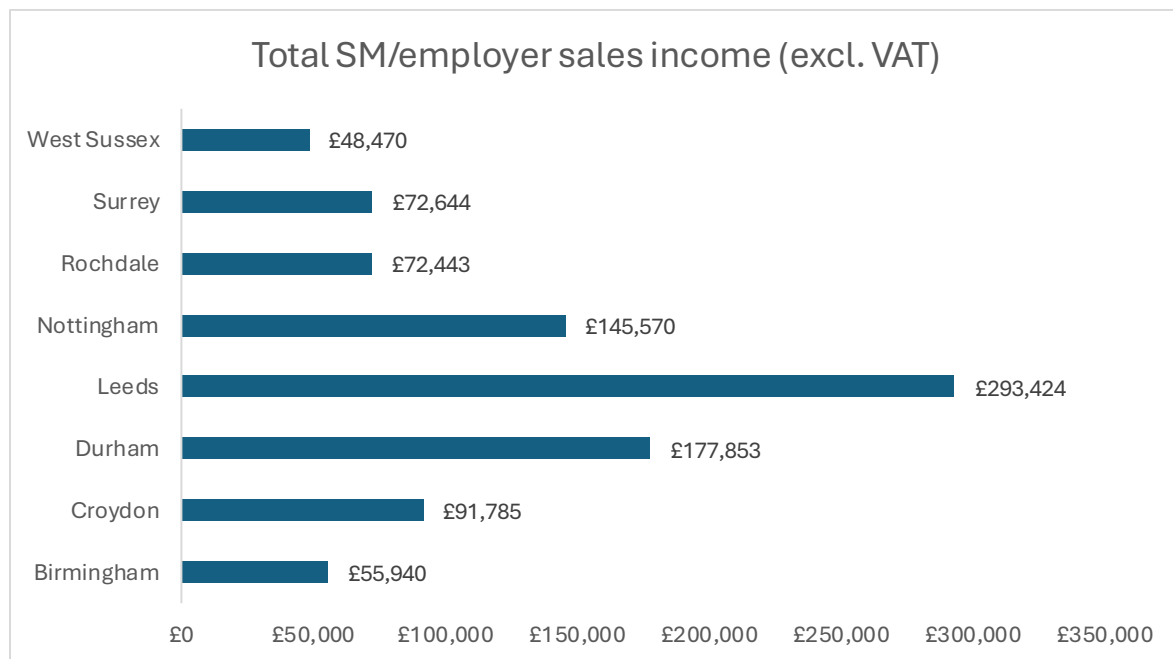
- A grant from the Severn Trent Community Fund to support work - Birmingham.
- A grant from the Arnold Clark Community Fund - West Sussex
- A local Community Grant from Kenley Co-op store - Croydon

In Surrey the team has been actively exploring creation of products for sale to generate income. Hazel hurdles can be made from a by-product of clearance work and sold at a profit to create a new income stream.

The Skill Mill senior leaders have invested (literally) hundreds of hours in making contact with national employers in the construction sector who have signalled their interest in fulfilling their Corporate Social Responsibility (CSR) and complying with their social value commitments under public contracts by working in partnership with the programme. However, despite considerable interest and activity, the number of national agreements which result in paid placements for Skill Mill participants is very small. We discuss in the next section how the leadership team unsuccessfully advocated for additional resourcing for a dedicated central sales generation post.

We have already seen that there was a thirty percent shortfall in the predicted income generation from employers which has had a deleterious impact on the financial returns of the SIB model. The chart below shows that while some areas were extremely successful at selling work, others only generated small amounts of income. The variation was substantial. The average number of employer days sold was 308 per area. The least successful areas at generated employer sales were Birmingham (148.5 days total) and West Sussex (150.5 days) while Durham sold 549 days and Leeds 651 days. The average charge per day (day rate) also ranged from £322.06 in West Sussex to £450.73 in Leeds. The total income raised by each of the eight pilot areas (excluding VAT) is shown in figure 3 below which shows that, for example, Leeds generated more than six times the income of West Sussex.

