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**ORANGA
TAMARIKI**
Ministry for Children

Evaluation Report:

Reducing Youth Offending Social Bond Pilot Process Evaluation

August 2021





Publication information

This report can be referenced as: Malatest International and Oranga Tamariki Evidence Centre (2021). *Reducing Youth Offending Social Bond Pilot Process Evaluation*. Wellington, New Zealand: Oranga Tamariki—Ministry for Children.

ISBN: 978-0-9951370-7-3

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Acknowledgements

The evaluation of the Genesis Reducing Youth Offending Social Bond pilot relied on the participation of Oranga Tamariki, Ministry of Justice, Department of Corrections, New Zealand Police, investors, stakeholders, community partners, Genesis Youth Trust managers and frontline staff, and present and past Board members.

We wish to thank them all for the experiences they shared. We are particularly grateful to the rangatahi and whānau who took the time to talk with us.

Malatest International would also like to thank the Oranga Tamariki Evidence Centre staff for their collaboration and feedback throughout the course of this evaluation.

We hope this report includes information that will help you all to continue to support rangatahi in New Zealand.

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Executive summary

Social bonds are an innovative sustainable finance initiative

Social bonds are an investment tool where private organisations, including investors, partner to fund and deliver services to improve social outcomes. The return for investors (positive or negative) depends on the extent the agreed results are achieved.

Oranga Tamariki contracted Genesis Youth Trust to deliver a Social Bond Pilot

Genesis Youth Trust (Genesis)¹ is a Charitable Trust and a hybrid organisation made up of six New Zealand Police (Police) paid staff and 39 Trust paid personnel. In 2017, Oranga Tamariki–Ministry for Children (Oranga Tamariki) entered into a six-year agreement with Genesis to deliver an intensive programme to reduce the frequency and severity of youth reoffending for a maximum of 1,000 participants. The target group was rangatahi with a Police Alternative Action Plan and who had a medium to high risk of reoffending according to the YORST Police risk screening tool².

Investors provided a \$6 million initial investment to finance the Social Bond: The New Zealand Superannuation Fund, Mint Asset Management (a private fund manager) and the Wilberforce Foundation (a private philanthropic investor).

This report is a process evaluation of the Social Bond Pilot

Oranga Tamariki was directed by Cabinet to evaluate the effectiveness of the Social Bond Pilot. Because of the early stage of the pilot, this evaluation two-years after the start of the pilot is a process evaluation with two main areas of interest:

- How the Social Bonds contractual arrangement is operating
- How the Genesis Youth Trust programme is operating.

An intervention logic model and evaluation framework provided the theoretical foundation for the evaluation. The process evaluation triangulated information from:

- Interviews with government agency stakeholders, Genesis frontline staff and Board members, external stakeholders (including trainer, Police, Genesis Social Bond partners and the investors) and one rangatahi and whānau.

¹ www.genesis.org.nz/our-work

² Youth Offending Risk Screening Tool (YORST) scores over a threshold of 40.

- Genesis programme administrative data and a qualitative study completed by Synergia of the referral process with Police frontline staff.

Stakeholders had different attitudes to the concept of Social Bonds

Stakeholders' views on the benefits and disadvantages of social investment were influenced by their views on the ethics and morality of the concept of 'private investment in the public good'.

The anticipated benefits of Social Bonds included allowing government access to a larger pool of funds with the risk shifted to the investors. Investment could be used to build societal capacity and capability and to offer investors the opportunity to finance positive social change as well as gaining financial returns. Investments are measured, tracked, and transparent. Additional funding and funding stability enable funded organisations to develop their infrastructure, workforce and practice models. Outcomes-focussed contracts allow providers flexibility to innovate.

The perceived negative aspects of social impact investment included moving the accountability for inequalities in society away from the public sector and views that social bonds were unethical as they represented investors making a profit from misfortune. Some considered the Social Bonds structure was too rigid to be able to address such complex issues as social outcomes (i.e. to establish cause and effect and quantify progress). Developing effective measurement tools is one of the main challenges of Social Bond contracting.

How the Social Bonds contractual arrangement is operating

Genesis was motivated to take part in the Social Bond Pilot procurement to secure funding to establish financial stability to progress and expand work they believed in.

The procurement and contractual process was complex and extended over several years. Investors described the process as well in excess of what they would expect for the size of the investment.

The innovative nature of Social Bond investment posed problems in raising investment. The investment model did not fit well into fund manager portfolios and the Bond structure was problematic for some organisations' investment criteria. Interviewed stakeholders noted that social impact investment is becoming more common in New Zealand and it would likely be easier to raise investment for future Social Bond initiatives.

The resulting Social Bond Pilot contract is complex but working. The outcomes focus of the contract has provided a foundation for innovation supporting the use of evidence-based tools to guide practice, data to monitor progress, longer duration of support and development of multi-disciplinary teams.

The Genesis team said accountability to the investors was an additional incentive to perform at their best possible level.

A separate governance function was established for the Social Bond Pilot, separating operational and financial governance functions. Board members, Genesis staff, investors and government stakeholders considered the governance structure worked well and provided the necessary financial transparency.

A partnership with Synergia provided Genesis with data, analysis and reviews they used to continuously review their performance, develop efficiencies as well as monitor progress against the Social Bond contract requirements (referral and enrolment rates, and outcomes achieved).

A challenge has been the lack of ability to review the measures in the contract that are the foundation for payments. The measures were based on new measurement tools. Reoffending rates were based on the total number of reoffences rather than the number of rangatahi who reoffended. As a result of the small participant numbers, an offending spree by a small number of rangatahi could therefore have a disproportionate impact on the results.

The Social Bond Pilot underpinned substantial organisational changes for Genesis

The lack of certainty about funding and a starting date that immediately followed contract signing meant there was not time for Genesis to plan for what were substantial changes for the organisation to increase staff and capacity to meet the targets in the Bond contract. We frequently heard from Genesis frontline staff that although new staff had joined the team, increased workforce capacity was still required.

Funding stability under the Social Bond contract allowed Genesis to invest in workforce development and implementation of a structured and evidence-based practice model. Interviewed stakeholders described the Social Bond pilot as transforming Genesis into a better functioning and more professional organisation that delivered evidence-based and data-driven support to rangatahi.

Recommended changes to Social Bond procurement and contracting processes:

Many of the challenges Genesis encountered could be mitigated by:

- More certainty about a contract start date
- Allowing time between finalising contracts and enrolment starting so that providers can develop or adapt as needed
- Funded development time before setting enrolment targets
- Recognition of the organisational change required to implement social bonds contracts which may require support for organisational development and change management.

A consideration for future Social Bond initiatives is the extent organisation transformation is a specific objective of the Social Bond project and whether support for organisational development should be included in the Bond agreement.

How the Genesis Youth Trust programme is operating

Overall, the Social Bond Pilot is supporting rangatahi as intended although referrals and enrolments are lower than the contracted maximums.

Referral: To the end of March 2020, 449 rangatahi had been referred by Police to Genesis. The planned mix of rangatahi referrals with medium (70%) and high (30%) risk of re-offending (as measured by the Youth Offending Risk Screening Tool (YORST)), has been maintained.

Genesis are dependent on complex Police referral pathways for young people to enter the support they offer. Referral numbers have varied making it difficult to manage workloads.

Enrolment: To the end of March 2020, a total of 346 rangatahi (77% of referrals) had started the Social Bond Pilot, with a further 17 (4%) pending consent. Eighty-five (19%) of those referred had declined or been declined participation. Of those enrolled, nearly a quarter (81, 23%) had left the programme prematurely (e.g. due to lack of engagement (42%) or reoffending (57%)).

Two-thirds (67%) of rangatahi who had started the service were male and 71% identified as Māori. At referral, approximately equal proportions of rangatahi Māori and non-Māori had high YORST scores (32% and 31% respectively).

Low referral numbers, combined with the referral and decline rate, has meant that enrolment numbers have not reached the internal targets set by Genesis. Challenges in meeting enrolment targets have put the Genesis team under pressure. Frontline staff, who may be less aware of the benefits of the Social Bond Pilot, felt the pressure more keenly and were concerned about not compromising quality.

Frontline staff also noted the number of people they supported went beyond the enrolment numbers as they also provided for whānau.

Multi-disciplinary teams (MDT): A Genesis MDT of a counsellor, social worker and mentor support rangatahi and whānau. There is accumulating evidence about the value of MDTs in the health and social sectors. However, teams take time to establish and the Genesis MDT approach was still developing.

Assessments: Genesis selected the Youth Level of Service – Case Management Inventory Australian Adaptation (YLS-CMI)³ as a tool to inform practice and to monitor outcomes. There are a baseline and five follow-up assessments for rangatahi. Use of the YLS-CMI to provide an evidence-based approach has been a major change for staff. Staff have responded to training and are now generally positive about the use of the YLS-CMI in improving the effectiveness and efficiency of practice.

Support: Support is provided by Genesis staff and through referral to other organisations and specialist services. Rangatahi are supported within the context of their whānau. The Genesis team aim to get to know whānau, involve them and help them to understand how their issues may affect rangatahi.

Exit: After an intensive support phase of approximately six months, support moves to a less intensive phase for up to two years. Staff saw extension of support for two years as necessary for some rangatahi, especially those with complex needs. However, there was discussion in interviews about whether two years was too long for some and risked building dependency. Exit processes were still being developed.

Regard to mana tamaiti, whakapapa, and whanaungatanga⁴: Māori are the largest group of rangatahi (71%) supported by the Genesis Social Bond programme. Many of the Genesis team are Māori or Pacific and they provide holistic and whānauwhanau-based support that includes making cultural connections. Although the original premise was to include hapū and iwi in making decisions about rangatahi, many of the rangatahi who Genesis support are not connected to hapū and iwi.

The team draw on personal networks and the local marae to help connect rangatahi to their cultural identity, but Genesis noted scope to improve this by formalising connections to iwi and Māori and Pacific providers. Genesis also highlighted the need to further build relationships and capacity amongst iwi providers and marae, and ensure local community leaders were involved.

³ YLS/CMI Australian Adaptation identifies a youth offender's needs, strengths, barriers and incentives, and risk of reoffending, to develop an effective case management plan: www.mhs.com/MHS-Publicsafety?prodname=yls-cmi

⁴ These relate to the Oranga Tamariki Act 1989 Section 7AA obligations.

Early outcomes demonstrate improvements: Analysis of Genesis administrative data found improvements in rangatahi wellbeing as measured by reductions in YLS-CMI scores, and reductions in the severity and frequency of offending. Positive changes were consistently seen for rangatahi Māori and non-Māori. However, these analyses are descriptive only and the extent these improvements can be causally attributed to the pilot will need to be explored in an outcome evaluation.

Recommendations to strengthen the delivery of Social Bond projects:

Ongoing work for Genesis includes:

- Continuing to develop their MDT approach to incorporate evidence into practice; finalising their exit policies; and assessing caseloads.

Learnings for future Social Bond initiatives:

- Consider including a pilot phase to assess the measures and flexibility to re-examine them based on learnings from the pilot phase.
- Regularly monitor organisation performance to ensure the organisation's kaupapa is maintained and there is appropriate balance between financial returns and quality.

Social Bonds are an investment tool with potential to benefit Māori

The use of Social Bonds models and contractual approaches with iwi in the role of the intermediary or investor has the potential to:

- Return the profit from successful Social Bond projects to iwi and address concerns that Social Bonds benefited private investors.
- Bring the benefits of additional funding and outcomes-focused contracts to kaupapa Māori providers.

However, social investment bonds do not necessarily meet the investment criteria of Māori organisations.

The Whānau Ora contracting model with Whānau Ora Commissioning agencies may be a platform for sustainable investment. Commissioning organisations may be able to match investors with programmes, focusing on investment to reduce disparities between Māori and non-Māori.

Recommendation to provide Social Bond opportunities to Māori providers and investors requires consultation with Māori about:

- Whether and how a Social Bond model and contracting approach would work in a kaupapa Māori context.
- What is required to attract Social Bond funding for kaupapa Māori providers.

The Social Bond Pilot demonstrates overall positive findings and provides learnings for other Social Bond investments

Early outcomes are indicative of benefits from the Social Bond Pilot generated both from increased organisation capability and capacity and improved outcomes for young offenders. Although investors receive the short-term financial rewards government will benefit from longer-term changes including the potential for intergenerational benefits.

Reservations of some stakeholders about private investors profiting from social disadvantage could be addressed by considering changes to the model and encouraging philanthropic investors, including iwi.

1. This report is a process evaluation of the Genesis Youth Trust Social Bond Pilot

Social Bonds are an innovative way for Government to contract for social outcomes. Private organisations, including investors, partner to fund and deliver services to improve social outcomes. If they achieve agreed results, Government pays back the investors their investment plus an agreed return. The greater the financial risk, the higher the possible potential return is for the investors. Use of a bond with its capital funding and multi-year contract is intended to give providers the freedom to deliver services in the best way to achieve outcomes.

The history of Social Bonds was summarised in a Ministry of Health (MOH) progress update⁵.

- MOH issued two discrete Registration of Interest (ROIs) for Outcomes and Service Providers and Intermediaries, in December 2013 and April 2014 respectively. From the 54 proposals submitted, 16 organisations were pre-qualified and invited to form partnerships and provide proposals to the Government around a potential Social Bond Pilot.
- A Matchmaking Day, held in November 2014, provided the opportunity for these Service Providers and Intermediaries to meet and begin the process of determining if a suitable partnership could be formed. A subsequent Education Event, in December 2014, provided further information to participants included in this procurement process.
- A Request for Solution Outline was released on 19 December 2014 to enable partnerships formed as a result of the matchmaking process to submit details of their proposed Solution Outline, which closed on 02 March 2015.
- In July 2015, the Government announced Wise Group and ANZ Bank New Zealand were in negotiations with the Ministry as potential partners in the first Social Bond project.

In early 2016, work began on a second Social Bond topic.

- Seven potential partnerships made submissions (for a Social Bond Pilot) and four submissions were selected as a preliminary short list for further consideration.
- A potential Social Bond in relation to mental health and employment had been investigated with the Wise Group (as lead) and ANZ (as financial arranger) but the parties involved decided they were not able to proceed to a contract.
- Two other Social Bond projects were implemented in 2016/17 including Genesis Youth Trust's (Genesis) reduction in youth offending.

⁵ www.health.govt.nz/our-work/preventative-health-wellness/social-bonds-new-zealand-pilot/social-bonds-progress-date

In 2017, Oranga Tamariki entered into a six-year agreement with Genesis Youth Trust (Genesis)⁶ to deliver a programme to reduce the frequency and severity of youth reoffending. Two investors provided the \$6 million to finance the bond: The New Zealand Superannuation Fund and the Wilberforce Foundation (a private philanthropic investor).

1.1. The Social Bond Pilot

Genesis is a Charitable Trust and a hybrid organisation made up of six Police paid staff and 39 Trust paid personnel. A separate governance group G-Fund contracted with Oranga Tamariki to deliver the Social Bond Pilot. G-Fund contracts G-Op to deliver the social bond services.

Genesis agreed to provide an intensive programme to a maximum of 1,000 participants over the 60-month duration of the bond. Participants are children and young people who reside in the Auckland suburbs of Mangere, Otahuhu, Papatoetoe, Otara, Onehunga, Mt Wellington, Glen Innes, Panmure, Orakei, Manurewa, Clendon, Takanini, Papakura and Pukekohe.

Criteria for referral of rangatahi to the Genesis programme include that they have a Police Alternative Action Plan and a YORST score over a threshold of 40: with a mix of 30% higher scores (60 to 100) and 70% lower scores (40 to 59). The YORST is completed by Police Youth Aid⁷. Details of the YORST are provided in Appendix 1.

Rangatahi are supported by Genesis for a two-year period comprising an initial intensive intervention phase and a less intensive follow-up phase. Genesis selected the YLS-CMI⁸ as a tool to inform practice and to monitor outcomes. Details of the YLS-CMI are provided in Appendix 2.

The Social Bond Pilot contract defined service volumes. Payment for outcomes is based on reductions in YLS-CMI scores and in the frequency and severity of reoffending. For contractual purposes, these are to be specific reductions from levels that are set out in the contract. The Social Bond Pilot is an enhanced and extended version of a 12-week programme delivered by Genesis from 2009-2017 and sits within the Police Alternate Action⁹ space.

⁶ www.genesis.org.nz/our-work

⁷ Incidents are not regarded as 'offences' but are related to the young person's behaviour (e.g. missing person, truancy or being picked up late at night).

⁸ YLS/CMI identifies a youth offender's needs, strengths, barriers and incentives, and risk of reoffending, to develop an effective case management plan: www.mhs.com/MHS-Publicsafety?prodname=yjs-cmi

⁹ www.Police.govt.nz/about-us/publication/alternative-actions-work

1.2. The focus of this report is the process evaluation of the Social Bond Pilot

Oranga Tamariki was directed by Cabinet to evaluate the Social Bond Pilot after two years of operation. Because of the early stage of the pilot, the focus of the two-year evaluation is a process evaluation to examine what is going well or not so well so far, early trends or emerging outcomes, as well as providing recommendations for improvement.

There are two main areas of interest for the process evaluation:

1. How the Social Bond contractual arrangement is operating, including:
 - The key learnings for effectively designing and managing social outcomes contracts¹⁰.
 - How the contracting approach fits (or could fit) within a kaupapa Māori framework, or with the development of strategic partnerships between the Ministry and with iwi and Māori organisations.
2. How the Genesis Youth Trust programme is operating, including:
 - Whether it is operating as intended, and how it is experienced by different client and stakeholder groups, including tamariki and their whānau
 - How it has regard to mana tamaiti, whakapapa, and whanaungatanga¹¹.
 - Strengths, challenges, and areas for improvement.

