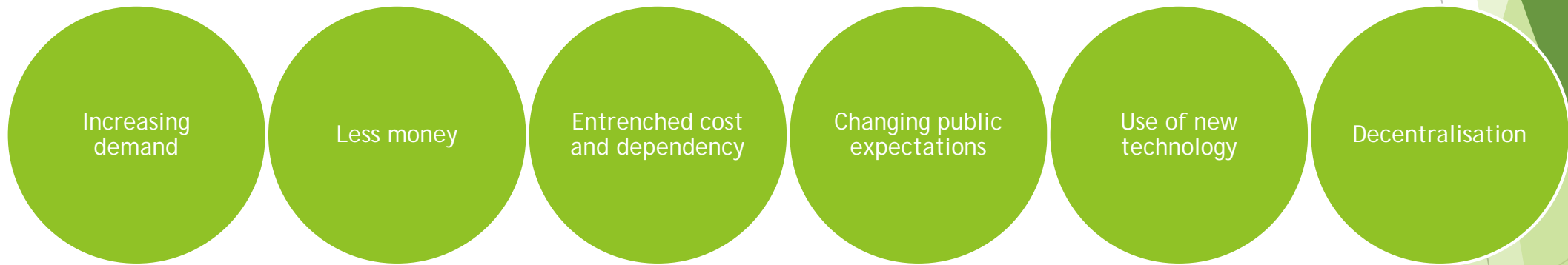


Social Impact Bonds Pros and Cons?

Councillor Alison Thomas, Deputy Leader
Eliska Cheeseman, Programme Manager (Funding)

A changed public sector landscape



PbR v SIBs

PbR (DWP Work Programme)

- ▶ Cherry picking easiest to reach
- ▶ Limited innovation
- ▶ Limited risk transfer

SIB (DWP Innovation Fund)

- ▶ Better results
- ▶ Increase in innovation
- ▶ Commitment to social impact by investors



Our approach

1. Internal

- ▶ Pre-conceived ideas
- ▶ Commissioning cycles
- ▶ Resource requirements
- ▶ Management buy-in