Figure 3 Employer sales by SIB area



Our interviews with employers and senior Skill Mill staff identified some of the key challenges in securing this employment income. On the Skill Mill side, there are some limitations in selling work:

- The cohort model presents some difficulties since it means that there is a completely new group of young people every six months who are probably not ready to deliver commercial quality work for the first 4-6 weeks. In the last month, some of the (typically most able) young people may have left to take up jobs. This means that the window for effectively selling work at commercial rates is approximately 4 months, twice a year.
- It is also difficult to find the right level of work. The Skill Mill rightly does not want medium-long term contracts which involve repetitive single skill work. Conversely, any work that requires even the basic skills of a qualified tradesperson is likely to be beyond the abilities of the group.
- Therefore aligning appropriate work at appropriate time periods to match the requirements of an employer who will have different construction sites at different stages of development is not as straightforward as it might initially seem.

On the employer side of the equation, there are two principal challenges to overcome. Firstly, while social value teams and managers are often sincere in their desire to employ Skill Mill young people and are impressed by both its objectives and its well-tested model, these individuals rarely have the power to arrange Skill Mill work on a particular site at the right time and level of work. This issue of large employers being apparently enthusiastic to offer people with criminal convictions work but failing to deliver is well known to the research team from evaluations of other offender employment initiatives.

Secondly, the construction industry is also subject to increasingly complex legislation and internal policies relating to health and safety on site. While the Skill Mill had succeeded in obtaining a range of important national qualifications and registrations, supervisors and teams were still often required to have employer-specific accreditation /participation in training and every aspect of the work (including even the use of a Skill Mill vehicle) sometime has to be approved on a site-specific basis before a team can start work. We interviewed employers who reported instances of organising these procedures only to find that the work was no longer available or the cohort had completed its 6 months by the time they were complaint with the company's requirements. Skill Mill teams are well equipped to undertake site clearance work and this was organised by one employer in one area but the construction work had passed this stage by the time the administration requirements were met.

The Skill Mill has successfully navigated these challenges in its long-standing areas of operation and has ongoing commercial relationships with a number of environmental, local authority and construction bodies. However, the SIB sites were scattered all over the country with no two sites geographically adjacent. The challenge of finding new employers in all of these areas proved difficult to achieve and was, of course,

exacerbated significantly by the pandemic and related difficulties in the construction sector.

It was the Skill Mill Chief Executive's view that there was only one large corporate partner in the SIB area sites which was genuinely committed to an ongoing partnership with the Skill Mill with all parts of that organisation positively engaged in the partnership. Our interview with this employer demonstrated their commitment:

'Skill Mill really kicked off our social value programme . We really value our relationship with them and the relationship has grown over the past 8 years. They are our go-to organisation, we basically have a cohort working for us full time. It is a significant spend for us out of our social value programme but it is very much what social value work should be. We put on a graduation ceremony and try to add some value. We go to Skill Mill rather than other contractors.'

4.4 The Skill Mill SIB model

The focus of this section is on the Social Impact Bond that was put in place to fund the expansion of Skill Mill from a relatively small-scale service delivered in the North East to a national programme delivered in local authorities across England.

4.4.1 Development of the SIB

The process of developing the SIB started with discussions with the Cabinet Office and a Life Chances Fund Development Grant from the Department for Culture, Media and Sport (DCMS). This 'pump priming' grant supported development of the initial bid to the Life Chances Fund (LCF) for the Skill Mill SIB. The original bid envisaged ten local authorities paying for outcomes alongside the Ministry of Justice and with the LCF paying a 'top-up' for outcomes. In this bid traded income was treated as additional income to invest in future expansion. The bid was initially approved. However, during the planning phase prior to implementation it transpired that the Ministry of Justice was not eligible as an outcomes payor because the LCF acts as a proxy for government and so prohibits another government department also being an outcome payor. The project was therefore revised with traded income being built in as part of the outcomes payment. There were delays following the start of the Covid pandemic and eventually the SIB launched in eight local authorities.