The table below summarises what was in and out of scope for the evaluation.

In-scope	Out of scope
Evaluation of Social Bond processes	Audit associated activities including: <ul style="list-style-type: none"> • evaluation of the auditing process • completeness of data collection
Information to inform the indicators as summarised in the evaluation framework (Section 2.1 below)	Assessment of the clinical robustness of interventions and the extent interventions provided are evidence-based
	Assessment of the appropriateness of interventions for the participants – no client health data will be reviewed
	Summative evaluation of outcomes
	Comprehensive literature review

¹⁰ This review should build on the 2016 ‘Social Bond Pilot Procurement Lessons Learned Review’ commissioned by Treasury and completed by Fiona Mules treasury.govt.nz/sites/default/files/2016-11/sb-3580541.pdf

¹¹ These relate to the Oranga Tamariki Act 1989 Section 7AA obligations.

2. The process evaluation triangulated information from different sources

2.1. A logic model provided the theoretical foundation for the evaluation

We developed a logic model to outline the different activities, outputs and outcomes the Social Bond Pilot aims to achieve (Appendix 3). Logic models are important because they provide a theoretical foundation for evaluation by setting out the 'building blocks' for change. The evaluation questions, data collection tools and analysis are aligned with the steps in the logic model.

An evaluation framework was developed to align with the logic model and set out the indicators or measures for each evaluation question (Appendix 3). Indicators were generally based on qualitative data such as information from interviews and measures based on quantitative data such as Genesis administrative data.

2.2. The evaluation included qualitative and quantitative data

We collected qualitative and quantitative data for the evaluation from:

- In-depth interviews with key stakeholders
- A case study with a rangatahi (aged 12-18) and whānau
- Review of a report by Synergia of interviews with Police frontline staff
- Review of a report commissioned by Genesis of consultation with local iwi and Māori organisations
- Analysis of Genesis administrative data.

A detailed table of these participants is in Appendix 4 of this report.

The Oranga Tamariki Ethics Advisory Committee reviewed and approved the evaluation approach.

Our evaluation team included evaluators with different ethnic and cultural backgrounds ensuring the perspectives of senior Māori and Pacific evaluators contributed to all aspects of the evaluation.

We analysed interviews and case study data thematically using a framework grounded in the evaluation questions. We identified similarities and differences in emerging themes. We workshopped emerging themes as a group to ensure consistency of coding across researchers.

Quotes are included in the report with generic labels such as 'Genesis', 'Investor' to provide confidentiality to those we interviewed.

2.2.1. Administrative data were provided by Genesis to the end of March 2020

Genesis provided administrative data for the evaluation. An Oranga Tamariki Evidence Centre team member analysed administrative data descriptively for this stage of the evaluation. Additional analyses to identify factors contributing to outcomes will be a focus of the later outcome evaluation.

Topics	Details
Enrolments	Referral and enrolment dates Enrolment status Age, gender, ethnicity Normal residence (e.g. Glen Innes) Whānau involvement (if any) YORST on entry
YLS-CMI reduction by domain	YLS-CMI scores for each of eight domains YLS-CMI scores at each assessment phase: <ul style="list-style-type: none">○ Baseline – at enrolment○ Phase 1 10 weeks after enrolment○ Phase 2 20 weeks after enrolment○ Phase 3 12 months after enrolment○ Phase 4 18 months after enrolment○ Phase 5 24 months after enrolment
Outcomes (phase 1, phase 2, 12 months, 18 months, and 24 months)	Re-offending Re-offending severity

2.3. Lack of access to rangatahi and whānau limited the evaluation

The voices of clients (rangatahi and whānau) are an important part of a process evaluation as they enable people receiving services to describe their experiences. We had received ethics approval to contact rangatahi and whānau, developed detailed consent processes and discussed the approach with Genesis. The evaluation timeframes were extended by four weeks to a total of eight weeks to allow the Genesis team to approach rangatahi and whānau to invite them to participate in the evaluation. Unfortunately, the names of only one rangatahi and one whānau member were forwarded to the evaluation team. Further recruitment was limited by timeframes and the COVID-19 lockdown.

The nominated rangatahi and whānau agreed to take part and were interviewed in their home by two evaluators. Feedback about rangatahi and whānau in the report are based on this rangatahi and whānau and on information provided by Genesis frontline staff. We cannot comment on the views of a wider range of rangatahi and whānau.

The lack of formal links between Genesis and local Māori and Pacific organisations limited the inclusion of these perspectives in the process evaluation. An outcome evaluation will explore whether there are ethnic differences.

3. Social Bonds align with increasing interest in sustainable finance

3.1. Social impact investment fits within a sustainable finance framework

Sustainable finance focuses on intergenerational social, environmental and economic wellbeing or kaitiakitanga of New Zealand's future¹². Social impact investment fits within a sustainable finance framework, as achieving measurable social outcomes builds community capacity and aligns well with reaching long-term sustainability goals.

Investment can be utilised by good [social benefits for society] as well as good returns ... Investors want to see more done with their money. (Investor)

Since the establishment of the Social Bond Pilot, there has been increased investor interest in sustainable finance and the contribution investment can make to achieving positive social and environmental impacts¹³.

The investment community sees that there is a role for them to play in that space. Organisations, banks included, will view this product differently than what they did a number of years ago. (Intermediary)

3.2. There are divergent views on the ethics and morality of social impact investment

Social Bonds offer a way to fund initiatives that address societal needs, described by Mollinger-Sahba et al¹⁴ as:

- The need to avoid events such as the 2008 global financial crisis (GFC) by reconnecting abstract, complex financial assets to the socioeconomic wellbeing of the societies in which they operate.
- The need to address increasing fiscal constraint on government and lack of public funds to meet a growing concern over complex issues such as entrenched, generational disadvantage.

¹² www.theaotearoacircle.nz/sustainablefinance

¹³ Tortorice DL, Bloom DE, Kirby P, Regan J. (2020). A theory of social impact bonds (No. w27527). National Bureau of Economic Research (No. w27527). National Bureau of Economic Research.

¹⁴ Mollinger-Sahba, A., Flatau, P., Schepis, D., & Purchase, S. (2020). New Development: Complexity and Rhetoric in Social Impact Investment. *Public Money & Management*, 40(3), 250–254.

A recent paper by Tortorice et al theorised that social bonds enabled governments to finance positive net present value projects that cannot be financed with traditional debt finance¹⁵.

A third purpose of the Social Bond Pilot expressed by the stakeholders we interviewed for the process evaluation was as a mechanism to build the capability and capacity of the funded service provider.

Interviewed stakeholders described two different viewpoints about Social Bonds which aligned with the debate in the literature¹⁶. Views on the benefits and disadvantages of social investment were underpinned by stakeholders' views on the ethics and morality of the concept of 'private investment in the public good'.

Table 1. The benefits and disadvantages of social impact investment

The perceived benefits of social impact investment
<ul style="list-style-type: none">• Investment to build societal capacity and capability is sustainable and offers investors social impact as well as financial returns.• Allows government to have access to a larger pool of funds with the risk being shifted onto the private sector. Government/society reap the benefits, including longer-term intergenerational benefits if the model succeeds.• Allows government to focus their funding on more complex programmes.• Generates greater capital mobilisation, increased accountability and more value for stakeholders¹⁷ as investments are measured, tracked, and transparent¹⁸.• Additional funding and funding stability allows organisations to develop their infrastructure, workforce and practice models.• Allows providers the flexibility to innovate.
The perceived negative aspects of social impact investment
<ul style="list-style-type: none">• The accountability for inequalities present in society is moved away from the public sector¹⁹. As cited by Mollinger-Sahba et al social impact investment may be viewed as

¹⁵ Tortorice DL, Bloom DE, Kirby P, Regan J. (2020). A theory of social impact bonds (No. w27527). National Bureau of Economic Research.

¹⁶ www.theaotearoacircle.nz/sustainablefinance

¹⁷ www.thinknpc.org/resource-hub/impact-measurement-working-group-measuring-impact/

¹⁸ Social Impact Investment Taskforce (2014). *Impact investment: The invisible heart of markets*.

¹⁹ Harvie, D. & Ogman, R. (2019). The broken promises of the social investment market. *Environment and Planning A*, 1–25.

... a thinly disguised and highly ineffective crisis management strategy, used by policy-makers aiming to shift the locus of accountability for social inequalities away from the state and economic markets and onto the individual and civil society²⁰.

- Social Bonds are unethical as they represent investors making a profit from misfortune.

Are we confident of the ethics of the project leveraging off government funding but these entrepreneurs are fuelling big returns? (Agency stakeholder)

- The Social Bonds structure is too rigid to be able to address such complex issues as social outcomes (i.e. establish cause and effect and quantify progress)²¹.

3.3. Social bond investment – balancing risk and return

There are potential risks associated with Social Bond investment. The financial return is associated with risk as investors’ returns vary with the level of social outcomes achieved. The expected return on investment must reflect the magnitude of the risk being taken. Different investors may have different priorities in assessing the risk: return ratio offered by individual Social Bond investments. These will in large reflect differing assessments of the level of risk and the appetite for this form of investment, in part reflecting a desire to support social change.

Risks for the investor	
Ethical risks	Investors consider social bond assets as a low-risk ethical investment because they allow private investors to improve their social responsibility ²² .
Operational readiness of the service provider	Whether the service provider can demonstrate the ability to start delivering the intervention.
Sustainability of the funded organisation	Investors need to have confidence in the organisation delivering the services – that it was financially sound and had a ‘track record’ of effective delivery.

²⁰ Cited by Mollinger-Sahba, A., Flatau, P., Schepis, D., & Purchase, S. (2020). New Development: Complexity and Rhetoric in Social Impact Investment. *Public Money & Management*, 40(3), 250–254.

²¹ Mollinger-Sahba, A., Flatau, P., Schepis, D., & Purchase, S. (2020) New development: Complexity and rhetoric in social impact investment. *Public Money & Management*, 40(3), 250-254.

²² Schinckus, C. (2017). Financial innovation as a potential force for a positive social change: The challenging future of social impact bonds. *Research in International Business and Finance*, 39, 727–736.

	<p><i>You wanted to know the organisation is going to be around for the length of the bond ... (Investor)</i></p> <p>In a commercial investment scenario the organisation would have 'skin in the game'. (Investor)</p>
Financial risks	<p>Alignment of the Bond structure with their risk profile.</p> <p><i>The challenge was finding an investor that was able to absorb that loss of capital and also wanted to support the project. We were able to separate out those two different risk tolerances. (Financial arranger)</i></p>
Exposure to financial risk	<p>The lack of social investment options for investors.</p> <p><i>That is the other big risk for an investor is you can invest all of this time and evaluate this, but you're exposed all the time to the risk. The investors were saying ideally what they want is a whole portfolio of different projects so they are not just exposed to one. (Financial arranger)</i></p>
Political risks	<p>The political attitude to Social Bonds</p> <p><i>The need to reassure government it is not a threat. (Investor)</i></p>
Risks for the funded service provider	
Investor focus on profit and not quality	<p>Organisations prefer to have investors with values that align with their own and to mitigate the risk of the quality of service being compromised by investor focus on targets and profit. The potential impacts of the investor in influencing the success of a project has not been examined in the literature²³.</p> <p><i>My personal preference is ethical investors. If we had a choice, not sure if you do in terms of who gets to be your investors, but I'd prefer to think that their values are aligned with ours. (Genesis)</i></p> <p><i>It can't be about the money. They've got to see these beautiful lives changed. That's got to be at the core of what they want to see as well. (Genesis)</i></p> <p><i>There's always the risk that a commercial investor could overstep the mark. (Investor)</i></p>

3.4. Measuring social outcomes is challenging

Underpinning a Social Bond contract is the requirement to accurately measure changes in outcomes. The process of bridging divergent social and business goals by transforming those goals into quantitative performance measures is inherently

²³ Tortorice DL, Bloom DE, Kirby P, Regan J. (2020). A theory of social impact bonds (No. w27527). National Bureau of Economic Research.

challenging²⁴. Social outcomes are more complex and harder to measure than many other financial outcomes and may need to be measured using new and/or non-validated tools²⁵. Tools measuring social outcomes are hard to standardise, but the process used to develop them can be consistent. Developing the tools and measures may benefit others in that arena. Organisations such as the Impact Management Project are considering approaches²⁶.

Where I've got some queasiness is throwing money at a problem without any measurement. (Investor)

There were a much larger number of bonds planned but a lot of them fell over because it was too hard, and the too hard bit is establishing that payment structure around outcomes. What is that you will be paying for and can you actually effectively measure that? (Agency)

Beyond measuring outcomes, assessing programme impact is also important. Impact is the extent to which the changes in outcomes can be attributed to the programme. This process can be difficult to do robustly without a comparison group or counterfactual. Establishing meaningful counterfactuals is difficult for relatively small-scale social programmes such as the Social Bond Pilot. Robust measurement of outcomes may be all that is realistically possible in the short-term.

They were using programmes which were strengths-based family-based and I was still dubious as to whether you'd be able to attribute any of the outcomes directly to the work they did because you might have had a change in the principal of the local school in terms of a new policy on exclusion or other things. (Agency)

Challenges in identifying a counterfactual and difficulty in monetising social impacts, including the potential for intergenerational impacts limits any cost benefit analyses of Social Bond investments such as the Genesis pilot. The Treasury CBAX tool was applied to the business case for the bond, using just a few directly attributable outcome gains such as reductions in reoffending. Longer-term, information from the Integrated Data Infrastructure (IDI) may provide a tool to measure impact for Social Bond initiatives and enable cost benefit analyses. Planned analysis using the IDI will be for the short term – one to two years – and hence may not accurately represent the long-term outcomes.

²⁴ Schinckus, C. (2017). Financial innovation as a potential force for a positive social change: The challenging future of social impact bonds. *Research in International Business and Finance*, 39, 727–736.

²⁵ Glänzel, G. & Scheuerle, T. (2015). Social impact investing in Germany: Current impediments from investors' and social entrepreneurs' perspectives. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 27(4), 2015, 1638–1668.

²⁶ impactmanagementproject.com/

3.5. Alignment of social impact investment with kaupapa Māori frameworks

The Social Bond Pilots were initiated prior to the transformation of Child, Youth and Family in the Ministry of Social Development to Oranga Tamariki. Under the Children, Young Persons, and their Families (Oranga Tamariki) Legislation Act 2017²⁷:

- The policies and practices of the department that impact on the wellbeing of children and young persons have the objective of reducing disparities by setting measurable outcomes for tamariki and rangatahi Māori who come to the attention of the department.
- The policies, practices, and services of the department have regard to mana tamaiti (tamariki) and the whakapapa of Māori children and young persons and the whanaungatanga responsibilities of their whānau, hapū, and iwi.

When Oranga Tamariki became the responsible agency for the Social Bond Pilot, additional work was needed to align the Social Bond with the requirements of the new Act.

... the new Oranga Tamariki Act required us to do everything in partnership with communities particularly with mana whenua. Not just a general fit for purpose for Māori but done in partnership with mana whenua according to the principles that work for The Treaty. (Agency)

Genesis consulted with iwi and Māori organisations in their locality and received generally positive feedback about the Genesis model of support, enabling inclusion of agreement from local iwi and Māori organisations in the Social Bonds agreement and amendment of the outcome agreement.

[Got someone] to go back to retrofit into the Bond process agreement from mana whenua that this was a good project for their area and would culturally work for people in that area. That work was done. It was delivered to an internal group here who agreed that it wasn't ideal but at least we would retrofit it. (Agency)

3.6. There is potential for a modified Social Bond approach to be developed with kaupapa Māori providers

The use of Social Bond models and contractual approaches with iwi in the role of the intermediary or investor has the potential to:

- Return the profit from successful Social Bond projects to iwi and address concerns that Social Bonds benefited private investors
- Bring the benefits of additional funding and outcomes-focussed contracts to kaupapa Māori providers.

²⁷ www.legislation.govt.nz/act/public/2017/0031/latest/DLM7064559.html

The concept of sustainable development aligns with the Aotearoa Circle discussion paper on sustainable finance²⁸. A strong sustainability model recognises that unlimited economic growth is impossible and the economy only exists to serve members of a society, and it requires the input of resources from the environment to function²⁹.

In traditional economic theory we have learnt that impacts to the environment, community and culture are classified as external to economic activity and excluded from measures such as GDP. In a Māori worldview these are core to social and fiduciary responsibilities, which require us to be custodians or guardians of the system as a whole. They are not externalities but central to building long term sustainable “wealth” whilst the creation of pūtea, or money, is the output which allows the environment, community and culture to be cared for.

Consultation with Māori is required to explore whether and how a Social Bond model and contracting approach would work in a kaupapa Māori context. A potential model identified in the literature is the Whānau Ora³⁰ Commissioning Agency model. In 2013, the Government established three not-for-profit Commissioning Agencies to administer Whānau Ora, including one for Pasifika. Whānau Ora Commissioning Agencies are contracted to fund and support initiatives which deliver the Government’s Whānau Ora outcomes. They act as brokers in matching the needs and aspirations of whānau and families with initiatives that assist them to increase their capability. The evaluation of the Whānau Ora pilots provides guidance about procurement and contracting kaupapa Māori organisations³¹.

²⁸ www.theaotearoacircle.nz/sustainablefinance

²⁹ Miller D, *Ngāti Tūwharetoa, Ngāti Kahungunu, MWH New Zealand Ltd* Western and Māori Values for Sustainable Development.

³⁰ Whānau Ora aims to support and build the capability of whānau to realise their aspirations. It includes services and opportunities to help whānau and families to become more self-managing and take responsibility for their own social, cultural and economic development.