2. External

- ▶ Relationship building
- ▶ Influence

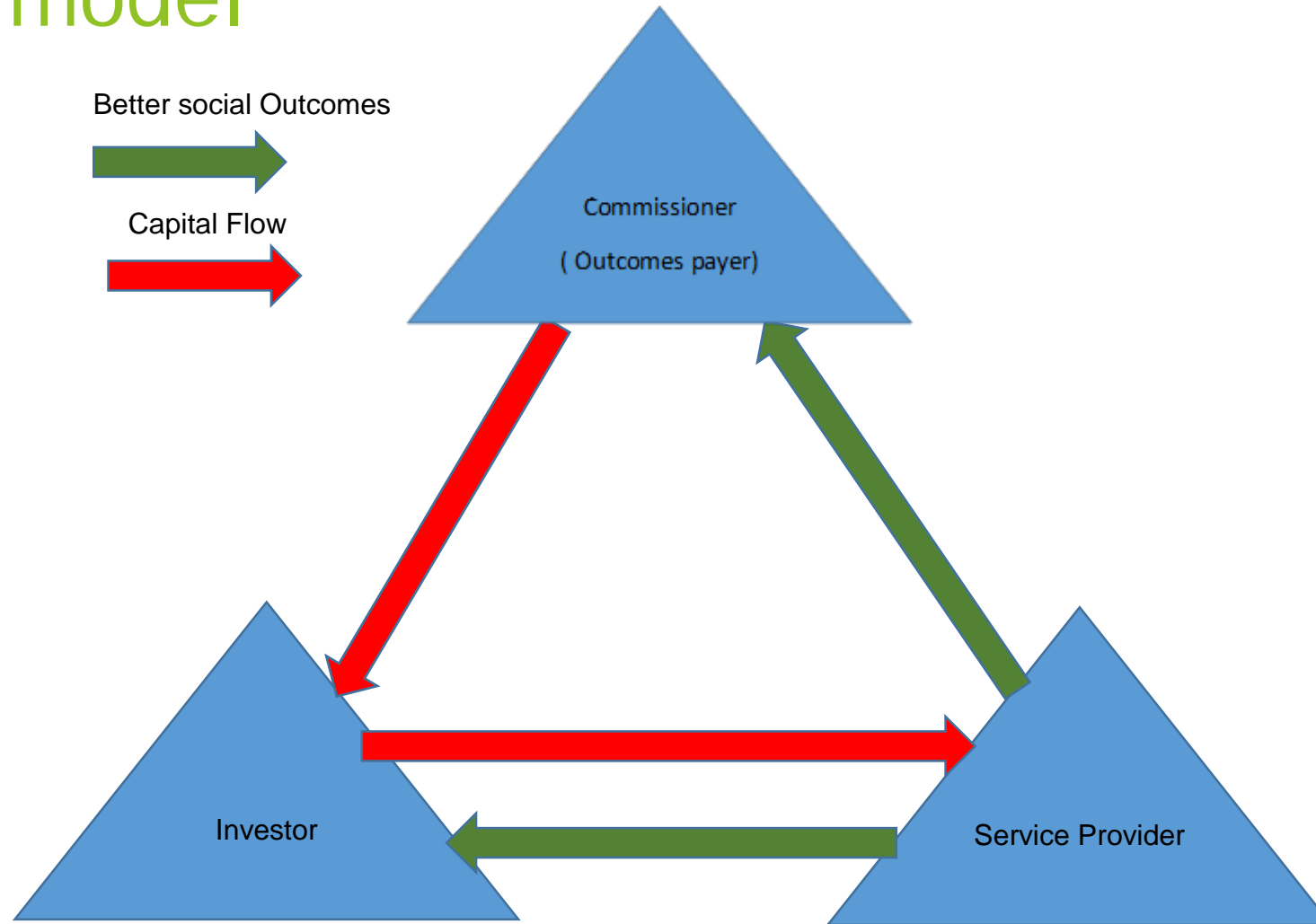
3. Profile

What is a Social Impact Bond?

- ▶ A financial mechanism in which **investors** pay for a set of interventions to **improve a social outcome** that is of social and/or financial interest to a commissioner.
 - ▶ If the social outcome improves, the commissioner repays the investors for their initial investment plus a return for the financial risks they took.
 - ▶ If the social outcomes do not improve above an agreed threshold, the investors stand to lose their investment.