As one of the leadership team observed wryly, *'at times looked like it might be the death of Skill Mill'*. With hindsight, he continued, it looked naïve to try to bring together ten local authority legal teams and commissioning teams and *'expect to find a happy medium'*. The long, hard journey from the original idea to the launch was a recurrent theme particularly for Skill Mill board members. They also expressed frustration about the loss to Skill Mill when one local authority legal team claimed that the SIB arrangement was incompatible with procurement law, which led to withdrawal from Skill Mill. Board members were concerned that although they were sure this claim was unfounded, other local authorities might follow suit but that did not happen.

Negotiations were easier with those local authorities where the Skill Mill already had a working relationship.

4.4.2 Importance of the Life Chances Fund

In the UK, government funding is important for seeding SIBs. The LCF Development Grant and the later LCF outcome payments were considered essential by stakeholders and staff. LCF outcomes payments provided a third of revenue streams alongside local authority outcomes payments and traded income. The Life Chances Fund was critical because it made the programme viable within the financial envelope.

4.4.3 Structure of the SIB

A Special Purpose Vehicle, Skill Mill Partnerships Ltd, was created to receive and manage the social investment. This sat alongside, but was legally separate from the Skill Mill social enterprise which delivered the services. One result of this structure was that a very small central Skill Mill team was managing two legally separate organisations, each with its own Board and performance management requirements.

Social Finance acted as intermediary in the development of the SIB and when the SIB was operational were initially responsible for finance and performance management and provided the Chair of Skill Mill Partnerships Ltd. During the lifetime of the SIB Social Finance withdrew from the SIB. Purple Compass took over the performance management function, Substance took over the finance function and an independent Chair of the Board was appointed.

The four investors in the SIB were Big Issue Invest, Charities Aid Foundation, North Star Ventures and Resonance West Midlands SITR Fund.

The commissioners were the Department for Culture, Media and Sport via the Life Chances Fund and eight local authorities:

- Birmingham City Council operating through the Birmingham Children's Trust¹⁹;
- Durham City Council;
- Leeds City Council;
- London Borough of Croydon;
- Nottingham City Council;
- Rochdale Borough Council;
- Surrey County Council; and
- West Sussex Council.

¹⁹ Birmingham Children's Trust is owned by, but independent from, Birmingham City Council.

The Skill Mill SIB finance model is relatively unusual. Some payments (although a small element) are made for the activities of recruitment and induction rather than outcomes. A small technical finance innovation is to have a junior debt tranche (SITR)²⁰ alongside the usual blended debt and equity investment. The most significant aspect that departs from the textbook SIB is that the Skill Mill SIB only partially relies on social investor funding. Deviations in this respect in SIB arrangements typically involve loans or reserves used to fund service delivery. The innovativeness of the Skill Mill SIB in its use of sales income to support service delivery in the public good was highlighted by experts, investors, and providers.

4.4.4 Complexity and high transaction costs

Advocates of SIBs as well as their detractors recognise that they can be ‘notorious’ for their high set-up costs²¹. According to the recent evaluation of the LCF, beneficiaries typically found the process “complex and resource intensive”²² The Skill Mill Partnership was no exception. Local authorities in particular struggled to understand the SIB model. Local authorities often had limited experience and understanding of social investment. In particular there was confusion about the distinction between Skill Mill (the social enterprise that delivers the service) and Skill Mill Partnerships Ltd (the SPV that local authorities pay the outcome payments to). The cost of running the SPV was calculated to be £442,968 or exactly 10% of the total cost of running the SIB programme.

The financial and governance model built into the SIB added to its complexity and the different parties struggled to reach joint decisions. For example, when sales fell below projections the Skill Mill team wanted to initiate a clause in the SPV agreement to employ a consultant to support sales, removing the pressure on supervisors to try to source work locally which is described above. However, this proposal was rejected by the SPV Board. As another example, during Covid the Access Foundation awarded a grant of approximately £100k to support the SIB. It was broken into three tranches: money to help with sales, money to help pay for PPE and money to help pay for evaluation. The different parties to the SIB struggled to reach agreement on how this funding should be spent.