³¹ Te Puni Kokiri. Formative evaluation of the Whānau Ora Commissioning agency model.

Table 2. Potential alignment of Social Bond contracting with the Whānau Ora commissioning model

Key features of Whānau Ora commissioning	Potential alignment between Whānau Ora and Social Bond models
<p>Strategic planning: Each commissioning agency undertook extensive initial consultation with whānau and this informed the development of its funding priorities and investment streams.</p>	<p>Consultation with whānau is required to explore the potential of Social Bonds in a kaupapa Māori context.</p>
<p>Service specifications and development: Agency-specific investment streams, tailored communications and dedicated personnel (such as navigators, coaches and enterprise advisors) provide advice and guidance to whānau, partners and providers about the available support and funding opportunities.</p>	<p>Developing clear specifications as a guide for Social Bond contracting, to ensure the needs and aspirations of whānau and families can be met, and results delivered e.g. ensuring the social outcomes measurement tools are culturally relevant for Māori and developing advice and guidance about wellbeing outcomes in Te Ao Māori contexts</p>
<p>Strong networks and stakeholder management: All three agencies are variously engaging with regional and national agencies, advocating and educating them about Whānau Ora commissioning.</p>	<p>Whānau Ora Commissioning organisations may be able to match investors with programmes, focusing on investment to eliminate inequalities between Māori and non-Māori.</p>
<p>Contracting framework: Each agency has dedicated contracting personnel who work directly with partners and whānau to help them understand contractual expectations and reporting requirements.</p>	<p>The Commissioning Agencies have progressively refined their contracting arrangements and now have in place systems and processes to ensure contracting for outcomes with partners and providers. As funding for outcomes is a key element of Social Bonds, the learnings from Whānau Ora Commissioning agencies could be applied to develop contracting frameworks for social investment.</p>
<p>Research and monitoring functions: All three Commissioning Agencies have progressively developed frameworks, tools, systems and processes to monitor, track and report on results for whānau.</p>	<p>A culture of research and monitoring has developed amongst Whānau Ora providers. The frameworks and tools that have been developed could inform the measurement framework for social investment.</p>

4. Establishing the Social Bond Pilot

All social impact bonds require four core agents to function: the issuer, investors, service providers, and a third-party assessor³². The Social Bond cross-agency pilot team based the Social Bond model on international examples. The key roles include:

- The issuer – usually a government agency such as Oranga Tamariki
- An intermediary who operates between investors, the funder and the service provider – G-Fund has taken up this role
- Investors who provide the upfront funding – The New Zealand Superannuation Fund, the Wilberforce Foundation and Mint Asset Management
- Service providers who deliver the services – Genesis
- Independent assessors – Oranga Tamariki evaluators who review and verify results.

An overview of the generic Social Bond model provided by MOH is illustrated below (Figure 1).

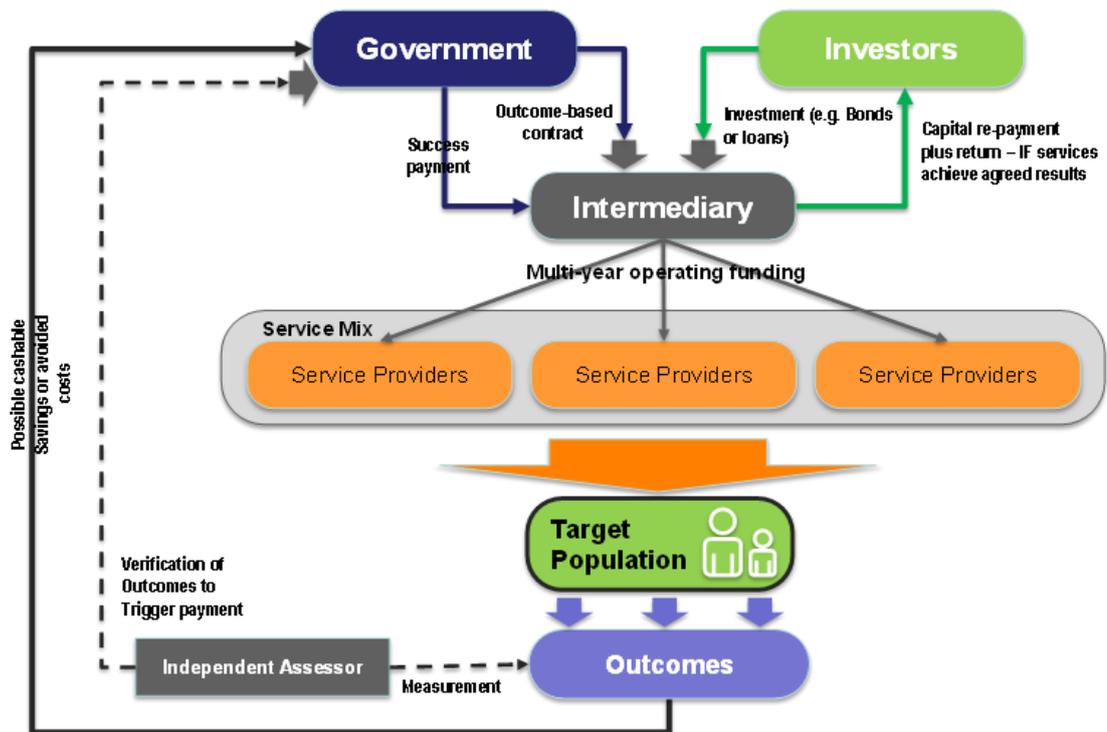


Figure 1. An overview of the Social Bonds model

³² Tortorice DL, Bloom DE, Kirby P, Regan J. (2020). A theory of social impact bonds (No. w27527). National Bureau of Economic Research.

The Government established the Pilot to:

- Test the social bond concept within the New Zealand context to see whether this was an effective and efficient way for government to reduce social problems
- Develop the conditions to use social bonds more widely in the future: including growing the social-investor market and building capabilities of service providers, government agencies and Intermediaries
- Learn lessons that could be applied to other forms of payments-for-results and/or outcomes-based contracting
- Enable Government to make more informed decisions on whether to use payments-for-results and outcomes-based contracting more widely.

Genesis was motivated to take part in the Social Bond procurement process to secure funding to establish financial stability to enable them to progress and expand the work they believed in. At the time Youth Justice funding for the locality had been redirected to Whānau Ora commissioning and Genesis had been advised that as they were not a kaupapa Māori organisation their funding would end in 12 months.

We just need the funding. That's all we really needed and unfortunately we had to go through Social Bond to get it otherwise we wouldn't have been able to continue what we were doing. Its enabled us to do a lot more. (Governance)

4.1. The procurement and contracting process was protracted

Part way through the Pilot process Treasury funded a review of the Social Bond Pilot procurement and contracting process³³. A key finding from the review was that while the procurement process itself was well run, a lack of commercial financial expertise within the pilot team led to a heavy focus on process diligence as opposed to achieving a successful process outcome. Comments from interviewed stakeholders aligned with the Treasury review. All interviewed stakeholders described the process as including extensive development time and bureaucracy in excess of what would normally accompany an investment of the size of the investment in the Social Bond Pilot. Late in the process, informed by the review and other learnings, new advisors made substantial changes.

The Ministry of Health... the way they were doing was so labour intensive and lots of hoops and windows to jump through and it was just, it needed to be simplified. Then we all started to lawyer up, and it just came to screeching halt. (Genesis)

³³ The Treasury. (2016). Social Bonds Information Release. Social Bond Pilot Procurement: Lessons Learned Review. Report No. T2016/1602.

... this transaction was small; and requires the same amount of work even from investors putting in small amounts so they still have to do their due diligence. (Financial arranger)

During the procurement process pilot Genesis initially partnered with Cranleigh Ltd and Synergia as advisors to assist in developing their proposal. Cranleigh discontinued their involvement during the procurement and contracting process at least in part due to the length of time and the cost of participation in the process. Interviewed stakeholders considered the development of G-Fund (a subsidiary of Genesis but independent financial intermediary company), and data provided by Synergia, replaced the need for Cranleigh.

Key to helping us through was Synergia. When that consultant group got alongside us they helped us for example look at our data. (Genesis)

Back then from what I know Synergia and Cranleigh worked really closely together and then with the change of director things changed and that partnership sort of fell apart and then it was us trying to work with both and it was messy ... (Genesis)

Although some funding was provided for organisations involved in the procurement it did not match the time contributed by Genesis staff and partners (Cranleigh and Synergia). A more streamlined procurement process would reduce some of these costs.

That whole tendering process procurement process, honestly for a little organisation I was working 60-hour weeks. (Genesis)

That was absolutely a nightmare and I gave up four years of my life chasing this thing. (Genesis)

4.2. Attracting investors was made challenging by the novelty of the Social Bond Pilot

The investment broker (financial arranger) was tasked with finding investors for the Social Bond Pilot. The novelty of the Social Bond concept in a New Zealand setting made it difficult to structure the investment.

... we were looking to find the investors and find out what sort of structure we would need to come up with that would work to meet investors' needs and that was part of the challenges that because it was innovative and new a lot of the investors hadn't seen it before and it was a matter of where does this fit in a portfolio. (Financial arranger)

The type of investment did not fit into the policies and deeds of some potential investors. Trusts are important to the New Zealand economy and financial sector, with a sizeable pool of funds managed through these structures³⁴. Trusts include iwi trusts, community trusts, charitable trusts, family trusts and other special purpose trusts. From a financial advice perspective, being a wholesale investor means a Trust

³⁴ www.theaotearoacircle.nz/sustainablefinance

does not have the benefit of the full range of regulatory and competency protections available to retail investors. The extent that Trusts and other organisations can risk capital versus return on investment is mandated in the Trust Deeds and may limit or prevent social impact investments. Discussions with Kaupapa Māori organisations (Section 3.6) are required to understand opportunities to increase investments from kaupapa Māori organisations in Social Bond initiatives.

The product we were selling was neither a pure bond nor an equity so as they took this proposal through a risk committee it didn't fit any of the criteria so it was quite hard work for a standard fund manager to include this. (Genesis)

As Social Bond initiatives become more common, financial organisations expected some of the challenges in finding investors to reduce.

The world is moving on and increasingly people are changing their mandates because they are realising that these are the products around but when you are starting out with a pilot and something brand new... (Financial arranger)

4.3. Delays in decision-making had major impacts on Genesis

Despite a lengthy negotiation process, Genesis had no certainty about whether the Social Bond Pilot contract would be funded or of a starting date. Uncertainty meant:

- Genesis staff were not sure if their contracts would be extended
- Genesis governance and management were unable to prepare for the expansion of the work they did with rangatahi.

Changes within Oranga Tamariki resulted in further delays to signing the contract. While it was intended that the contract would be finalised some 4-5 months before the pilot started, when the contract was signed the starting date was immediate. The Genesis team had to recruit more staff and prepare to deliver the expanded services. This resulted in enormous pressure on the team to keep to the targeted number of enrolments that contributed to less time being spent on existing Youth Justice contracts.

... my people were saying they were struggling to get a service out of Genesis on the other contracts because they were so wrapped up in getting the Social Bond off the ground. We had some robust conversations around that. (Agency)

The addition of funded development time to contract timelines is a more realistic approach and would have reduced considerable and ongoing pressure for Genesis.

The big thing was recruiting staff which can take months and months, so they were in no position to take any referrals from the first of September. I mean they had thought through some of their processes and what their intervention would look like but of course until you really hit the ground and start running and understand how much time that takes or whether that process really works in reality. I would have thought ideally you would need three months. (Agency)

4.4. A new governance structure was established by Genesis for the Social Bond Pilot

Governance for the Genesis Youth Trust is provided by the Genesis Trust Board – a voluntary Board of Trustees who have responsibility for Genesis and other contracts. Early discussions suggested an interagency governance group between Treasury, the Ministry of Social Development, Oranga Tamariki and Police but that was never established.

The governance model comprises two wholly-owned subsidiaries of Genesis established in 2017 to deliver the Social Bond Pilot:

- G-Op – a charitable company whose Board has a mix of community and commercial directors provides the services to work with youth and reduce their reoffending – the social bond services. G-Op funding and activities are separate from the Genesis Youth Trust although representation on G-Op and the Genesis Youth Trust Board are the same.
- G-Fund – a charitable company that oversees service delivery and performance, interfacing between G-Op, Oranga Tamariki, and investors.

G-fund needs to be in existence because it's all ringfencing those investors funds and it gives us arm's length from investors funds. I think probably in hindsight G-Op probably didn't need to exist. (Genesis)

We're very fortunate in our directors and trustees. (Genesis)

Both Boards included specialist expertise. The interviewed stakeholders including the Genesis Youth Trust Board and investors were satisfied with the communication, information they received and transparency provided by the governance structure. The investors considered they were involved to the extent they wanted.

We think now that we've helped develop a professional outcome-orientated organisation that's still a charity that impacts people, we wouldn't want to see that go to waste obviously. We took a bit of a risk but the governance has been improved and I think that's great. (Investor)

Obviously they've lent the money in and they want the money out because they've got responsibilities but they are really interested to know how our staff are doing, how the young people are doing. [Investors] like to hear success stories, they are actually actively interested in the social impact ... (Genesis)

4.5. Outcomes-focussed contracts

The Social Bond contract was the mechanism for specifying what would be delivered, establishing targets, measurement and payment amounts and thresholds. Some stakeholders described the contract as complex. The detail was recognised as necessary for investors, but others requested a simplified version that would be easier for a wider group to interpret.

So, I do think maybe having appendices or other maybe not tied into the legal contract but just other ways of showing and understanding how things work I think would be very useful. (Agency)

There's a tremendous level of complexity, so the whole formulaic and business model is highly complex and quite resource intensive and I wouldn't want any other NGO to go through that. It takes a level of skill and expertise for that contracting and funding. (Governance)

Interviewed stakeholders considered the outcomes focus of the contract encouraged innovation by enabling Genesis to deliver services differently by integrating YLS-CMI as an evidence-based tool to guide the support provided to young people through a MDT, using data to review and monitor effectiveness and identify priorities, and to extend the duration of the support provided. Accountability to the investors increased the outcomes achieved by Genesis over and above the funding.

It keeps us accountable and focussed on performing. I think without the Social Bonds you could cruise. And you could just do warm fluffy stuff without really measuring properly so there's a form of accountability I quite like about it in terms of actually performing. (Genesis)

I don't think it's just the money. I think it's the outcomes driven approach which means you're constantly looking at how can we approve our outcomes if we are getting these outcomes why are they and why are we not getting them in these areas so you're constantly having to reflect and innovate (Genesis)

Synergia coming in and creating that model of risks to the service. We were just seeing everybody and everyone was getting the same amount of time, although we've all been trained as social workers to know we shouldn't still be seeing them if they no longer need us. So, adding that structure, rather than us wasting our time and just picking up a young person to hang out, because then you just end up babysitting or being a taxi service. So that's one of the things that's changed. (Genesis)

4.6. Measurement

Measurement tools and criteria define the eligible cohort and the changes for the cohort that determine the amount of money investors receive.

4.6.1. Entry thresholds

The Social Bond pilot was designed to address the needs of young people with a medium to high risk of reoffending. Eligibility for referral to the Social Bond Pilot required rangatahi to reside in South Auckland, to have an offence proceeded against by Police with an Alternative Action Plan, and to have a YORST score of 40 or more. Referral criteria are to have at least 30% of rangatahi defined as high risk of reoffending based on the YORST score. Rangatahi with these scores can only be turned away if the programme is full, to avoid the risk of the provider choosing only lower-risk clients.

YORST scores are completed by police and the scoring can be influenced by lack of information about the young person and subjectivity in some of the assessment domains. Initial YORST training for police was rigorous but Genesis staff noted the quality of assessment had at times dropped off. However, generally Genesis staff reported YORST scores as aligning with their assessment of rangatahi.

I've got some criticism of YORST because Police officers were originally trained in YORST and it was rigorous and people were supervising and checking that. I don't think the Police have put any energy at all into YORST ... it's just a form that gets filled in to justify a referral... (Agency)

There has been some debate about the entry thresholds with tension between the Social Bond Pilot referral criteria and recognition by judges and police of the importance of early intervention³⁵. There was also discussion about the limitations of requiring a young person to be charged with an offence. Genesis had the potential to improve outcomes for rangatahi who had offended but labelling the young person as an offender was problematic for some rangatahi.

Some of them that bereavement will lead to offending because they're angry or you know why did you steal a car I stole a car because it's the only way to get my grandmothers grave ... you wouldn't run a criminogenic lens over every child who has suffered bereavement. (Agency)

In some cases when rangatahi had caused family harm the families were not willing to take the matter further and police did not initiate proceedings for an offence. While these rangatahi had the potential to benefit from the Social Bond they were excluded as they did not have a referral from police.

I mean that can be difficult you know they talk about these family harm where they'd love for us to be working with some of these young people but the family won't press charges against their own child. (Genesis)

4.6.2. Using the YLS-CMI to inform practice

The YLS-CMI (Australian Adaptation) measures eight different areas of a young person's criminogenic needs: Prior and current offences; Family and living circumstances; Education and employment; Peer relations; Substance abuse; Leisure and recreation; Personality and behaviour; and Attitudes and beliefs. Unlike the YORST, which is more focussed on fixed (static) historical factors like offending history, the YLS- CMI is more focussed on measuring dynamic risk factors that can be addressed through intervention.

The YLS-CMI was adopted by Genesis for use both in assessment and as a measurement tool for the Social Bond Pilot. The YLS-CMI is a structured, evidence-

³⁵ Stephenson. P, Williamson, F (2019) Evaluation of Genesis Social Bond: Police Deep Dive.

based model that identifies the domains where specialised support (e.g. from a mentor, social worker or counsellor) is required.

