white box ENTERPRISES

EVALUATION OF THE PAYMENT BY OUTCOMES TRIAL FOR SOCIAL ENTERPRISE

First year report summary (July 2022 - June 2023)

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The Payment By Outcomes Trial for social enterprise is the first federal government-funded trial of its kind in Australia, where jobs-focused social enterprises are paid for employment outcomes they create.

The trial is delivered in partnership between the Department of Social Services (DSS) and White Box Enterprises (WBE), who has engaged 16 jobs-focused social enterprises. The trial focuses specifically on creating long term employment outcomes for jobseekers with a disability or those eligible for the Community Development Program, who've been out of work for at least nine out of the last 12 months.

White Box, with the support of Macquarie Group Foundation, has engaged CSI Swinburne to independently evaluate the trial over the three-year period.

This is a summary of the performance of the PBO Trial against its targets and the first evaluation cycle (Year 1 report).

The trial eligibility criteria

The trial aims to create long term employment for people experiencing significant barriers to employment, who are:

- → Out of work for at least nine months
- → Eligible for Disability Employment Services or the
- → Community Development Program
- → Receiving eligible income support payments

Individual Outcomes for Year 1

1. The PBO Trial is exceeding performance expectations

83 **participants** are in award wage employment, 5 participants have transitioned to mainstream employment, 14 individuals have left the trial.

36 **participants** have reached their first employment milestone of six months.

16 **social enterprises** are participating in trial.

The **retention rate** is **86.3%** higher than the **predicted rate** of 62%.

2. Employment in a social enterprise is having a positive impact on previously long-term unemployed individuals

98% said their **lives** are better.

88% have experienced a change for the better in **income** and **financial** independence.

88% have experienced a change for the better in relation to their **learning** and **skills** development.

74% have reported improvements in their sense of **belonging**.

3. Unique wrap-around supports are a key differentiator

Positive outcomes for individuals is the result of the unique wrap-around supports provided by social enterprises.

These supports differ from the traditional supports disability employment service providers offer and are what the trial outcome payments help to fund.

Social enterprises ordinarily fund such supports through revenue from trade, supplemented by philanthropic donations and government grants.

The PBO trial also enabled social enterprises to use freed up resources for training staff and hiring new staff as well expansion into new industries, business growth and serve more employees.

Evaluating the design and implementation of the PBO Trial

Beyond individual outcomes, CSI Swinburne evaluated the process of design and implementation of the trial. Part B of the report provides valuable insights to aid further collaboration between government and social enterprise.

The PBO trial is paving the way for systems change.

Through the iterative and innovative co-development process, design, and Year 1 implementation of the PBO Trial, government and social enterprise have developed an understanding of the opportunities and challenges in using PBO models to realise their systems change objectives.

The process has led to organisational outcomes and systems change including:

- → Enhanced understanding of outcomes-based funding within the Australian Government.
- → An understanding of data gaps and linkages within and between Commonwealth agencies and external stakeholder including WBE and social enterprises.
- → Building an understanding within the Australian Government of how to establish contracts to better support outcomes-based commissioning.
- → Integrating the perspectives of social enterprises and other stakeholders in employment services into funding design and
- → Development of a novel, hybrid structure (a PBO model) that could potentially be deployed for scaling and replication.

"It is an incredibly rewarding experience. I get to meet people and I am learning from them. Coming out of my shell to communicate with people is not normally what I'd do in my workplace."

– Ben*, PBO participant, Ability Works

"If my PSO got taken away, there'd be a vacuum and I'd notice that she wasn't there. But it's also hard to quantify. She shows excitement more than I do. When I got a new house, the entire office knew about it because she was cheering. I think just having that extra person in your corner is helpful."

– David*, PBO participant, Australian Spatial Analytics

Institutional and policy contexts will play a significant part in shaping any future PBO design.

This can be attributed to the largely fixed nature of the objectives and priorities of government departments and agencies and their jurisdictional boundaries, which narrow the options available. Understanding how the interplay between policy context and jurisdictional boundaries affects design options will therefore be important for assessing and planning opportunities for future PBOs.

Testing a new model.

Implementing the PBO trial in its first year has been a process of 'learning by doing'. The trial has brought together stakeholders who have not previously worked together to test an innovative outcomes-based funding model. Naturally, stakeholders faced expected and unexpected implementation challenges, including:

- → Social enterprises needing to understand the trial requirements, recruit eligible participants, and create jobs for these participants – all within the finite trial enrolment window.
- → WBE needing to recruit enough social enterprises to be able to fill a maximum number of participant spots.
- → DSS needing to navigate a complex and constrained data sharing environment to verify multi-faceted participant eligibility and long-term outcomes.