4.4.5 Operation of the Board

The majority of SPV board members interviewed described a somewhat stressful working atmosphere with a lack of trust and occasionally a degree of low-key antagonism between representatives of Skill Mill and investors. Skill Mill interviewees complained that most investors seemed to have relatively little interest in the programme and were focused on getting their financial return. Conversely, several investor board members, who were managing investments on behalf of others, felt that legitimate questions about data and performance were not fully answered by the Skill

²⁰ unsecured debt that ranks lower in repayment priority than other debts in the event of default.

²¹ FitzGerald et al., 2019

²² Loveless, 2021, p iv

Mill team who took what investors regarded to be normal due diligence enquiries as criticism.

'If I was going to be hypercritical of SM, they have executed contracts with exuberance but never cracked the feeling of them and us – them being a charity and us being the SPV. If we could have worked earlier in partnership, we might have jointly achieved more'

There was acknowledgment by all parties that some investor representatives could have employed a more tactful approach and that had Skill Mill had a dedicated chief finance officer who understood investors' questions and could have responded fully to them in the same financial language, many of these tensions could have been mitigated.

Most parties agreed that working relationships had improved after the removal of Social Finance with both the Purple Compass and Substance representatives able to facilitate communication between investors and provider.

It is clear that the operation of the SIB throughout the programme was an extremely stressful experience for Skill Mill senior leaders. As board members put it:

'The amount of time, money and energy expended on SIB Special Purpose Vehicle is ridiculous'

'It also demanded a lot of time and energy to run and service the SPV which meant that we couldn't or didn't focus sufficiently on future planning'

There were also a number of tensions relating to the role of Social Finance as both SIB chair and responsible for performance management. This resulted in a change of chair and the replacement of Social Finance by a combination of Purple Compass and Substance, the former to fulfil the performance management role and the latter to undertake the data analysis and risk identification remits.

A number of themes emerged from our interviews with board members.

First, the SIB model restricted the ability to make the best operational decisions. All board members had bought into the SIB structure and acknowledged the importance of the funding provided by the Life Chance Fund (LCF) which provided one third of the required project expenditure. However, as time went by, there was general agreement that the government imposed restrictions on the LCF – specifically the fact that the original timescale could not be adjusted to reflect the difficulties caused by the coronavirus pandemic – meant that there was little opportunity for investors and others to bring their expertise to bear in the interests of the programme since the project operation was essentially immutable owing to the SIB payment structure.

Second, Skill Mill lacked strategic direction. A number of board members felt that the Skill Mill's inexperience in delivering at scale, combined with a lack of resources meant that the leadership team sometimes failed to address significant problems in good time. Many interviewees reported repeatedly raising concerns about the challenges of having to run a double cohort which they regarded as inevitable after the initial delays

caused by the pandemic and the difficulties in generating employer sales. They felt that Skill Mill's main response was reassurance without a strategic plan. Most felt that Skill Mill wasted too much time lobbying to change LCF rules or pursuing elusive pots of government funding rather than planning within the context of the financial realities. Importantly, none of the three board members quoted below were investors:

'I am increasingly frustrated by our lack of a proper strategic/business plan'

'The weakness is our lack of a sustainable funding stream, we are going around chasing opportunities with low likelihood of success'

'I don't understand why Skill Mill think performance will be maximal in the last year when we are running a double cohort and the programme is running down'

Third, some investors ended up disappointed with the SIB. Some investors report having been discouraged from any future investments in Skill Mill (and in one case in SIBs generally). In part this was because a common frustration (widely shared among investors) in not getting comprehensive and timely financial information:

'I really like the programme but I have lost confidence in the numbers we are given. We are being promised an 82% return on investment but doubt whether we will get that. I need to prepare my investors for this likely outcome but kept being told everything would turn out fine.'

Investors were also disappointed in the eventual performance of the SIB; while they acknowledged the risks in this form of social investment, they were unprepared for the SIB sites to underperform compared not only to the SIB targets but to historical levels of Skill Mill performance.