With youth offending, the YLS-CMI, it's the only one that's got really rigorous validation research behind it that fitted with the model and the way they were working because they wanted to capture early on changes in the dynamic risk factors and then later on they can use the actual reoffending data. (Stakeholder)

The YLS-CMI was needed as a measurement tool to bridge the gap between enrolment and reductions in re-offending. Genesis also aimed to use the YLS-CMI in assessment and targeting their responses to each young person's needs.

With offending and with this model the crucial thing was actually being able to reliably say that if they saw improvements in some of those dynamic factors that they were leading them in the right direction in terms of reducing reoffending. (Stakeholder)

Interviewed stakeholders expressed some reservations about the use of YLS-CMI in a New Zealand setting:

- It has yet to be validated in a New Zealand context and therefore may not be entirely culturally appropriate.
- Poor fit of the criminal history section of the YLS-CMI within New Zealand's criminal justice system, especially section 1 which records criminal history.
- Tension between the deficit focus of the YLS-CMI and the Genesis strengths-based practice model.

Implementing the YLS-CMI into practice has required Genesis to invest in training and auditing focused on how to complete the YLS-CMI but also how to translate the YLS-CMI scores into culturally appropriate and strengths-based practice.

The YLS-CMI is a tool and yes it has driven practice and process and policy but I think Genesis have continued to hold onto their values, they're a real value driven organisation and that also includes the importance of culture for them. you wrap around it the cultural stuff it doesn't stop the way you it doesn't mean you don't engage with a family in the way that you have before. (Agency)

Considerable progress has been made in training staff to use the YLS-CMI in assessment. The turning point was described by an external stakeholder as staff shifting from considering the YLS-CMI as a compliance activity for the Social Bonds contract to a valuable tool to inform their practice. An external reviewer and an external auditor have monitored the use of the YLS-CMI and provided reports that have been used to focus staff training about how to incorporate YLS-CMI scores into their practice.

Use of a standardised and validated assessment has:

- Provided consistency and rigour to the assessment of rangatahi and whānau needs and to tracking their progress

Before it was quite general, where now it's broken up into the eight criminogenic needs. There's more focus on what they really need and if they're doing well in school, no point working that but if they're having challenges with family stuff, often there's more family therapy and counselling available. If they're struggling with substance abuse, it's counselling here or CADS, so there's those types of options. (Genesis)

- Linked assessment findings to priorities for intervention and an MDT approach
- Informed efficiencies by providing data to consider the intensity of support required. Synergia analysis has enabled identification of groups of rangatahi who require less intensive support and duration of support is tailored to need.

4.6.3. Reoffending

The structure of the payments for the Social Bond contract changes over the course of the bond. In the first two years, the payments are weighted towards reductions in YLS scores, and to a lesser extent reduction in frequency and severity of offending. After the two year mark the emphasis of the payment switches and there are greater payments for reductions in frequency and severity of offending, and smaller payments for reductions in YLS scores. The reoffending rate is based on the number of reoffences rather than the number of rangatahi who reoffend.

Genesis has learnt more about the validity of the measures as the programme has progressed and that the results can be distorted by:

- Flexibility in the number of offences where police initiate proceedings
- Offending sprees by a small number of rangatahi.

You need both measures and police have flexibility in how many charges they lay which could distort things as well. (Agency)

As payment moves increasingly to reoffending there will likely be more to learn.

... that change in the payment structure where the YLS-CMI improvements really reduce in importance and the re-offending frequency and severity will become really important. Again, I suspect Genesis, ... will go into another phase of change as they have to grapple with that. (Agency)

The Social Bond contract did not allow review of the measures but Oranga Tamariki understood the limitations of the measurements and the reasons for not enrolling rangatahi Genesis never managed to engage.

So, one of the discussions that was had was could we re-write that part of the contract where we essentially take the top 5% of offenders out of the counterfactual and our group ... I think what they came to was it's too complicated. To actually change the contract is going to be massive ... So essentially just not enrolling those who aren't going to engage because all of those outliers were ones who had never engaged with us in the first place. (Genesis)

Historical Police reoffending data were used to generate targets for the Social Bond outcome agreement. These targets are used to trigger outcome payments. While described in the agreement as a ‘counterfactual’, there was general agreement that issues such as data quality mean the counterfactual does not reliably represent the expected level of outcomes in the absence of this programme. Therefore, all comparisons between observed outcomes and these ‘counterfactual’ levels are solely descriptive.

There was an issue with measuring against historical rates. So we know the rates have changed over time so you really should only be comparing comparatively with another group of young people and how you would do that, and at the same length of time, practice changed. Police practice changed and types of offending so you can't compare historically to get an accurate measure. (Agency)

4.7. The Social Bond Pilot enabled substantial organisational changes for Genesis

Funding through the Social Bond Pilot benefited Genesis as an organisation. Genesis described the Social Bond Pilot as a ‘life-saver’ for them. Funding from the pilot underpinned massive organisational growth and infrastructure changes. It enabled Genesis to respond to the challenges facing many NGOs. Some changes were part of the Social Bond Pilot intervention and others such as an organisation restructure were in response to the massive changes and organisational growth resulting from the Social Bond Pilot and its performance imperatives. Even some who were not comfortable with the social investment concept appreciated the positive aspects of the Social Bond Pilot in organisational development.

All those learnings and innovations ... if I compare Genesis to many other NGOs that I've worked in there is a level now of professionalism that I don't think I've seen elsewhere and that's a really good thing. (Genesis)

The ways Genesis has used the funding from the Social Bond Pilot aligns with the recommendations of the Government funded Productivity Commission inquiry³⁶. The inquiry examined how commissioning and purchasing influenced the quality and effectiveness of social services, and suggested ways to improve these practices to achieve better outcomes for New Zealanders.

Productivity Commission recommendation: Look for opportunities to engage providers to design and try out innovative service designs. This will promote learning about what approaches are most effective in achieving desired outcomes.

The outcomes focus of the Social Bond Pilot enabled Genesis to expand and innovate the way they approached reducing youth offending.

³⁶ www.productivity.govt.nz/inquiries/more-effective-social-services/

I think Social Bond gives you an opportunity to do something new and innovate and look outside New Zealand or current ways of doing things. (Genesis)

Prior to the Social Bonds, everyone was doing their own thing... Today we have the complete support of the whole team fulfilling all their different roles and providing the family and young person with a fuller service... That's happened because of Social Bonds. It's brought a complete focus on the whole family, not just the young person. (Staff)

Productivity Commission recommendation: Social services agencies and non-government providers should continue to expand the use of contracting for outcomes, including the use of incentive payments, where contracting out is the best service model.

Genesis stakeholders described the focus of the Social Bond Pilot on outcomes and the external investors was a stronger driver to improve outcomes than additional funding alone.

[I]t's actually pretty cool that we can report to the level that we can and prove outcomes. The positive of the Social Bond is it has actually pushed us. We[ve] lift[ed] our game because we've had to. (Genesis)

If you're going to fund something properly rather than just partially fund it, you need that accountability. There's no sharper accountability than outcomes. And that's a huge motivator if you can get your organisation to take that on board and buy into it properly. (Genesis)

Productivity Commission recommendation: Be open-minded about the size or organisational form of current and potential providers of social services. Pre-conceptions about provider size or form risk keeping out new entrants and reducing innovation.

Prior to the Social Bond Pilot, Genesis was a much smaller organisation. Investors considered they had the track record necessary to deliver.

[Genesis] does have a business overlay and level of sophistication that some other NGOs don't have. Enabled Genesis to make the transition in a way a lot of NGOs probably couldn't. (Genesis)

The Social Bond contract started measurement one week after the contract was signed and required a huge expansion, restructure and increased staffing. Genesis has been successful in expanding the organisation size and corresponding infrastructure.

In the next six-months the organisation doubles in size, major change and it's been in change mode ever since and increased in size since. (Genesis)

Productivity Commission recommendation: Government agencies should apply a standard duration of three years to social services contracts unless their risk analysis indicates that a shorter or longer duration is better suited to the purpose of the contract.

The Social Bond Pilot contract has provided funding stability for Genesis through longer contracts.

... So nearly a decade of solid [YJ] contract and we employed seven people through that which helped us to grow but it was still year by year for Youth Justice and continues to be year by year, very frustrating. (Genesis)

A six-year contract. We don't do any of that normally, so I think that has brought a lot of certainty. It means you're forward thinking and forward planning unlike if you're in a one or a

two-year contract where you are just, you know, doing what you can do within the scope of that time frame. (Stakeholder)

Funding stability enables workforce stability and the development and training of a specialised workforce.

Productivity Commission recommendation: “Fully funded” social services payments to non-government providers should be set at a level that allows an efficient provider to make a sustainable return on resources deployed. This funding level will support current providers to invest in training, systems and tools.

Many NGOs spend considerable time augmenting government funding with funding from grants to local bodies and various lotteries. This is time that could be spent in building the organisation and the services it provides. Increases in funding and funding stability have meant Genesis can invest in workforce development and infrastructure.

Workforce development has included extensive training in the use of the YLS-CMI to underpin evidence-based practice. Additional funding has also allowed frontline staff to support rangatahi with food, activities, and programmes.

Before if we wanted to buy a feed for a young person, it was coming out of our own money, before the Social Bond. It was lack of funding. Now we can and it's made a huge difference. If you've got a young person, they won't want to talk but they'll want to go for a feed. Next minute they're opening up. And rewards too like going to the movies. The money helps to provide new experiences. (Genesis)

Productivity Commission recommendation: Providers of social services should use a wider range of data sources to monitor and evaluate service performance in real time. Then they could respond to trends promptly and so achieve significant improvements in efficiency and effectiveness.

Investment in data and monitoring has enabled partnership with Synergia to provide data to track outcomes and examine efficiencies, and annual evaluation reports.

Having that evidence-based model which says this is what we know are the factors that contribute to re-offending therefore they're really focusing in on those key domains and having plans and activities that relate to those domains I think has improved the quality of the service. (Stakeholder)

It all comes down to having good data to prove that you are achieving what you said you would. (Genesis)

Genesis have constantly reviewed their programme to respond to identified gaps and potential to improve.

4.8. Learnings from the Social Bond Pilot can be applied to other Social Bond initiatives

Streamline and reduce the procurement and contracting processes

Overcomplicated processes use up already sparse capacity of smaller organisations and are unattractive to investors. It should be possible to build from the experience now in place to develop contracting models and measurement processes in a more streamlined manner.

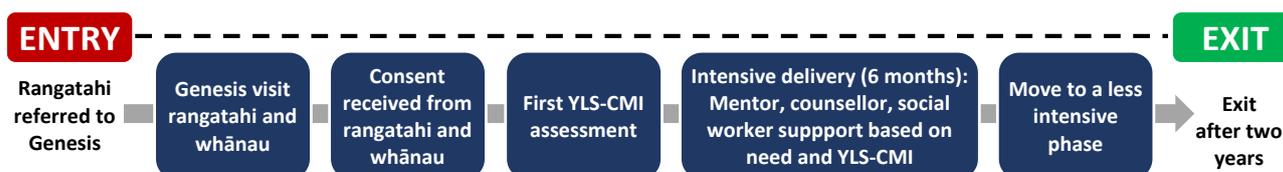
Robust contract measures are critical; the contract may require flexibility and a review period	Outcome measures are critical in social bond investments. Ideally measures will be evidence-based and validated in a New Zealand context. Contract measures must adequately measure change. However, those measures are not available for many social outcomes. Where measures are not available or are being developed, contracts could include the flexibility to test and review measures. However, this will need to be balanced against the potential to create challenges and the resultant uncertainty for the Crown, investors, and the provider.
Allow scope to review partnerships	The partnerships established at the start of the bond process may not be enduring and opportunities to renegotiate partnerships would be desirable.
Allow establishment time for the organisation	Consider institutional readiness to deliver the services and the importance of a 'ramp up' period to prepare for the initiation of the bond. Funding establishment time avoids the organisation slipping behind from the start.
Consider support for organisational development	The Genesis Social Bond Pilot demonstrates the benefit of additional funding in strengthening organisations to more effectively and efficiently deliver outcomes-focussed interventions. However, organisation change can be difficult and there is the potential to recognise the need for organisations to source change management support in Social Bond initiatives.
Maintain the organisation's kaupapa	Genesis approach brings the 'heart' to supporting rangatahi. An organisation with strong values is more likely to make the best use of funding to improve outcomes for rangatahi. The investors must respect the kaupapa and achieve a balance between financial return and service quality. Provider frontline staff may not understand the strengths and limitations of the Social Bond approach.
Further develop alignment with kaupapa Māori frameworks	Considering how to include holistic processes that align with kaupapa Māori frameworks into Social Bond processes and what is required to attract Social Bond funding for kaupapa Māori providers.

5. How the Genesis Youth Trust programme is operating

Genesis developed their Social Bonds pilot based on their existing programme to reduce youth re-offending. The Social Bond Pilot:

- Increased the number of rangatahi supported by Genesis
- Extended support to rangatahi at higher risk of reoffending
- Integrated evidence-based support underpinned by the YLS-CMI and delivered by a MDT
- Used data to monitor progress and effectiveness
- Extended the duration of support for rangatahi to two-years.

The steps in support for rangatahi through the Genesis Social Bond Pilot are summarised below.



5.1. The Genesis team

The most important qualities of the Genesis team are their belief in the work and their commitment to their communities and to rangatahi. The work can be challenging, staff invest personally in the rangatahi and whānau and benefits of the work for them include relationships and continuity.

You've got to have people whether they look like a social worker, mentor, or counsellor or a business person that share the heart of the place and the values. ... they are here for a calling that's beyond just turning up and clocking in clocking out. We really wanted to have a heart to make a difference. (Genesis)

Most important to Genesis is that the staff reflect and can engage with the rangatahi and whānau the organisation supports.

The biggest thing I think is building a team that's orientated towards the people it's working and if you can achieve that that's one of the key ingredients. (Police)

Some of the staff have had the background, an amazing background transformation. They already know when they walk into a home and they start engaging. The young person already knows because they've got that rapport and they can't pull the wool of anyone's eyes here you know because they've been there done that. (Genesis frontline staff)

The beauty of what Genesis does I think is in the staff they've got, the social workers and mentors in particular they're mainly Māori and Pacific, they're people that the young

people would choose to hang out with and they do a lot of sports-based stuff, community-based stuff that keeps kids really connected. (Governance)

Genesis frontline staff are a multi-disciplinary team of youth workers/mentors, social workers and counsellors most of whom have qualifications and experience in working with rangatahi. They work closely together and with police, and other providers to ensure tamariki and whānau receive wraparound supports that address different criminogenic needs.

- **Social workers:** Social workers engage with the young person and whānau to get consent. They complete and review the YLS-CMI assessments of young people on their caseload and can be the main contact for the young person. The social worker makes recommendations for external agency referral to support the young person and whānau when required.

The clinical lead social worker has a caseload and reviews and approves all YLS assessments completed within their site.

- **Youth worker/mentors:** Youth worker/mentor and social worker roles can overlap when supporting the young person. Youth worker/mentors engage with the young person and whānau to get consent, they can complete the YLS-CMI assessments and provide ongoing support on a one-on-one or group setting. Based on the young person's needs, the youth worker/mentors work with the young person and whānau to identify goals for the three months ahead. Progress is reviewed at the end of the three months.
- **Counsellors:** Counsellors can be present at the initial engagement. They provide psychological support when required, typically when the young person has/is experiencing trauma, abuse, suicidal ideation and/or addictions.

The benefits of MDTs are widely recognised across the health and social sectors. However, it does take time to develop MDTs and approaches. This is still a change process for Genesis. A new clinical manager was appointed at the start of the evaluation with the expectation that he would provide clinical leadership and further develop practice.

We are a MDT and even though we are all together I think sometimes we can be quite disconnected. I don't think we've been trained properly to how we could share clients. It still sometimes feels like we're separate because we're different disciplines. (Genesis frontline staff)

5.2. Referral to the Social Bond Pilot

The total number of rangatahi referred to Genesis by 20 March 2020 was 449. Rangatahi are referred to Genesis by Police Youth Aid via a Police Alternative Action

(AA) Plan (a Police diversion to avoid escalation). Referral requires a YORST score of 40 or greater.

Initial plans included an assessment by a cross-agency team to determine the young person's suitability for the service but this was not put in place. However, Oranga Tamariki are involved in Social Bond referral decisions for rangatahi who are in their care for care and protection reasons, to the Social Bond Pilot.

Key points from a qualitative review of referrals by Synergia³⁷ and people interviewed for the evaluation noted interviewed police enjoyed working with Genesis and saw its benefits and success.

Genesis staff described fluctuations in referral volumes across quarters and sites³⁸ that were difficult for them to manage.

It doesn't matter how hard I work...we rely on referrals... Liaising with the youth aid sergeants making sure that, having a look and saying hey do you have any referrals, if not, why not, if you have, making sure it fits the criteria or having a look at the trends. (Staff)

Analysis of referral data confirmed the fluctuations described by staff (Figure 2). The reasons for fluctuations were explained as:

- Fluctuations in youth offending
Social bond will ask for this amount of referrals per week, we can't get that. Some weeks kids won't reoffend, some weeks kids will highly reoffend. (Staff)
- A lack of clear referral pathways
The referrals were coming in really slow for a while. We were probably doing an amazing job in the community getting rid of all the offending. But something was happening and we're not getting those referrals as it used to come through. but it does work in stages and phases and they all come back around. (Staff)
- Other police priorities
And the pressures the Police have been under to you know with Christchurch, with Ihumātao or that kind of stuff that has taken away and influenced what has happened with referral trends. (Agency)
- Differences in individual police referral preferences
We've got a couple of acting sergeants down (police station) at the moment for example and I know they're not doing their job properly... They're not driving referrals to us, they don't see the importance of it... (Genesis)

³⁷ Stephenson, P, Williamson, F (2019) Evaluation of Genesis Social Bond: Police Deep Dive.