These challenges should not be interpreted as a flawed or inadequate design of PBO trial, but of the trial innovating on several fronts including:

- → DSS working with employment service providers that it does not routinely work with (and vice versa, social enterprises working on a new initiative co-developed with government).
- → DSS and WBE co-developing a payment by outcomes model that includes an intermediary that coordinates many social enterprises to deliver outcomes.

Collaboration and adaption underpinned success

New insights were enabled by the collaborative ways in which stakeholders approached the trial and the adaptive way in which stakeholders responded to the opportunities and constraints imposed by governmental context and shifting dynamics.

Learning was also enabled by a highly engaged intermediary (WBE), and a responsive government department (DSS) that was adaptive within the parameters of its departmental remit.

All stakeholders worked collaboratively to adjust the PBO model or their own operations to respond to challenges. Examples included:

- → Creating a PBO3 community of practice;
- → Adjusting social enterprise service and business models;
- → Diversified risk by including more social enterprises; and
- → Developed workarounds for verifying participant eligibility and milestones.

Considerations for future collaborations between government and social enterprise

The first year of implementation has identified conditions needed for efficient collaboration between government and social enterprise to deliver employment outcomes for people facing barriers in the labour market. In particular:

- → Social enterprises that have not previously worked with government need time to understand and test requirements and adapt their existing practices;
- → Existing practices of social enterprises (e.g. related to social mission, the timing of organisation growth, and organisations' maturity and stability) affect opportunities for implementing PBO initiatives at specific moments in time;
- → Intermediaries are pivotal in PBO models that 'aggregate' outcomes from many social enterprises – they are responsible for mobilising stakeholders, building shared capability and nurturing communities of practice; and
- → The efficiency of PBO model implementation is affected by the complexity of eligibility criteria and outcome milestones, and the accessibility of data used to verify eligibility and outcomes. There is a trade-off between heightened accountability via detailed milestone outcomes (which require more data and monitoring) and heightened efficiency through a smaller administrative load.

"Yourtown were really the first people to give me a branch and just help me step up in my life. I'm now extremely generous, understanding, caring, wanting to be there for people whereas before I was none of those things."

– Lia*, PBO participant, yourtown

"Before getting this job, I went through I think it was five different employment services providers.... At times it was traumatic. It was a cookie-cutter system of: you must apply for a certain amount of jobs per week or we kick you out."

– Jamie*, PBO participant, Green Collect

Year 1 – PBO Trial Snapshot

As at 30 June 2023, there were 102 participants who re/entered work and enrolled in the PBO Trial, across 16 participating social enterprises.

83 **participants** are in award wage employment with a social enterprise.

The **retention rate** is **86.3%** higher than the **predicted rate** of 62%.

14 **individuals** have left the trial.

5 **participants** have transitioned to mainstream employment.

Of the 102 participants:

72% are aged 18-29 years.

25/75 % of females to males.

36 outcome payments have been earned*.

84.3% live in a major city, **15.7%** live in rural/ regional areas.

$837 Average fortnightly income earned by participants working with a social enterprise.

*13-fortnights working with a social enterprises and earning at least $513 per fortnight, and/or 13-fortnights working with a competitive employer and earning at least $855 per fortnight).



"The people here are so caring. They understand what your mental health is."

– Sanshia, Green Collect

Sanshia is a 31-year-old woman who while using Employment Service Providers, spent years completing training courses and volunteering at Vinnies for retail work experience. As an epileptic person, she was often sick and not confident to travel on her own. Now part of the Green Collect team, Sanshia's health condition has improved, she enjoys upskilling at work, and her ambition is to become a team leader.

In the full report you can learn more about Sanshia's experience of working in a social enterprise, along with five other employee case studies from the PBO Trial.

Participating social enterprises

abilityworks AUSTRALIA
PURPOSE THROUGH EMPLOYMENT

asa

clean force property services

CLEANABLE

DISMANTLE

fruit2work
Creating Chances

Good Sammy
a better future

green collect

Jigsaw

Joii

KALAN ENTERPRISES
COEN · CAPE YORK

YMCA ReBuild

SexGen
CREATING WELLNESS THROUGH CONNECTION & RELATIONSHIPS

STREAT

VMCH

yourtown

Social Impact Investors

MACQUARIE

HAND HEART POCKET
THE CHARITY OF FREEMASONS QUEENSLAND

tripple

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To download the full CSI Year 1 Evaluation report and learn more about the Payment By Outcomes Trial visit www.whiteboxenterprises.com.au