One board member (again, it is important to note that they are not an investor) expressed the opinion that:

'It's fundamentally a great programme, but I don't see how it's investible with the outcome targets in the SIB. The real, verifiable job outcome rate was 25% - which is brilliant given the target group - but the financial model over-promised on job outcomes.'

4.4.6 The SIB as a driver of growth

In public statements Skill Mill leaders emphasise its expansion to date and potential to grow further.

'I guess the ambition is to upscale the programme so that we can make more opportunities and to be able to make more of a difference' Andy Peadar, Skill Mill Director speaking to the Alliance for Youth Justice, April 2021.

The extension in 2021 of the Skill Mill programme far beyond its original heartland in the north of England was underpinned by the new SIB contracts involving eight local

authorities. The theme of growth was echoed again and again in our initial round of interviews with staff and stakeholders. There were thoughtful reflections in the interviews on the significance of SIB funding to the achievement of growth. Positive views of the SIB funding model were expressed by informants both in the Skill Mill leadership team and senior staff in the local authority partners. As a board member explained, *‘without the SIB, Skill Mill wouldn’t exist in the way it does today. We were told it allowed a reasonably solid funding arrangement with a degree of security that is rare for third sector organisations. Senior local authority staff typically praised the way the SIB has provided the opportunity to extend the Skill Mill programme to vulnerable young people in their areas. As one explained in an interview:*

‘From an ethical point of view I really like the model. We are not paid for successful outcomes as the delivering organisation. That allows us to take a risk on young people. If we were relying on their outcomes to generate our income it would be different. It gives the more vulnerable a better chance’.

While investors shared admiration for the energy, passion and commitment of Skill Mill staff and complimented the organisation on a very lean model, they also recognised that this presented real challenges in managing service delivery across eight different geographical locations. There was a consensus that one of the implicit supposed benefits of the expansion facilitated by the SIB – the achievement of economies of scale – turned out to be unrealistic given the need to deliver to a different primary client (the YOS) in different locations. Had some of the SIB sites been closer together, there might have been more opportunities such as appointing a regional Skill Mill lead to develop sales opportunities. As we have stated above, Skill Mill leadership advocated for funding for a central post to lead on developing sales.

4.4.7 SIB outcomes

With regard to the SIB contract and outcome measures, they are intended to assess the young person’s journey and the multi faced nature of the intervention. The employment / further training outcome looked entirely appropriate in advance but has proved difficult as discussed above in the light of the pandemic. Reoffending was of course an obvious outcome to reflect Skill Mill goals – *‘the big one’* as a Skill Mill leader told us. Skill Mill has reported a strong record on reducing reoffending since its first pilot in 2014.

All the investors we interviewed expressed total confidence in the reoffending and employment/further training outcomes. As an evaluation team, we have a more nuanced perspective. It is clearly right that the primary outcomes of the Skill Mill programme reflect its principal objectives to help young people move away from a criminal lifestyle by enhancing their ability to find work. We do, however, question the metrics used to measure these outcomes.

As we have already stated, reoffending is measured before all alleged offences which have taken place within the 12 month reconviction period have been dealt with by the courts. There is therefore a likelihood that a number of young people have in fact reoffended but were not classified as such. The programme metric was purposefully designed in this way for the SIB in order to provide regular outcomes and payments. However, the disadvantage of this approach is that the reoffending metric is not a formal benchmark which can be fairly compared to national reoffending rates. It is also possible that young people who offend within the 12 month period but as an adult, having passed their 18th birthday, are not recorded as reoffending as this data is not always available to Youth Offending Services.

In respect to employment outcomes, these are well verified but again we question whether starting a job or training course is a significant outcome. Several YOS staff told us that many of the young people under their supervision find jobs or start courses but are unable to sustain them. We feel a more valid measure would be whether young people remain in work or complete a training course.

We do wish to emphasise that we are confident that many young people who graduate the Skill Mill programme do complete successful desistance and employment journeys, we merely question whether the reported levels of success are robust and comparable to other national data.