³⁸ Some sites had only recently opened and were still building relationships with police and referral numbers.

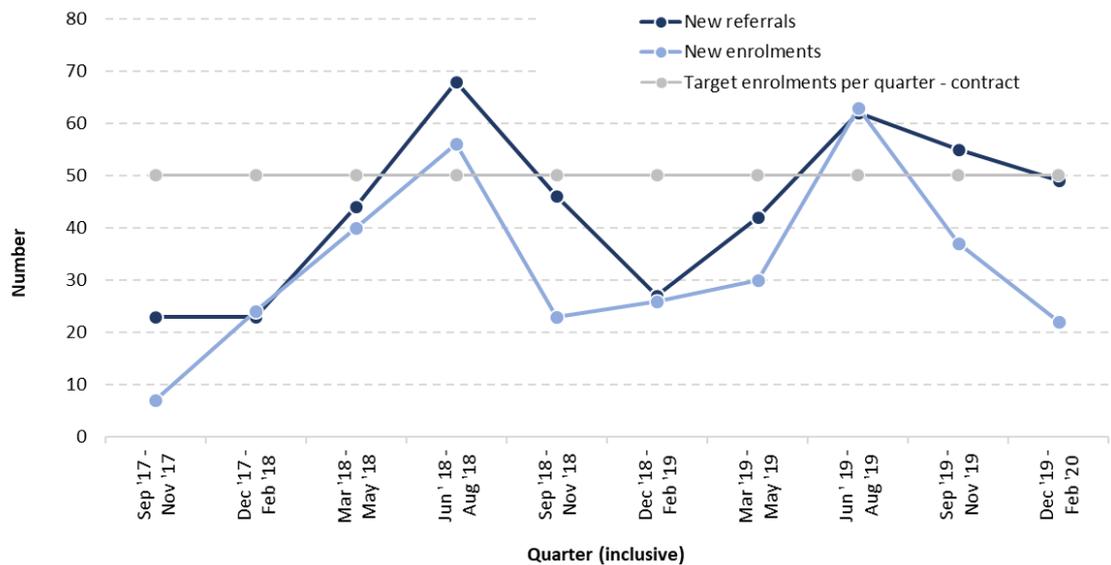


Figure 2: Referrals to Social Bond Pilot services per quarter across all sites (Source: Genesis data – quarter dates are adjusted to reflect the starting date of 1/9/2017 as targets are linked to time periods from that date)

The Synergia review highlighted the importance of continued communication by Genesis to local police to maintain and increase awareness of the support Genesis offers to young offenders, the capacity for referrals and feedback to police about what the programme has achieved. Beyond awareness raising, Genesis staff had limited potential to influence the number of rangatahi referred by police.

Despite fluctuations in referral rates, the mean YORST score of medium and high YORST referrals remained fairly constant over time (Figure 3). The Genesis team’s commitment to their work and the contractual requirement of 30% high risk referrals limited the extent any selection of ‘easier’ cases would occur.

[Genesis staff] his commitment is immense. He manages amazing amounts of hours in the week to do what he does. (Agency)

There’s nothing in police interest to say, yeah we will only refer you our easiest, that doesn’t happen. There’s interest for them to refer everyone. (Genesis)

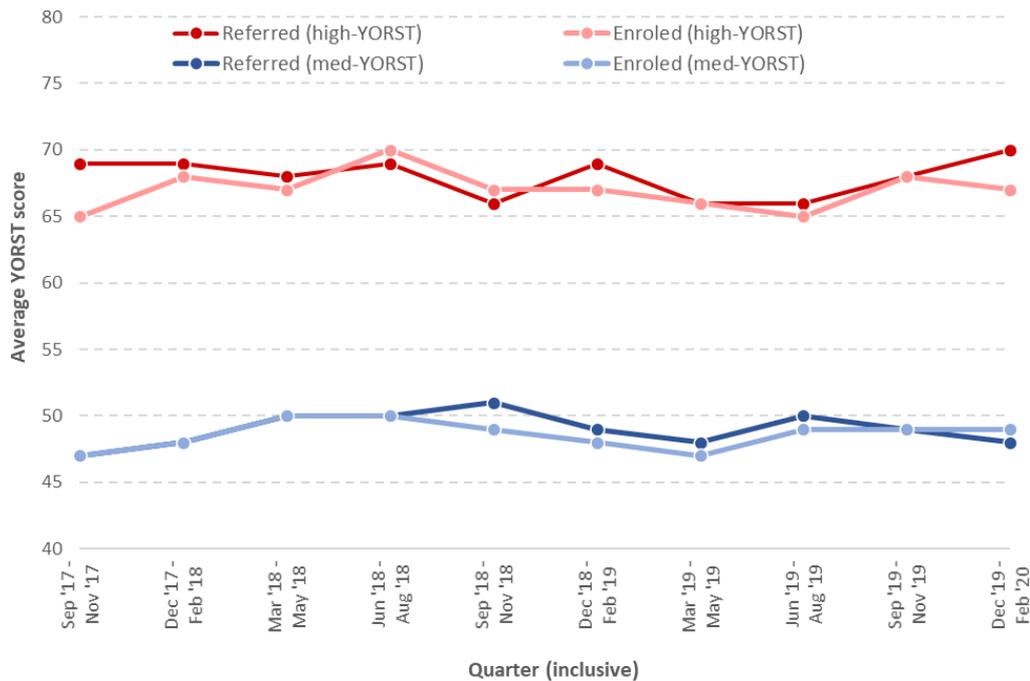


Figure 3: Average client YORST scores at referral and enrolment to the Social Bond Pilot per quarter (Source: Genesis quarterly data)

5.3. The Social Bond Pilot has enroled 346 rangatahi

Once rangatahi were referred, Genesis staff often had to actively seek information about rangatahi from other agencies and sources to ensure they had as full a picture as possible about rangatahi to develop adequate support plans.

With our referrals, sometimes we just have information from the police...It can be hard to get information from Oranga Tamariki. Sometimes we'll just be referred young people and they've got an open file we're not aware of. We have to go digging for it. (Staff)

The Genesis team only start working with rangatahi once written consent has been obtained from them and their whānau. They have 28 days to obtain consent and enrol rangatahi. This involved a degree of engagement prior to service enrolment as it was important to build a level of trust to ensure whānau understood and trusted the service and did not feel overwhelmed.

So, we get signed consent from a parent or caregiver as well as the young person... we don't start our work them until then. It's the hardest part – trying to get that contact, trying to build that rapport, trying to gain their confidence and making sure we're not [just] another service. That's the hard part because these young people are with four or five other services at any given time. (Staff)

Consent was normally sought during a meeting with police, the young person and whānau prior to enrolment, where rangatahi and whānau had opportunities to ask questions. Alternatively, staff obtained consent by making (often multiple) visits to

the young person’s home and engaging with whānau to build rapport, trust and understanding.

Our service is voluntary. So that's normally why we get that joint meeting together and have that discussion with the family, social worker and youth aid. It's up to them to say no. That's part of the screening process. (Staff)

At the end of March 2020, a total of 346 rangatahi had started the Social Bond Pilot, with a further 17 pending consent. Eighty-five (19%) of the 449 rangatahi referred had declined or been declined participation³⁹. Of those enrolled, nearly a quarter (81, 23%) had left the programme prematurely (e.g. due to lack of engagement (42%) or reoffending (57%)).⁴⁰ Two-thirds (67%) of rangatahi who had started the service were male and 71% identified as Māori. At referral, approximately equal proportions of rangatahi Māori and non-Māori had high YORST scores (32% and 31% respectively).

Table 3: Summary of Social Bond Pilot client characteristics (note: In addition to rangatahi recorded as declined or enrolled, the referred group includes 17 who are still pending consent and one with no status recorded)

Demographic characteristics	Referred	Declined	Enroled	Premature exit
Number of rangatahi	449	85	346	81
Female	31%	26%	33%	26%
Male	69%	74%	67%	74%
Average age at referral	14.6	15.0	14.4	14.8
Ethnicity (total response)				
Māori	70%	65%	71%	73%
Pacific	22%	26%	22%	20%
NZ European - Other	12%	13%	12%	17%
High YORST scores (60+)				
All rangatahi	31%	36%	30%	44%
Māori	32%	31%	32%	47%
Non-Māori	31%	47%	26%	36%

³⁹ Of the 85 declined, 52% were due to lack of engagement, 32% did not fit the criteria, and 16% reoffended during the enrolment process.

⁴⁰ The 81 who exited prematurely are a subset of the 346 enrolled. Males and older rangatahi were slightly more likely to be declined or exit the programme. Across all ethnic groups, rangatahi with high YORST scores were more likely to exit the programme prematurely.

5.4. Referral and enrolments

The Social Bond contract includes contracted maximums that were referred to by those we interviewed as targets. Although the targets were lower for the first months of the Social Bond Pilot, the lack of any establishment time once the contract was signed made achieving the target enrolments difficult from the start. As referral rates and the enrolled numbers were consistently below the target, the difference compounded quarterly placing the team under pressure (Figure 4).

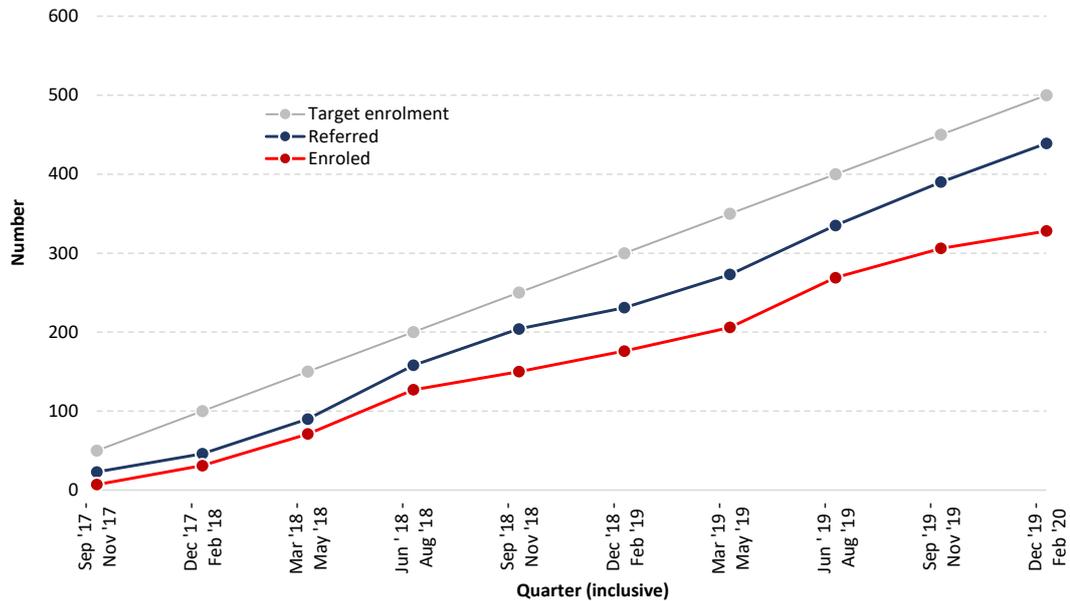


Figure 4. Referral, target enrolment, and actual enrolment rates of rangatahi to the Social Bond Pilot by quarter start date (Source: Genesis data – quarters are adjusted to reflect the starting date of 1/9/2017 as targets are linked to time periods from that date)

5.5. Assessment

Engagement, rapport and relationship-building are prioritised at the start of the programme, to get to know and build a mutually respectful relationship with rangatahi. This includes setting clear expectations that align with programme outcomes. Relationship-building was particularly important for rangatahi and whānau who had engaged with multiple services (previously and currently). As a result, there could be a risk of becoming overwhelmed by multiple services and becoming disengaged from Genesis.

Let them know we are fully focussed on them...I don't sugar coat it. I like to let these kids know this is what you can do, and this is what you can't do. It's important because they understand what is required of them. It's to get to know each other, it's working together hand in hand...It's to make sure that we reconnect them back into the community. (Staff)

Once consent had been obtained from rangatahi and whānau, Genesis operational managers allocated the case to staff based on rangatahi support needs and level of risk, to create a MDT for each young person comprising a social worker (school/education support), counsellor (attitudes/behavioural support) or youth worker/mentor (recreational support). Together, they planned programmes for the young person.

A young person who completes the Genesis programme will receive a baseline assessment and five subsequent assessments: 10 weeks after enrolment; 20 weeks after enrolment; 12 months after enrolment; 18 months after enrolment and a final assessment 24 months after enrolment.

The YLS-CMI assessments were completed progressively by different team members. This approach brought a multi-disciplinary perspective to the assessments and split completion into manageable components for rangatahi. The baseline assessment took time to fully complete as the team built the necessary trust with the young person to complete the assessment. The mean days from referral to completion of the first YLS-CMI was 32.5.

The assessment helped identify individualised focus areas for the multi-disciplinary team to support the young person.

[The YLS] helps identify areas we need to work on as well as our starting score. We focus on the top three sections which is the CMI case management information and from there we recognise interventions from those top categories. (Genesis staff)

The scoring system does help. What the scoring system is telling us is what the kid needs. Telling us what the kid is lacking in, in terms of the contract in terms of the assessment. Helps us to focus in that area, now not every time it works because it might say in terms of scoring there is a high need for education based on the assessment but when we ask these kids, they don't want to go to school so it clashes. (Genesis staff)

5.6. Support

Rangatahi take part in an initial intensive programme followed by less intensive support and six months of post-exit support (mentoring). Reoffending outcomes were also monitored from enrolment to up to 12 months after completing both elements of the intervention (up to 24 months total).

Support for tamariki involved:

- Support by a MDT (a social worker, counsellor and mentor) who worked closely to address a range of needs.

It's beneficial because there's three of us with one client...If it were just one then we miss a lot more. We bounce off each other quite a bit. (Staff)

Support was holistic and youth-centred, and based on the needs of each young person in their whānau context.

- Goal-setting – mentors and rangatahi identified needs and developed SMART goals (Specific, Measurable, Achievable, Relevant, Time-Bound) and plans to achieve them; these were reviewed three-monthly.

We make SMART goals with the young person and how we are going to tackle those. At the moment we are doing it every three months, where we make the goals and attack the goals and see where we're sitting at the end of the three-month period - whether we've had a good go at it or whether we've accomplished it, where have we fallen short. (Staff)

- Enhancing engagement with rangatahi by providing them with important things and new experiences (e.g. food, movies, etc.)

Before if we wanted to buy a feed for a young person, it was coming out of our own money, before the Social Bonds. It was lack of funding. Now we can and it's made a huge difference. If you've got a young person, they won't want to talk but they'll want to go for a feed. Next minute they're opening up. And rewards too like going to the movies. The money helps to provide new experiences. (Staff)

Support for rangatahi was enhanced by the length of time staff were able to engage with and support clients and whānau, which was extended by the Social Bond Pilot.

Social bonds allow us to have clients for two years. When I worked with Genesis you worked with a client for three months, maybe six months, and then sometimes you thought man I could do more with this client, so we thought if we could work with them longer, we would have more success with them. (Staff)

The example below summarises a staff member's description of the support received by a rangatahi.

Example of the support a rangatahi received from Genesis

About Sione*

- He has been working with Genesis for two years
- Referred to Genesis from Police
- Genesis have worked with Sione's school to support him.

We worked alongside him and we teamed up with the school, we did school visits as well. (Staff)

Support from Genesis

- Sione has been actively involved in the mentoring groups and other group programmes organised by Genesis
- The support was tailored to the needs and interests of Sione
- He was connected with a music producer which fast-tracked his involvement with a *rapping crew*.

We put him into [a group programme]...he liked it so much that we put him into another one. (Staff)

I gave him more of a senior role [and] gave him responsibilities. (Staff)

The difference engaging in Genesis and the Social Bonds initiative has made. It has:

- Encouraged Sione to *[do] so well in school*
- Opened up opportunities for Sione to be involved in and strengthen his areas of interest - *he's a creative kid*
- Supported Sione's involvement in the community through performance and visual arts.

I want him to do an art piece for me because he draws so well...and base it off a story in [his] life...I said to [one of my mates who owns a cafe] if we could put a price to it...[Sione] can choose what to do with the proceeds. (Staff)

Where is Sione now?

- Sione has not reoffended
- He has huge potential and has made significant progress
- Genesis staff feel that he is ready to be independent with less support from them.

He is flourishing. We want to get him into the next Prime Minister's programme. (Staff)

He is ready to do his own thing and be independent. (Staff)

*Names have been changed in the example above

Genesis support included support for whānau as an integral part of supporting rangatahi. The example below is described by a Genesis staff member to reflect the complex whānau situations of some rangatahi, how whānau influence rangatahi and challenges in engaging with whānau.

The parents began to realise they needed to make some changes in terms of their parenting style and the way they engaged with this young person. They started making those changes and it had a flow-on effect to the young person who started becoming amazed at the way the parents were changing the way they engaged with them. (Genesis)

Example of the importance of also supporting whānau

About the McDonald whānau

- Johnny McDonald, a teenage male, is frequently in trouble with the Police. His two siblings are in a similar situation
- Johnny lives with his mum and her third partner. He was beaten by her second partner and abused by her first
- His mother's first baby was stillborn, she became depressed and turned to drugs. She was often angry.