4.4.8 Limitations of the SIB

From the perspective of supervisors, a slight downside imposed by the SIB structure is the timing of cohorts without flexibility on starting dates for young people. All front-line workers we interviewed recounted instances of individual young people's progress towards employability that fell short of meeting the SIB targets. None of them however pushed these arguments to object in principle to the SIB.

One board member questioned whether the SIB model makes the Skill Mill fully accountable for its outcomes, a key element of most SIBs. This person pointed out that funding is generally paid in advance to allow the organisation to deliver its services and that shortfalls are met by investors. It should of course be noted that Skill Mill did end up investing £181,000 from its reserves at the end of the programme because it did not fully meet the very demanding targets.

4.4.9 Overall views of the SIB

Skill Mill is not testing a new, innovative intervention but, essentially, scaling up a proven model. Overall, Skill Mill interviewees acknowledged that the programme could not have scaled up to the same extent without the SIB and that, despite the huge increase in workloads and demands of senior staff in particular, they had been able to deliver a high quality service to an additional 243 young people in need:

'Yes I'd do it again, from the Skill Mill perspective it has been fantastic, given us a much bigger soapbox to expand the programme, demonstrate its effectiveness to a wider audience'.

The SIB enabled the scale up, but also led to sub-optimal operating decisions, in particular the decision to double up the final cohort to reach the required output within prescribed timescales, but also the focus on sales, which absorbed significant resources.

There was however a dawning realisation during the last months of the SIB that the hoped for continuation of the programme had been over-optimistic given the simple lack of a statutory funding stream. Sadly, this has proved to be the case with the Skill Mill programme only currently being delivered in three of the eight SIB sites. There is currently (December 2024) considerable interest in funding another expansion of delivery sites which has (again) required enormous amounts of energy and resources by the Skill Mill leadership team.

Investors also shared a high opinion of the quality and impact of the Skill Mill programme but remained disappointed that the promised outcomes and return on investment had not been forthcoming.

5. Conclusions and recommendations

This chapter summarises the research team's assessment of the strengths and weaknesses of the Skill Mill programme and the Social Impact Bond vehicle which has enabled it to expand geographically across England from its origins in the northeast.

5.1 The programme

There was a strong consensus amongst young people, supervisors and Youth Offending Services that the Skill Mill programme is a robust and effective model which helps young people with significant experiences of the criminal justice system to find a way out of a life of crime by building work and life skills and gaining much needed self-esteem.

We believe the strongest evidence of the effectiveness of the programme comes from the testimony of the Youth Offending Services who host it and who have an expert and objective view of its value. All the pilot sites confirmed that they would have liked to have continued the programme, but were unable to do so because of the lack of funding available to them. All partner organisations were consistently impressed by the energy and commitment of Skill Mill staff, including both senior leaders and site supervisors in this assessment.

We have identified the following critical success factors of the programme:

- It provides a much more comprehensive intervention of the scale needed to make substantial changes in the lives of troubled young people. The intensity of the programme (5 days per week) and the sustained period over which it is delivered (6 months) are both unusual in a UK setting but are critical to the programme's success.
- The combination of a real world work setting (proper work for real clients) within a forgiving context which does not expect but facilitates appropriate behaviour and performance is core to the programme's success.
- The fact that young people receive substantial (if relatively low) pay which is made on a weekly basis is a significant incentive and motivating factor. The fact that pay closely reflects attendance and performance is a reliable way to encourage progress.
- The small cohorts allow for very strong relationships and the development of trust between the young people and the supervisor. This results in supervisors being effective role models and mentors who are able to advise and support young people in every aspect of their lives.
- The skills and commitment of the supervisor are the single most important component in effective service delivery.
- The culture that each team comprises the supervisor and four young people who all work together at delivering the commissioned task is important, allowing supervisors to model both practical and social/soft skills.

- The fact that many of the work assignments are of concrete benefit to local communities greatly enhances young people's sense of pride and growing self-esteem.
- The embedding of the programme within local YOS makes for a very effective partnership with Skill Mill and YOS staff working easily and effectively together in the best interest of the young people.