Mum we might need to change a few things...are you willing to let go of the gang member? She's going through her own things...(Staff)

We're dealing with young Johnny and we're saying hey, dad, mum can you come to parenting? Stuff you, who the hell are you fellas, bro he's the one...(Staff)

Complex needs and supports

- Johnny has access to a multidisciplinary team who provide a range of support services
- He is unlikely to make/sustain any changes if his home environment does not change. There is a need for Genesis to engage with Johnny's mother and father. They are reluctant and do not see it as their responsibility
- Whānau reluctance to engage can be embedded and intergenerational.

In the Māori context it's the Iwi context, it's the hapū context, it's the marae context. This is Johnny by himself context...we're reducing his offending, not their offending..(Staff)

The families will only tell you what you need to know because there's a lot of measures to rip the family apart. In the Māori context, our whānau are generational, they've been there. (Staff)

The Social Bonds Initiative

- Individualistic focus on Johnny
- Ineffective if wider underlying contexts and issues are identified but not addressed.

*Names have been changed in the example above

Genesis drew on other providers and personal and professional networks to support rangatahi. Interviewed Genesis staff described connections through personal networks. We interviewed two NGO providers Genesis worked with. Both NGOs described having a strong and collaborative relationship with Genesis that was client-centred and continuous.

We considered it a partnership and there is a clear understanding...They don't just drop them off and then ka kite. If anything goes wrong, they are our first port of call. We ring them and say the kid is not turning up I don't have time to do a house visit and they are really good - together we try and get the student back on track. (NGO Provider)

Genesis staff were noted as working closely with NGOs to:

- Ensure the delivery of efficient services and supports. One NGO also noted an increased presence of Genesis staff at stakeholder and networking meetings
- Monitor ongoing rangatahi needs and enable access to different support services based on these needs
- Help and motivate rangatahi to prepare and commit to provider services
The young people were mentored so well, the young people trusted them to bring them along. The mentors were there to high five them and show their support. The support was very high from Genesis... (NGO Provider)
- Celebrate rangatahi achievements.
For the young ones that do work out - Genesis will come to the graduation, together we celebrate the kids. Even if its NCEA level one its huge. (Provider 1)

5.7. Rangatahi and whānau experiences

We were able to interview one young person who had been encouraged by their whānau to engage with Genesis. Despite this young person's initial apprehension, they described positive experiences and access to support.

I think the support I've gotten from Genesis [helped] me get there. Like pushing me and encouraging me. (Client)

This young person and their whānau valued:

- Access to a multi-disciplinary team and supports
- Consistent communication and quick responses to any questions or concerns
- A commitment to building a trusting relationship
- Flexible approaches based on a young person's needs (in group or one-on-one settings)
- A focus on the future and fun learning
- Inclusion of whānau to support the young person.

I have a youth officer at Genesis and [if] my [whānau member] is concerned she will contact them and sometimes when I do good things with Genesis my [whānau member] is there [to celebrate]. She's part of it. (Client)

Case study of one rangatahi and whānau interviewed for the evaluation (names have been changed)

About Sammie

- Has been with with Genesis since end of 2018
- At first, she was suicidal, closed off, getting into trouble/fights and moving from home to home
- She was encouraged by her whānau to engage with Genesis. She was apprehensive at first, but the Genesis team built a trusting relationship with her.

She used to find any excuse not to go now she finds any reason to go. (Whānau)

Support from Genesis

- Sammie had access to a multidisciplinary team who provided wraparound support (youth officer, social worker, mentor and counsellor)
- The support was tailored to her needs (group and one-on-one setting)
- Her whānau were involved and felt encouraged to be part of her journey with Genesis
- There was open and prompt communication between Sammie/whānau and the Genesis team.

It's like talking to someone my age...they understand me...We set goals, we have quotes, go out to eat, do activities like the beach, scooters, an umpiring course at the netball courts (Sammie)

When I do good things with Genesis [she] is there [to celebrate], she's part of it. (Sammie)

We've had a very good experience with Genesis. I have all their numbers, they keep in contact. (Whānau)

It's made us closer. When we started we wanted to murder each other. (Whānau)

I haven't heard much about the suicides lately...That was a huge worry for us because when [Sammie] came into my care that's where her headspace was at and not being able to turn to anyone. (Whānau)

I want to be a flight attendant...I think the support I've gotten from Genesis would help get me there. (Sammie)

The difference engaging in Genesis and the Social Bonds initiative has made. It has:

- Helped Sammie to build her confidence and self-esteem
- Supported her to identify her goals and be self-motivated towards achieving them
- Fostered connectedness and strong relationships between Sammie and her whānau
- Encouraged her to communicate her thoughts and feelings and ask for help.

Where is Sammie now?

- Sammie is motivated and has future aspirations
- She is trying new things, involved in different activities and courses
- She acknowledges and is proud of her progress since being part of Genesis.

*Names have been changed in the example above

Interviewed staff highlighted a range of positive outcomes for many rangatahi receiving support from Genesis. The case study below exemplifies the positive experiences and outcomes Jonah* had with Genesis.

About Jonah

- Has been with with Genesis for a few months, although his mentor had only seen him a few times so far
- Jonah had recently lost one of his parents and presented with anger issues and other acting out
- He was from the younger age group (10-14 years old) of clients.

I've just picked up a young kid... his [parent] had passed away and it was quite recent. (Staff)

Support from Genesis

- Jonah received support to help him grieve the loss of his parent in a healthier way by teaching him coping strategies and finding spaces where he could remember good memories with his parent
- Support was also provided to help him process anger in a healthier way
- Jonah's mentor decided to slowly build the relationship with him, to avoid overwhelming him as he was engaging with multiple services.

He was a real angry kid... I took him to [local park]... I wanted him to reminisce about walking around that place with his [parent]... he started opening up talking about his [parent] a lot. (Staff)

I know for kids that age, they don't want people to hound them... I'd rather be the guy at the back... then slowly create a bond. (Staff)

The difference engaging in Genesis and the Social Bonds initiative has made. It has:

- Committed to building a trusting relationship with Jonah
- Developed a flexible approach that helped Jonah feel safe (e.g. stop running away)
- Encouraged Jonah to open up, communicate his thoughts and feelings and to trust services more to help him through the difficult times in his life
- Supported him to work through the grieving process.

I said if there is ever a time when you feel like you need your [parent], I can easily take you back to this place and you can have that walk with them again. (Staff)

Where is Jonah now?

- Jonah continues to get support from Genesis and is making slow but steady progress in the service
- He is connecting with his mentor and learning to process his emotions better.

Our engagements are going OK... managed to take him for a boxing session and to the golf range... he started to click and he said, "I've just got to think, I just need to think before I act it out." (Staff)

*Names have been changed in the example above

The next case study highlights positive experiences and outcomes for the Smith* whānau that were the result of client- and whānau-focussed support and services provided by Genesis. In this instance, whānau experiences and access to Genesis support positively influenced relationships and connections between parents and their teenage child. This in turn influenced positive changes in their teenager's attitude and behaviour.

About the Smith whānau

- David is a teenage member of the Smith whānau. He was referred to Genesis for support with his drug use and addictive behaviour
- David's parents were committed to supporting him and participating in a whānau programme with him.

Both the parents came right from the outset. They attended maybe seven sessions of the parenting programme. (Staff)

Support from Genesis

- The whānau programme provided David and his parents with access to a multi-disciplinary team
- Genesis support empowered David's parents to reconnect and engage with their son.

It's about empowering the parents to be able to cope and work appropriately with their young person. It's about encouraging them to make those changes. (Staff)

The difference engaging in Genesis and the Social Bonds initiative has made. It has:

- Helped David's parents realise they needed to change their parenting practices
- Helped David see and appreciate the effort his parents made to strengthen their relationship
- Helped David stop his drug use and motivated him to find employment
- Supported the Smith whānau to cope and heal from adversity together.

They started making those changes and it had a flow-on effect to the young person...He stopped doing drugs, got a job. The rest is history. (Staff)

The willingness of the parents to make changes helped with the healing process and the young person changed. (Staff)

Key insights

- Engaging with whānau has positive flow-on effects for rangatahi
- Effective whānau engagement is supported by a strong willingness and sense of shared responsibility within whānau to help themselves and their rangatahi.

Parents who are willing to engage and be part of it are the ones who are going to have success... (Staff)

*Names have been changed in the example above

5.8. Exits

As at the end of March 2020, there were a total of 81 premature exits from the programme: 57% reoffended and 42% disengaged.

The Genesis Social Bond Programme offers rangatahi support for up to two years.

I think the big thing is that the two years allows you to address a lot of things. I mean that gives you time to get them back into school, or into employment, for the family to do a whānau programme, for relationship issues to be addressed, substance use, peer groups, and so, and what we talk about a lot and I don't think we're doing enough of it but I do think it is really important is getting young people so involved back in their own communities ... (Genesis)

There was discussion by Genesis staff of whether two-years was the right time for all young people or whether there was a risk of building dependency.

It's found that if we do keep that intensive engagement happening and they're on low or medium we can create dependency we can create a whole lot of other negative things for them because we're engaging so we try and work to the need. (Staff)

At the time of interviewing a new exit process was being finalised which would allow tamariki to be exited based on one of four criteria:

- They had to have been enrolled with the service for at least two years.
- They and their whānau were no longer engaging with the service. Stakeholders also noted some dropouts aligned with the end of the required Police Alternative Action programme.

But in saying that again I think anecdotally young people have engaged for that first three to six months and of course part of the end of their AA plan I mean there aren't any legal obligations to keep engaging with Genesis ... Well often an AA plan is only 12 weeks or so. So any engagement you can get past that period is good to be honest. (Agency)

But impossible to catch up with ones who disengage. (Stakeholder)

- The young person had moved out of the service's catchment area.
- The young person had been with the service for six months and their risk level had dropped to low.

When the young person is over six months and we said this young person is very, very low in terms of risk, there's no more warnings, so we might look at exiting. We still need to finalise that. Before it was very unclear and everyone was doing it in their own way. (Genesis frontline staff)

Further work is planned on exit pathways and the extent the Genesis team should draw on external specialist expertise (e.g. AOD services). A support plan leading up to and following exit is needed and was in development at the time of interviewing. Engagement with other services was critical to ensure rangatahi still had access to ongoing support even after they finished working with Genesis.

5.9. Changes have been difficult for some frontline staff

Changes for frontline staff who are at the interface with rangatahi have been difficult for some staff. Adapting to changes in practice alongside pressure to meet the Social Bond contract targets have put pressure on frontline staff with challenges of maintaining quality while achieving targets.

For me the tight rope I've seen them walk right from the beginning is quality versus quantity. ... And for them it's the values, it's not just about money not at all although for the investors of course the money is pretty important. (Agency)

... when you're talking about heart people and then you put numbers to it that's a really difficult thing for them to get their heads around so I think there's a perception that it's moving away from the heart and towards numbers when actually those numbers are actually just measuring what's being achieved. (Genesis)

Concerns about quality were compounded by staff reports of increased caseloads. Discussions about caseloads were commonly raised in interviews with frontline staff and their managers and closely aligned with feelings that the Social Bond overlaid a business model to the work they valued and risked compromising the quality of their work.

I find myself conflicted that we're trying to work the business, but it takes away the focus from the actual young person. Because of the two-year period our caseloads are getting higher and higher because we're expected to leave them in for the two years. And it leads to burnout, and compassionate burnout, you start to lose focus on why you're here because of the business focus. (Staff)

Caseload reporting requirements were based on a young person's specifications and did not account for the work and time spent with whānau and complex cases.

*Sometimes rapport takes longer to build with family, parents and siblings and that's not taken into account. All they think about is the time spent with the young person (*in terms of recording/reporting etc.) (Staff)*

Further development of the MDT approach and clarity about roles and responsibilities and who the key workers are may address concerns about caseloads.

5.10. Early outcomes

5.10.1. Changes in YLS-CMI indicate reduced risks of reoffending

Data obtained through YLS-CMI assessment scores and reoffending rates indicated early outcomes. However, these analyses are descriptive only and the extent these improvements can be causally attributed to the pilot will need to be explored in an outcome evaluation.

Figure 5 presents the changes in the average score of the YLS-CMI assessment throughout engagement with the Social Bond pilot for participants who completed at least four assessments. The rationale for examining changes for clients with at least four assessments is to isolate changes over time in mean score for the same group of clients who stayed in the programme.⁴¹

Clients' risk/needs level declined throughout engagement with the Social Bond Pilot. On average, clients' first YLS-CMI assessment showed a high level of risk, which had dropped to a medium level of risk by the fourth assessment. Similar reductions were recorded for Māori, Pacific, and European/Other rangatahi, and for young people with a medium or high YORST score on entry to the programme.

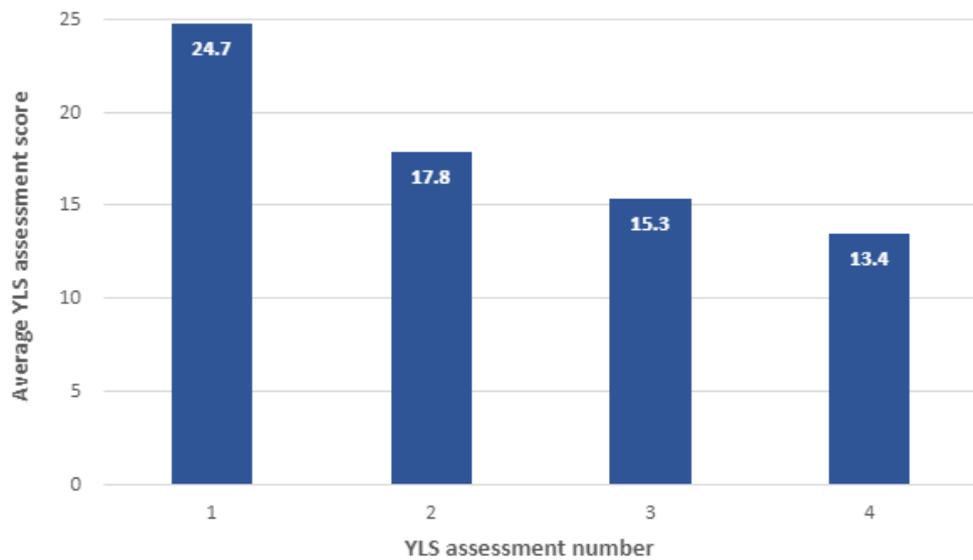


Figure 5: Average YLS assessment scores for rangatahi with four completed assessments (n=137) (Source: Genesis data)

⁴¹ The YLS-CMI is only measured for rangatahi that remained in the pilot at the time of the assessment. Appendix 5 shows a comparison of scores between rangatahi who completed four assessments and results for all rangatahi at each assessment.

5.10.2. Reduced risks of reoffending were observed across all domains

Figure 6 shows the proportion of rangatahi that recorded a reduction, increase, and no change in risk-categories between the first (initial) and fourth YLS-CMI assessment. In the context of this figure, change captures movements of rangatahi across three broad risk categories (low, medium, high).

In all YLS-CMI domains, a greater share of rangatahi recorded a decrease in reoffending risk than an increase. Overall, 45% of items recorded in the YLS-CMI assessments captured a reduction in risk. This is compared with 44% of items recording no change, and 11% recording an increase in risk. The YLS-CMI domains with the greatest share of rangatahi recording a reduced risk between the first and fourth assessments were family and living circumstances (71%), attitudes/ beliefs (60%), personality/behaviour (55%), and employment/education (52%). Some YLS-CMI domains such as prior and current offending are based on historic information, making it more difficult to achieve positive change (76% of rangatahi recorded no change). On the other hand, there were a relatively large share, around a fifth, of rangatahi recording an increased risk in the substance abuse (20%) and leisure/recreation (22%) domains between the first and fourth assessments.

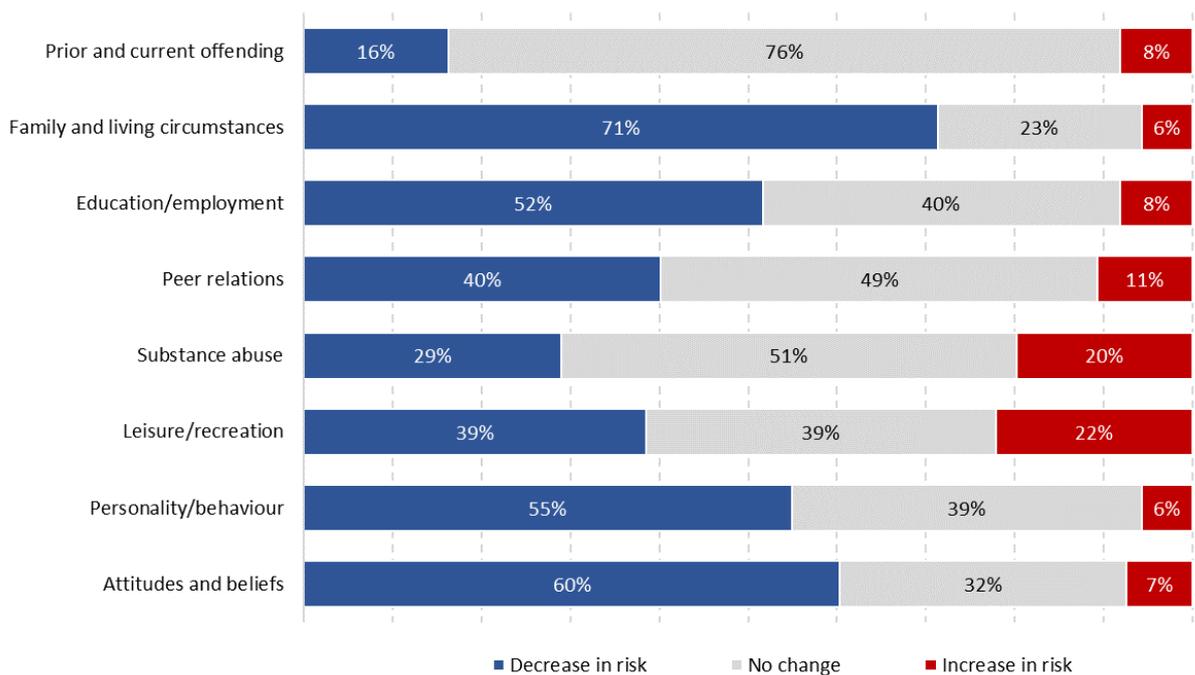


Figure 6. Proportions of rangatahi with increased, decreased or unchanged risk of reoffending from YLS-CMI domain scores between assessment one and assessment four (Source: Genesis data, n = 121 to 123 for each domain)

5.10.3. There are reductions in reoffending rates

Reductions in the percentage of young people who reoffended are seen across all cohorts as they progress through the Social Bond Pilot programme. Later cohorts

have fewer measurement points. There were consistent reductions in the offence rate, total offences, and offence severity across young people with high and medium YORST scores (Table 4)⁴². The observed offence rates are better than the counterfactual targets at all time points for rangatahi with medium YORST scores at entry and for all time points after six months for rangatahi with high YORST scores on entry.

Table 4. Reoffending rates for rangatahi with medium and high YORST scores on entry to the Social Bond programme (Source: Genesis data)

	0-6m	>6-12m	>12-18m	>18-24m
Overall				
Number of rangatahi	346	314	212	155
% reoffended	26%	16%	17%	11%
Medium YORST scores (40-59)				
Number of rangatahi	242	215	141	103
% reoffended	22%	14%	14%	9%
Total reoffences	216	71	38	18
Reoffence rate	0.89	0.33	0.27	0.17
Counterfactual target reoffence rate	1.08	0.96	0.82	0.94
Average maximum reoffence severity	31	24	19	17
High YORST scores (60+)				
Number of rangatahi	104	99	71	52
% reoffended	35%	20%	21%	15%
Total reoffences	168	45	33	20
Reoffence rate	1.62	0.45	0.46	0.38
Counterfactual target reoffence rate	1.29	1.59	1.32	1.11
Average maximum reoffence severity	54	22	20	17

⁴² Note that traffic-related offences are not included in reoffending rate calculations and were also not included when the counterfactual targets were constructed.

The reductions in reoffending were seen for both rangatahi Māori and non-Māori (Table 5). Numbers of Pacific young people are too few to reach conclusions and will need to be examined in an outcome evaluation. Differences in offence rates and severity between Māori and non-Māori will also be further examined in an outcome evaluation.

Table 5. Reoffending rates for rangatahi Māori and non-Māori with high and medium YORST scores on entry to the Social Bond programme (Source: Genesis data – numbers in some cells are too few to report)

	Periods after enrolment			
	0-6m	>6-12m	>12-18m	>18-24m
Rangatahi Māori - Medium YORST scores (40-59)				
Number of rangatahi	167	148	104	77
% reoffended	22%	14%	13%	9%
Reoffence rate	0.65	0.23	0.24	0.19
Average maximum reoffence severity	28	21	16	22
Non-Māori - Medium YORST scores (40-59)				
Number of rangatahi	75	67	37	26
% reoffended	21%	13%	16%	8%
Reoffence rate	1.44	0.55	0.35	0.12
Average maximum reoffence severity	40	32	28	2
Rangatahi Māori - High YORST scores (60+)				
Number of rangatahi	78	73	56	44
% reoffended	40%	23%	21%	16%
Reoffence rate	1.94	0.48	0.50	0.43
Average maximum reoffence severity	65	28	22	20
Non-Māori - High YORST scores (60+)				
Number of rangatahi	26	26	15	8
% reoffended	19%	12%	20%	-
Reoffence rate	0.65	0.38	0.33	-
Average maximum reoffence severity	21	6	13	-

5.10.4. There are potential intergenerational benefits

In considering the outcomes of the Social Bond Pilot it is important to note the potential intergenerational benefits in improving outcomes for rangatahi.

We are changing lives and not just the lives of individuals, but of the wider whānau and their siblings, and their children, multiple generations. We are talking about intergenerational families here. The families that we are dealing with have every social ill you could name, and they've got most of them. That's why this thing is so important. I don't think we fully understand the economical advantage of changing the lives of these young people. (Governance)

5.11. How the Genesis programme has regard to mana tamaiti, whakapapa, and whanaungatanga⁴³

In the context of the Genesis Social Bonds pilot having regard to mana tamaiti, whakapapa and whanaungatanga is demonstrated through:

- Providing a service that supports rangatahi Māori. Māori are the largest group of rangatahi (70%) supported by the Social Bond Pilot. Early outcomes suggest the Genesis programme is working well for rangatahi Māori and non-Māori.
- The rangatahi and whānau centred support encourages the participation of whānau in decisions at the earliest opportunity. Although the original premise was to also include hapū and iwi in making decisions about rangatahi, this was challenging because many of the rangatahi Genesis supported were not connected to their hapū and iwi.

The contract talks about the fact that whānau, hapū, iwi are meant to be involved in the initial referral process. I mean immediate whānau probably are as far as a parent or they're living with an uncle ... but other than that I'm not aware that there has been any serious hapū or iwi engagement for any particular young people. (Agency)

- Support by Māori and Pacific staff at Genesis who expressed their culture in their mahi. Staff fit was essential for the client and whānau group they worked with and helped ensure service provision elements, such as holistic and whānau based support, were aligned with Te Ao Māori and Pasifika frameworks.

I think Social Bonds for me is a door, it's the entrance to the house and the family. It's the doorway, the karanga coming up to the marae. That's what Social Bonds is, it's the introduction of who are you? From there it comes to whoever works with that whānau, now it's their skill that gets them from kanohe te kanohe to their hearts, in terms of okay how do I now work with what's going to help them, supporting them and awahi. (Genesis frontline staff)

⁴³ These relate to the Oranga Tamariki Act 1989 Section 7AA obligations.

- Connecting rangatahi to local Māori organisations and marae. Genesis currently rely on staff personal networks and informal links to iwi and providers, such as marae, churches and the use of land for camps. However, they highlighted the need to engage in more relationship-building, build capacity amongst iwi providers and marae and ensure local community leaders were involved.

I think a lot of our marae don't have capacity at the moment. Not funded to do things. There's politics involved with them too. But we have partnered with Papatūānuku marae, one of their leaders is on our board. (Genesis)

We've tried over the years to do mentoring, do whānau programmes, do pōwhiri there, could we do better? I think that's a huge work on for us going forward is to connect further. (Genesis)

However, despite staff members ensuring that service elements were aligned with cultural frameworks, there were gaps in rangatahi connection to their cultural identity. Staff members noted there was scope to improve rangatahi connections by formalising connections to iwi and Māori providers.

70% of our kids are Māori but they're just not connected, there's been a broken branch there. How we approach this? I think we can in the future [...] look at Te Whare Tapa Whā and look at the way that we do things and can we add this, I'm thinking about it at the moment, it might change but can we really generally add this approach to what we do and how we do things. (Genesis)

5.12. Pacific young people

As for rangatahi Māori, Pacific staff were an important link to Pacific young people. Their culture was inherent in their mahi and enabled them to engage with Pacific young people and their families and connect young Pacific with Pacific providers.

The values of our organisation mean that our approach is holistic and because our team are mainly Pacific that's also an advantage with our young people who are mostly Pacific. (Staff)

For me it aligns with Fonofale because it takes everything that is important from a Pacific perspective, you're dealing with them holistically, their family, spirituality... (Staff)

I don't want to sound cocky but [our understanding of Pacific families and holistic wellbeing] makes us a whole lot better than other people that work with them, not just different but better. Our boss is very much like that, driving that. (Staff)

5.13. Learnings from the Social Bond Pilot can be applied to other programmes to reduce offending for young people

<p>The Social Bond Pilot has enabled implementation of evidence-based practice</p>	<p>Changes in the practice model through the introduction of evidence-based assessments and MDT support have introduced a structured programme of support for rangatahi.</p> <p>Use of measurement tools, despite some limitations, has provided data to allow progress to be tracked and support targeted to the highest needs.</p>
<p>Formalise referral pathways</p>	<p>Referrals from police have varied over time and referral pathways are not clear.</p> <p>Formalised referral processes with police may assist in flow rates and ensure rangatahi with the potential to benefit did not miss out.</p> <p>Improved referral information from police and Oranga Tamariki help with the initial assessment and identification of needs.</p>
<p>Holistic support and whānau focus are important</p>	<p>Young people must be supported in the context of whānau as whānau have a strong influence on the behaviours and actions of young people.</p> <p>It can be difficult to connect with whānau who may have complex life circumstances. Provider staff who whānau can identify with are more effective in making connections.</p>
<p>Re-engaging rangatahi with their communities</p>	<p>More formal alignment with kaupapa Māori providers and iwi would help with cultural reconnection and alignment with Oranga Tamariki objectives.</p>
<p>Understand what the programme is achieving for rangatahi Māori</p>	<p>Focus on reporting measurement data by ethnicity to fully understand the effectiveness of the Social Bond Pilot for rangatahi Māori.</p> <p>Continue to analyse the data from YLS-CMI to build an Aotearoa evidence base for YLS-CMI assessment tools to ensure their cultural appropriateness for the client group.</p>
<p>Continue to develop the MDT approach and consider optimal caseloads</p>	<p>High caseloads were commonly mentioned by frontline staff. Understanding the reasons and how to take pressure of frontline staff e.g. through further development of the MDT approach and clarity about who the key worker is for each rangatahi.</p>
<p>Confirm exit pathways</p>	<p>Complete planning to confirm exit processes and arrangements with supporting organisations.</p> <p>Analysis of data will inform understandings about the appropriate balance of time with a programme and the risk of building dependency.</p>

6. Conclusions

Social bonds are an investment tool where private organisations, including investors, partner to fund and deliver services to improve social outcomes. The return for investors (positive or negative) depends on the extent to which the agreed results are achieved.

In 2017, Oranga Tamariki–Ministry for Children (Oranga Tamariki) entered into a six-year agreement with Genesis Youth Trust to deliver an intensive programme to reduce the frequency and severity of youth reoffending for a maximum of 1,000 participants.

The Genesis Social Bond Pilot was funded by government:

- To generate overall benefits to the Crown through a reduction in youth reoffending and an anticipated ‘long-tail’ of positive outcomes.
- To learn from innovations in approaches to improving outcomes for young offenders.
- To improve Government’s understanding about how to effectively design and manage innovative approaches to contracting for (and achieving) better social outcomes.

Oranga Tamariki was directed by Cabinet to evaluate the effectiveness of the Social Bond Pilot. This report is the two-year process evaluation and will be followed by an outcome evaluation towards the end of the Bond contract.

There were two main areas of interest for the process evaluation:

- How the Social Bonds contractual arrangement is operating
- How the Genesis Youth Trust programme is operating.

6.1. How the Social Bonds contractual arrangement is operating

The Social Bonds contractual arrangement appears to be working well despite an extended and complex procurement and contractual process. The necessary governance functions are in place and provide operational and financial separation.

The benefits of social bonds were evident in the process evaluation:

- Government access to private investment was achieved with the risk shifted to the investors
- Positive organisational changes for Genesis because of increased funding and funding stability enabling investment in workforce development
- A contract focussed on outcomes that supported innovation through implementation of a structured and evidence-based practice model of support delivered by a multi-disciplinary team over two years.

The unease reported by some stakeholders and in the literature about the ethics and morality of social investment were mitigated by:

- The commitment of the Genesis team to achieving positive outcomes for young people
- Genesis motivation to take part in the Social Bond procurement process as a source of funding to establish financial stability to enable them to progress and expand the work they believed in
- Alignment of the investors' motivations for investment with Genesis organisational values
- The potential to extend the concept of social impact investment to not-for-profit organisations, including iwi providers.

6.2. How the Genesis Youth Trust programme is operating

Overall, the Genesis Social Bond Pilot is supporting rangatahi as intended. At the end of March 2020, a total of 346 rangatahi had started the Social Bond Pilot, with a further 17 pending consent. Nineteen percent (85) had declined or been declined participation. Two-thirds of rangatahi who had started the service were male and 71% identified as Māori. At referral, approximately equal proportions of rangatahi Māori and non-Māori had high YORST scores (32% and 31% respectively). Of those enrolled, nearly a quarter (23%) left the programme prematurely.

Analysis of Genesis data indicated positive outcomes for rangatahi supported by Genesis:

- Improvements in rangatahi wellbeing as measured by reductions in YLS-CMI scores
- Reductions in the severity and frequency of offending for rangatahi Māori and non-Māori.

However, these analyses are descriptive only and the extent these improvements can be causally attributed to the pilot will need to be explored in an outcome evaluation.

6.3. The Genesis Social Bond Pilot has provided learnings to inform decisions about the potential of social impact investment

Social impact investment is becoming more common in New Zealand and internationally. Process evaluation findings suggest positive outcomes that will be further explored in an outcome evaluation. If these outcomes are maintained, they will represent a positive return on government's investment.

Learnings from the Social Bond pilot process evaluation provides information to inform procurement and contracting and potential ways to support organisations delivering projects funded by social bonds.

Future Social Bond projects would be strengthened by:

- Including a pilot phase to assess the measures and flexibility to re-examine them based on learnings from the pilot phase
- Regularly monitoring organisation performance to ensure the organisation's kaupapa is maintained and there is appropriate balance between financial returns and quality
- Considering how to include holistic processes that align with kaupapa Māori frameworks into Social Bond processes and what is required to attract Social Bond funding for kaupapa Māori providers.

Appendix 1: Youth Offending Risk Screening Tool (YORST)

The Youth Offending Risk Screening Tool (YORST) is comprised of 14-items which predict the likelihood/risk of re-offending. The YORST, completed by Police Youth Aid, screens for both levels and areas of risk in rangatahi.

Dependent on the responses to items on the questionnaire a YORST score is calculated which indicates a young person's risk. The YORST then informs possible intervention pathways. The YORST has been assessed for its predictive ability, validity, and reliability.⁴⁴

⁴⁴ www.police.govt.nz/about-us/publication/youth-offending-risk-screening-tool-yorst-reports

Youth Offending Risk Offending Tool				V2	YORST ID		
NAME				NIA Person ID			
(Child/YP) Sumame First name(s)				Master PRN			
DOB		Age	Gender	DOCLOC#			
ETHNICITY	European	Pacific	Asian	Other	Date RST Completed	Status	
	Maori	Iwi		Hapu			
Incident / Offence Code		Incident / Offence Description					
YORST Type		Date of Offending		To			
CYF Site Office		Proposed Youth Aid Response					

Part (A) Offending Factors					
Time since last came to Police notice for their offending					
No Previous	Over 2 Years	Over 12 Months and up to 2 Years	Over 6 Months and up to 12 Months	Over 1 Month and up to 6 Months	Less than 1 Month
0	1	2	3	4	5
Time since last came to Police notice for incidents/tasks relating to them					
No Previous	Over 2 Years	Over 12 Months and up to 2 Years	Over 6 Months and up to 12 Months	Over 1 Month and up to 6 Months	Less than 1 Month
0	1	2	3	4	5
Highest level of previous intervention (final outcome)					
No Previous	Noting	Warning	Alt. Action	FGC	Court
0	1	2	3	4	5
Age of first offence (recorded by Police)					
No Offences	Over 14 Years Old	14 Years Old	13 Years Old	10 To 12 Years Old	Under 10 Years Old
0	1	2	3	4	5
Count of prior offences					
No prior offences		1 to 3 prior offences		4 or more prior offences	
0		3		5	
Concern about nature (MO) of current offending?					
Very Low	Low	Medium	High	Extreme	
1	2	3	4	5	
Comments re Question 6					

Part (B) Peer Group Factors					
Influential peers known to Police					
None	Very Few Known	Some Known	Many Known	All Known Repeat Offenders	Unknown
0	1	3	4	5	Not scored
Comments re Question 7					

Part (C) Education / Employment Factors (contact the school, but not the employer)				
8a Current engagement in Education/Training				
Full time - well engaged	Full time - some issues	Irregular attendance and/or behaviour problems	Stood down / suspended	Non-Enrolled / Excluded
0	1	3	4	5
8b Current engagement in Employment				
Full time - well engaged	Part time	Irregular employment	Unemployed (seeking employment)	Unemployed - not seeking employment
0	1	2	3	4
Enrolment Type	Enrolled in School		Effective Date	10/08/2015
Reason non-enrolled				
Tertiary Institution / Course				
School			Alternative Education Programme	
Employment Status			Employment Start Date	
Comments re Question 8				

Part (D) Care & Protection History				
Has a care and protection notification been made to CYF for this family or child / young person?				
No	C&P notification concerning another sibling made by anyone	Notification concerning this young person made by anyone	Some form of C&P intervention provided by CYF for this young person	Currently or previously in C&P custody of CYF - 101 Status
0	2	3	4	5
Comments re Question 9				

Part (E) Alcohol and/or Drug Use				
Extent to which current use of alcohol and/or other drugs contributes to anti-social/offending behaviour?				
Not at all	Slightly	Moderately	Significantly	
0	1	3	5	
Comments re Question 10				

Part (F) Family Factors				
Evidence of current and/or historical family violence?				
Nothing	Evidence of family violence in immediate family	Evidence of family violence convictions and/or court orders in immediate family		
0	3	5		
Other concerns about family/living situation?				
None	Low	Medium	High	
0	2	3	5	
Detail Concerns				

Parental involvement in crime (current = within the last 12 months, historical = greater than 12 months)					
None	Historical offending	Current offending	Historical imprisonment		Current imprisonment
0	2	3	4		5
Sibling involvement in crime (current = within the last 12 months, historical = greater than 12 months)					
None	Historical offending	Current offending	Current youth court orders	Historical imprisonment	Current imprisonment
0	2	3	4	4	5

Any General Comments	
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Information Sources					
Spoken to	Child / Young Person	Parent / Caregiver	School / Course Provider / MOE	Child Youth & Family	Other Agency

Scoring Instructions							YORST Score
Questions			Answers				%
Questions	No.	Max. Score	Current Risk Screening Total	=		x 100 =	
Answered		x 5	Max. Total for Answered Questions	=			
Unanswered		x 5	Max. Total for Unanswered Questions	=			

Dynamic / Static Risk Factors					Dynamic YORST Score
Static Factor Results		No.	Static Factor Results		%
Total for Static Factors			Total for Dynamic Factors		
Max Possible Total for Static Factors			Max Possible Total for Dynamic Factors		

Creating and Last Modifying Details		
Date Created	Time Created	Creating User
Last Modified Date	Last Modified Time	Last Modifying User

Appendix 2: Youth Level of Service – Case Management Inventory (YLS-CMI)

The Youth Level of Service Case Management Inventory (YLS-CMI) is a risk/needs assessment and case management tool. Originally developed in Canada and adapted into an Australian version (YLS-CMI-AA), the YLS-CMI incorporates a checklist of items that represent static and dynamic factors.