The lack of aftercare for most young people is a serious deficit which potentially undermines the effectiveness of the programme for many participants.

It is clear that very many young people have gained jobs and stopped offending primarily because of the Skill Mill programme. However, the current reoffending and employment outcome metrics used both within the SIB sites and more generally by the Skill Mill programme are not as robust as they could or should be.

While the Skill Mill is to be commended for operating at the lowest possible cost, the ongoing success of the organisation is vulnerable to the inevitable occasions when leaders or supervisors have to take time off work for any reason.

5.2 The Social Impact Bond

The SIB was probably the only available financial vehicle which allowed the Skill Mill to offer its programme to nearly 250 young people across the country. The fact that the Life Chances Fund effectively provided one third of the costs of the scheme combined with the employer income made it affordable by eight YOS all of whom would have liked the programme to continue had they been able to source funding.

The operation of the SIB was extremely demanding on Skill Mill staff and involved the substantial diversion of time, money and energy away from service delivery.

The relationships between different board members, particularly those who worked for Skill Mill itself and investors were not as positive or cooperative as was originally hoped.

The reluctance of many large corporations to follow through on their apparent commitment to social responsibility and social value was perhaps the most significant reason for the eventual significant financial costs to both Skill Mill and investors.

However, the impact of the unexpected difficulties caused by the coronavirus pandemic, which only became fully acknowledged in the last year of the SIB's operation, cannot be under-estimated.

Skill Mill was arguably hampered by its rigid fidelity to the original delivery model (a team of 4 young people plus a supervisor working on environmental projects). At various points as the programme experienced implementation challenges there were suggestions from the social investors to change the programme configuration, for example to run teams of five young people. However, these were rejected on the basis that a team of five would increase risk too much.

In retrospect, given the state of public finances, it was always unlikely that it would be possible to fund service delivery in the SIB sites once the four year programme had concluded.

5.3 Recommendations

We have only three recommendations for Skill Mill to consider in its invaluable ongoing work with vulnerable young people in contact with the criminal justice system.

Firstly, we urge the social enterprise to give serious consideration to building in aftercare as a core element of the programme.

Secondly, in future programmes funded through a social investment model Skill Mill's central team should be better resourced to support the development of sales opportunities.

Thirdly, we suggest Skill Mill approaches the Justice Data Lab administered by the Ministry of Justice for an authoritative analysis of proven reoffending rates of the SIB and previous Skill Mill cohorts. This would provide a robust reoffending measure (which we are confident would demonstrate the effectiveness of the intervention) which the Skill Mill team could use its efforts to raise funding to expand service delivery.

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Appendix

We conducted a wide range of interviews across the period of the evaluation. Twenty five out of twenty eight interviews with young people were conducted face-to-face with the remaining three via video interview. Interviews were undertaken with young people in all of the eight SIB sites. All other interviews were conducted virtually with the exception of two face-to-face interviews with supervisors, one with a Skill Mill leader and one with an employer. The table below shows a breakdown by role of the 79 people interviewed for this report. Interviewees from Youth Offending Services were either line managers for Skill Mill supervisors or heads of service. Stakeholders included strategic board members, investors, key intermediaries involved in the establishment or operation of the SIB and stakeholders from national partners such as the Youth Justice Board.

Young People	Supervisors	YOS	Stakeholders	Employers	Skill Mill Leaders
28	14	15	16	5	81

Names used in the report are pseudonyms and we don't mention the location of young people or staff we quote to ensure they are not identified. The only exception is that individuals are named when the source is in the public domain.

In addition to interviews, we attended and observed the following events and meetings

- Theory of Change workshop May 2021
- Skill Mill national event in Alnwick, September 2021
- Ceremony in Newcastle for the Queen's awards, February 2022
- Strategic Board meetings in August 2021, March 2022, January & April 2023.

We carried out extensive review of documents and on-line materials including meeting records, presentations, publicity materials, newsletters and blog posts in addition to an external report on Skill Mill's commercial strategy.