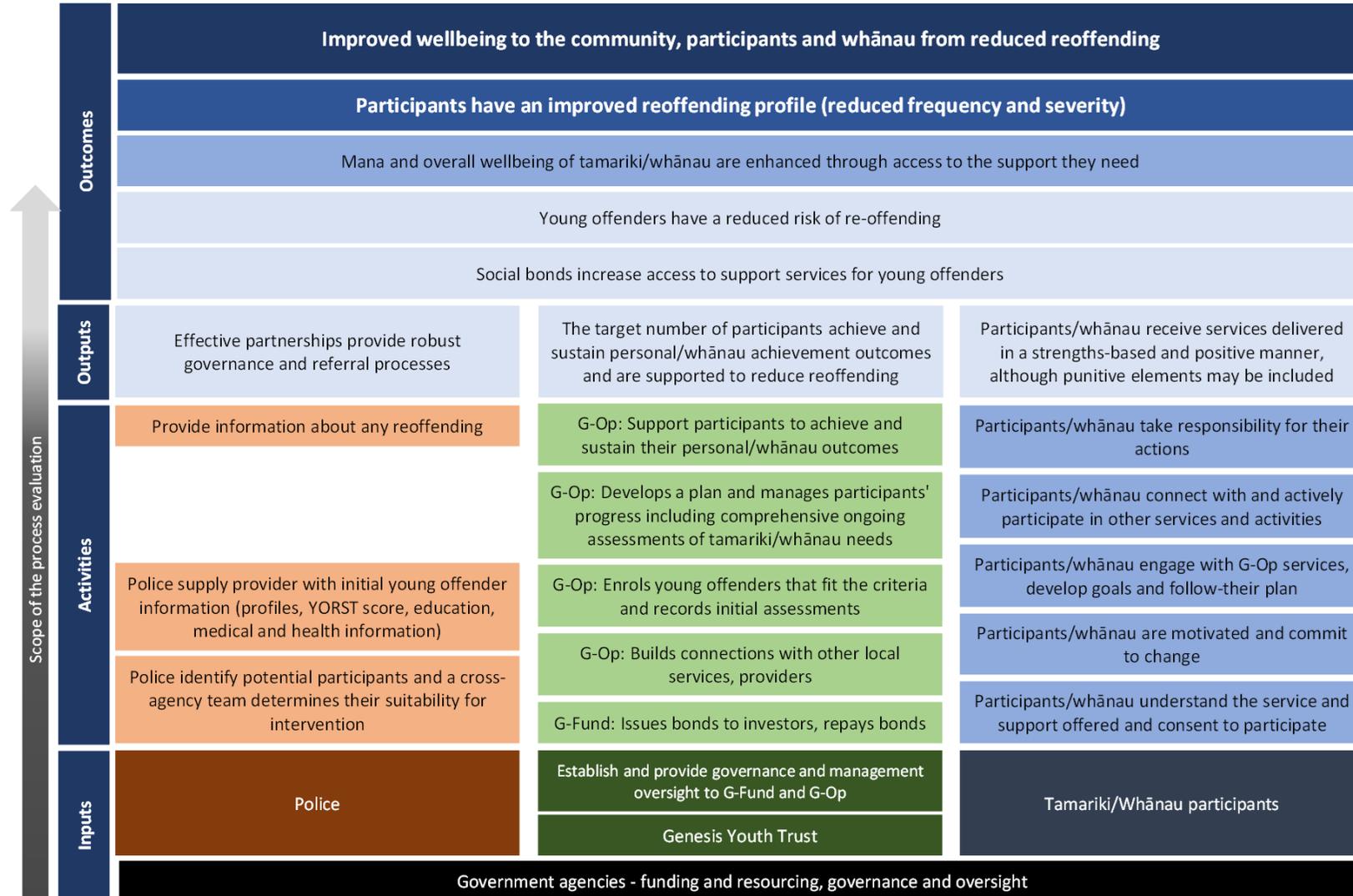
The YLS-CMI examines attributes of a young person and their situation to determine areas of criminogenic need which may be contributing to their offending. The YLS-CMI informs the level and types of interventions to ensure that case planning activities are focussed in the appropriate areas of need. The reliability and predictivity validity of the YLS-CMI have been assessed in overseas jurisdictions.⁴⁵

There are eight YLS-CMI domains:

- Prior and current offences
- Family and living circumstances
- Education and employment
- Peer relations
- Substance abuse
- Leisure and recreation
- Personality and behaviour
- Attitudes and beliefs.

⁴⁵ Schmidt, F., Hoge, R. D., & Gomes, L. (2005). Reliability and Validity Analyses of the Youth Level of Service/Case Management Inventory. *Criminal Justice and Behavior*, 32(3), 329–344.
Chu, C. M., Yu, H., Lee, Y., & Zeng, G. (2014). The Utility of the YLS/CMI-SV for Assessing Youth Offenders in Singapore. *Criminal Justice and Behavior*, 41(12), 1437–1457.

Appendix 3: Logic model and evaluation framework



Evaluation questions	Indicators	Information sources
Is contract governance working as intended?		
What is the role of government agencies?	<ul style="list-style-type: none"> Description of the role of central government agencies and the interface with Genesis 	In-depth interviews with Oranga Tamariki, Genesis, G-Op and G-Fund representatives, funders (ANZ)
How is the YJ Social Bond contracting approach operating?		
Is contract governance working as intended?	<ul style="list-style-type: none"> Description of regional governance/management structure Description of interagency processes and roles Stakeholders describe what is working well and any challenges and mitigations Stakeholders describe communication as: timely, open and constructive Partners consider they recognise each other's responsibilities and act in good faith 	In-depth interviews with Oranga Tamariki, Genesis, G-Op and G-Fund representatives, investors and investment brokers/financial arrangers Others such as the evaluation partners e.g. Synergia
How does the contracting approach fit (or could fit) with the development of strategic partnerships between the Ministry and with iwi and Māori organisations?	<p>Stakeholders:</p> <ul style="list-style-type: none"> describe how iwi and Māori organisations are involved reflect on what worked well and what could be improved <p>Iwi and Māori organisations⁴⁶ reflect on:</p> <ul style="list-style-type: none"> the essential elements of a kaupapa Māori framework how the Social Bond approach aligns with a kaupapa Māori framework 	In-depth interviews with Oranga Tamariki, Police and Genesis G-Fund Interviews with iwi and Māori organisation stakeholders if feasible (to be discussed with Genesis)
What are the service elements? How do they differ from the Genesis 'standard' approach? How do they differ for different cohorts of offenders?		
What are the service elements?	<ul style="list-style-type: none"> Description of the service elements, capabilities (people, systems and processes) involved in delivery 	Document review Interviews with Police, G-Op managers and frontline staff
What are the pathways into and through the service?	<ul style="list-style-type: none"> Genesis documents describe intended pathways Stakeholders describe referral pathways in practice and when tamariki are referred The extent stakeholders consider people with the most potential to benefit are being referred, accepted into the service 	Document review Interviews with Police, G-Op managers and frontline staff Participant case studies Analysis of entry level YORST scores and YLS/CMI assessments for tamariki referred through different pathways

⁴⁶ This aspect of the evaluation was limited and will need to be explored further as Genesis establishes additional links with iwi and Māori organisations.

How are participants assessed?	<ul style="list-style-type: none"> • Assessment tools used • Frequency of assessments • Extent frontline staff, participants and whānau consider assessment data reflects tamariki progress • Extent assessment tools align with Te Ao Māori, Pacific worldviews 	<p>Literature review</p> <p>Administrative data analysis - YORST and YLS/CMI scores</p> <p>Audits of the YLS scoring</p> <p>Interviews with frontline staff</p> <p>Participant case studies</p> <p>Interviews with iwi partners</p>
How are participants/whānau supported?	<ul style="list-style-type: none"> • Genesis documents describe intended processes • Stakeholders describe how processes are operating in practice • Stakeholders describe how assessments align with interventions 	<p>Document review</p> <p>Interviews with frontline staff</p> <p>Participant case studies</p>
How is the programme operating and is it operating as intended?		
What changes have been made to the intended programme and why?	<p>Stakeholder descriptions of differences between intended service elements and how the programme is operating in practice</p> <p>Reasons for changes</p>	<p>Interviews with stakeholders</p> <p>Participant case studies</p>
Have the necessary relationships been built with referrers, agencies/organisations?		
Have the necessary relationships been built with referrers, agencies/organisations?	<p>Partnerships that have been established to deliver interventions</p> <p>How the partnerships are operating</p> <p>Potential gaps in services</p> <p>Type of support provided by other agencies/organisations</p>	<p>Interviews with stakeholders</p> <p>Interviews with partnering organisations</p> <p>Analysis of administrative data</p>
Who is being reached?		
Who is being referred?	<ul style="list-style-type: none"> • The demographic profile (age, ethnicity) of young offenders referred to the programme • Offending level of referrals – using service definitions of low, medium and high-risk offenders 	<p>Analysis of administrative data</p> <p>Interviews with referrers</p>
Who is being reached?	<ul style="list-style-type: none"> • The demographic profile of participants • Offending level of participants – using service definitions of low, medium and high-risk offenders • YLS/CMI assessment scores and changes over time 	<p>Analysis of administrative data</p>
How does the programme accommodate cultural worldviews, particularly Te Ao Māori, and how could this be improved?		
How does the programme accommodate cultural worldviews, particularly Te Ao Māori, and how could this be improved?	<ul style="list-style-type: none"> • Service elements aligned with Te Ao Māori <p>Stakeholders including participants/whānau describe:</p> <ul style="list-style-type: none"> • How the programme demonstrates regard to mana tamaiti, whakapapa, and whanaungatanga • Importance of these service elements to participants/whānau 	<p>Interviews with the Genesis team, Oranga Tamariki, Genesis frontline staff (mentors, counsellors, social workers), and tamariki/whānau.</p> <p>Experiences of Māori tamariki/whānau – described</p>

	<ul style="list-style-type: none"> • The extent tamariki Māori and their whānau (including hapū or Iwi) participate in decisions affecting them at the earlier opportunity • How whānau Māori are supported to care for their tamaiti/tamariki to prevent their removal from home into care or a Youth Justice response • How the cultural identity of tamariki Māori and their connections to whānau, hapū and Iwi are strengthened 	<p>through participant case studies</p> <p>Experiences of Pacific rangatahi and aiga – described through participant case studies.</p>
What difference has the intervention made for participants and whānau?		
<p>What are the emerging reoffending related risk measures and social outcomes?</p> <p>How do they compare to expectations?</p>	<ul style="list-style-type: none"> • Changes in YLS/CMI assessment scores • Descriptions of changes in assessment scores 	<p>Trend/descriptive analyses using administrative and dashboard data</p> <p>In-depth interviews with frontline staff</p> <p>Participant case studies</p>
<p>Are disparities being reduced?</p>	<ul style="list-style-type: none"> • Changes in YLS/CMI assessment scores for different ethnic groups • The extent the tools being used to measure outcomes are considered by stakeholders as robust measures of outcomes for Māori and tauīwi populations 	<p>Analysis of administrative data</p> <p>Interviews with stakeholders</p> <p>Participant case studies</p>
How sustainable are the changes? What factors are limiting the outcomes that can be achieved by Social Bonds?		
<p>How sustainable are the changes?</p>	<ul style="list-style-type: none"> • Stakeholders describe sustainability • Reoffending data 	<p>Analysis of administrative data</p> <p>Interviews with stakeholders</p> <p>Participant case studies</p>
<p>Is monitoring and reporting contributing to continuous improvement?</p>	<ul style="list-style-type: none"> • What monitoring and reporting is in place • How it informs continuous improvement 	<p>Stakeholders provide specific examples</p> <p>Others such as the evaluation partners e.g. Synergia</p>
<p>Are there any unintended consequences of the Social Bonds approach, and how could they be addressed?</p>	<ul style="list-style-type: none"> • Stakeholders' perspectives • The extent services continue to reach low level offenders 	<p>Discussions in in-depth interviews with Oranga Tamariki, Police and Genesis stakeholders</p> <p>Participant case studies</p>
<p>Overall, what is working well and what potential is there for improvement?</p>		<p>Information from all sources</p>

Appendix 4: Interviews with stakeholders

Stakeholder group	Number of interviews
Oranga Tamariki	Three
Other government stakeholders	Corrections (one) Police (one) MOJ (group interview with three people)
Genesis – management and Board members	CEO (one); CFO (one) Police liaison coordinator (one) G-Fund Board member (one) Genesis/G-Op Board (two – one was a representative of a community organisation and one was a representative of the local marae) One past Board member who was involved in procurement
Genesis frontline staff	Mangere: Four interviews (one manager, two social workers and one mentor) Glenn Innes: One staff focus group with five staff members (two social workers, two youth mentors and one clinical lead social worker); one manager interview Papakura: One staff focus group with four staff members (two social workers, two youth workers); one manager interview
Other stakeholders involved in Social Bond Pilot delivery	Police: Synergia report from in-depth qualitative interviews with six Police staff Synergia evaluators (two) YLS-CMI trainer (one) NGO providers (two)
Investors	ANZ (two) New Zealand Superannuation Fund (one) Wilberforce Foundation (one)
Other	Academic to inform assessment tools (one)
Case studies	Rangatahi (one) Whānau (one)

Appendix 5: Comparison of all YLS assessment scores with scores for rangatahi who completed four or more assessments

Figure 7 presents the changes in the average score of the YLS-CMI assessment throughout engagement with the Social Bond pilot. The figure shows these changes across all clients (dark blue), and for clients that recorded at least four assessments (lighter blue).

The YLS-CMI is only measured for rangatahi that remained in the pilot at the time of the assessment. Therefore, if the risk level (as measured by the YLS-CMI) of those who exited the programme prematurely is greater, the average score over all assessments will over-estimate the reduction in YLS scores over time. For example, 44% Clients who left the programme prematurely were in the High initial YORST category (60-100), compared to 30% of all enrolled. If clients from the High YORST category are more likely to record greater YLS-CMI scores (i.e., higher risk), then the reductions in the graph will be overstated.

The analysis showed that, as expected, scores were generally lower for the group of participants who stayed in the programme, although differences were slight (range: -1.7 to +0.3).

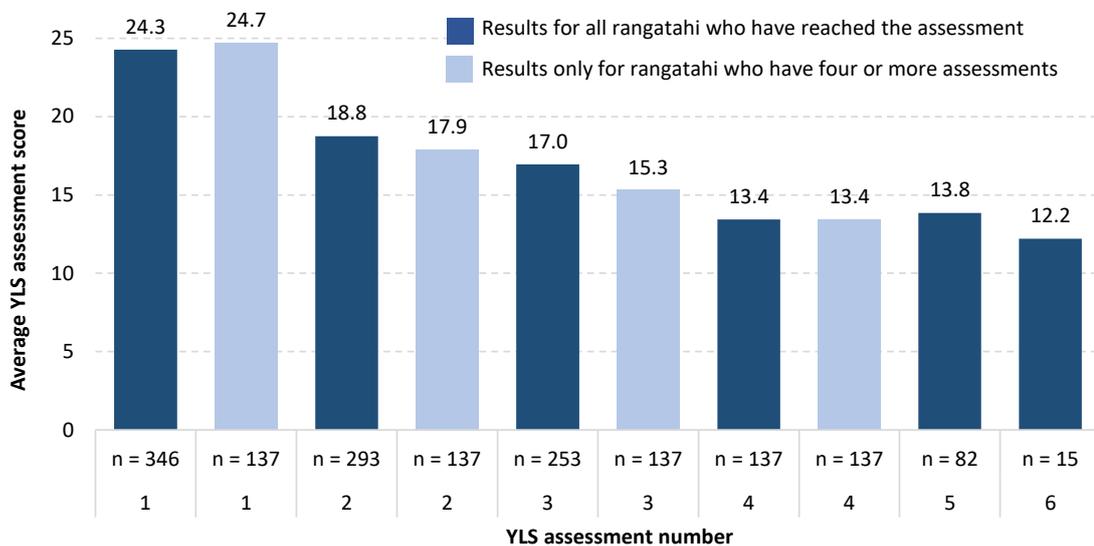


Figure 7: Average client YLS assessment scores – at each assessment for two cohorts: All rangatahi who have reached that assessment number and rangatahi with four or more completed assessments (Source: Genesis data)