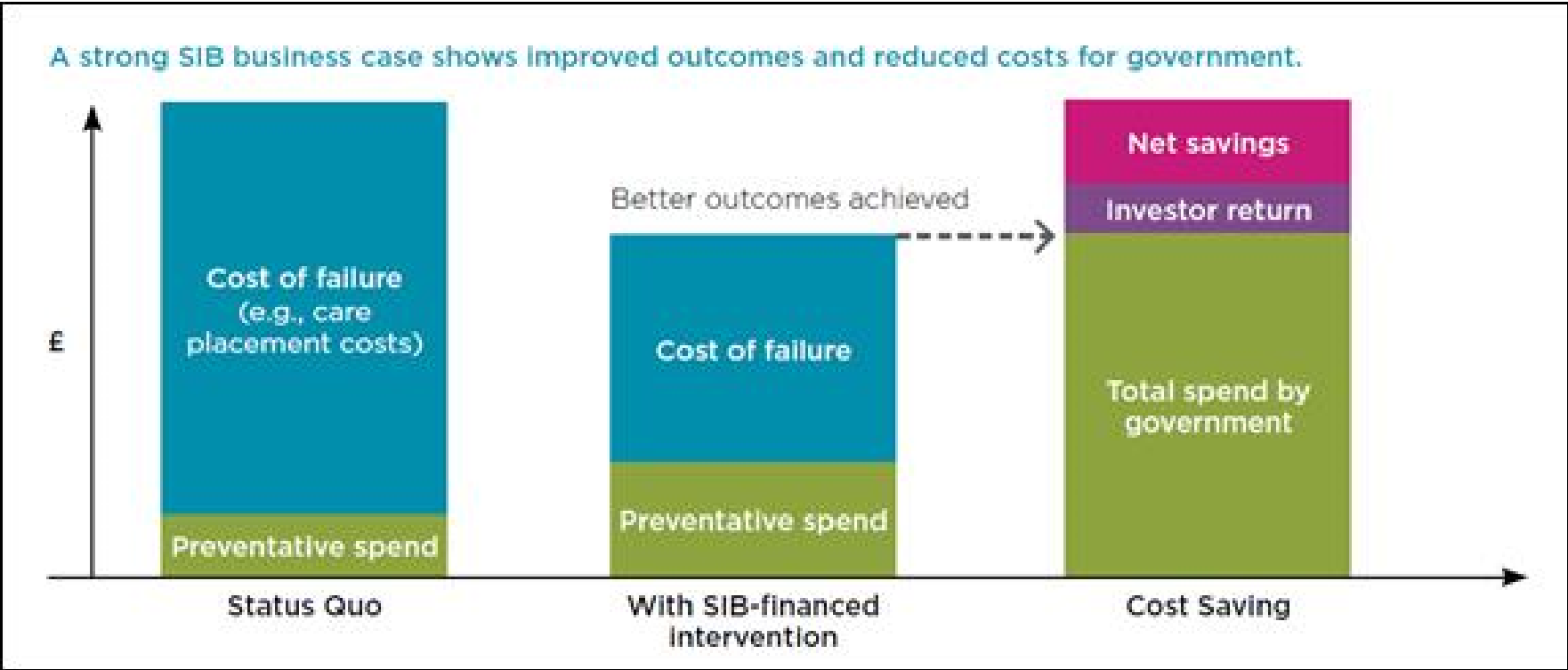
SIB model



Characteristics of Social Impact Bond

- ▶ Transfer of financial risk
- ▶ Innovation
- ▶ Early intervention / prevention
- ▶ Shift to outcomes
- ▶ Performance management
- ▶ Evaluation

Financial model



SIB examples:

- children and/or young people
- substance dependency
- ▶ **Manchester CC Children in Care**
 - ▶ Move from residential to family based placements
- ▶ **Essex Edge of Care**
 - ▶ Avoidance of children entering Care
- ▶ **DWP & Perth YMCA / DWP & Nottinghamshire Futures /DWP & Tomorrows People**
 - ▶ Improved education and employment outcomes for young people
- ▶ **Greater London Authority with St Mungos / Thames Reach**
 - ▶ Improved housing and employment outcomes for 'rough sleepers'
- ▶ **Peterborough Ex - offenders SIB:**
 - ▶ Reoffending (including substance dependency- related offending)



Pros of Social Impact Bonds

- ▶ Reduced financial risk
- ▶ New, additional money
- ▶ Rigour and scrutiny of the business case
- ▶ Trial innovative & flexible approach(s)
- ▶ Potential for partnership: Departmental, LA's, CCGs, Police
- ▶ Embeds an outcome-focussed culture



Other positive drivers

- ▶ Government support
 - ▶ Life Chances Fund
 - ▶ Social investment market intervention
- ▶ Investors ready
- ▶ Prevention and demand management models
- ▶ Transformational service change

Challenges

- ▶ Time consuming
- ▶ Resource intensive
- ▶ Evidence & data requirements
- ▶ Identifying where savings accrue
- ▶ Not a substitute for grants
- ▶ Cultural change and buy-in
- ▶ A distraction?



Case Study - SEN transport

- ▶ Norfolk County Council partnership with Hackney Community Transport (service provider) who brought with them social investor
- ▶ Outcome measure: moving YP to independent travel (over 5 year period)
- ▶ Outcome payments: £2.2m (310 pupils @ £7k ea)
- ▶ Savings predicted: £1.8m - £7.4m (1 year of independent travel - 4 years independent travel) based on average SEN travel cost of £6k/year/pupil



SEN Transport SIB Positives

- ▶ Cross-departmental working
- ▶ Rigorous examination of data, particularly of referrals
- ▶ De-risking of financial investment
- ▶ HCT secured funding from Big Lottery to reduce costs
- ▶ HCT has done a lot of the legwork for the council

SEN Transport SIB Negatives

- ▶ Resource intensive
- ▶ Financial liability (min no of referrals)
- ▶ Predicting savings
- ▶ No incentive for schools and parents to participate
- ▶ Cultural and behavioural change required (to encourage independent travel)
- ▶ Risk mitigation: small scale start, expand after year 1

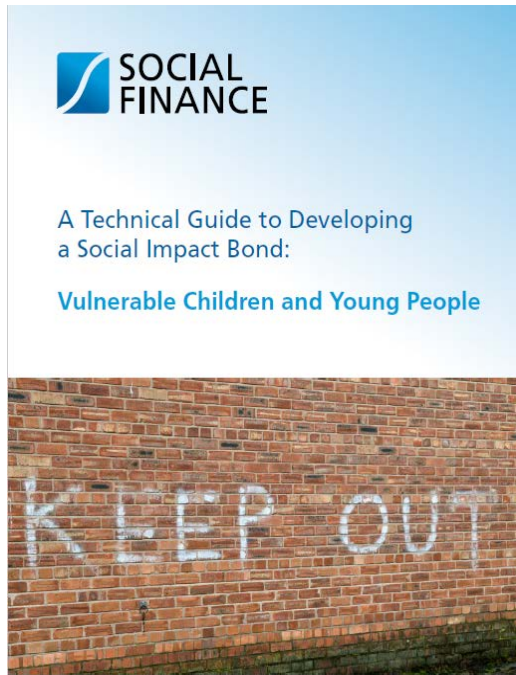
In the balance...?



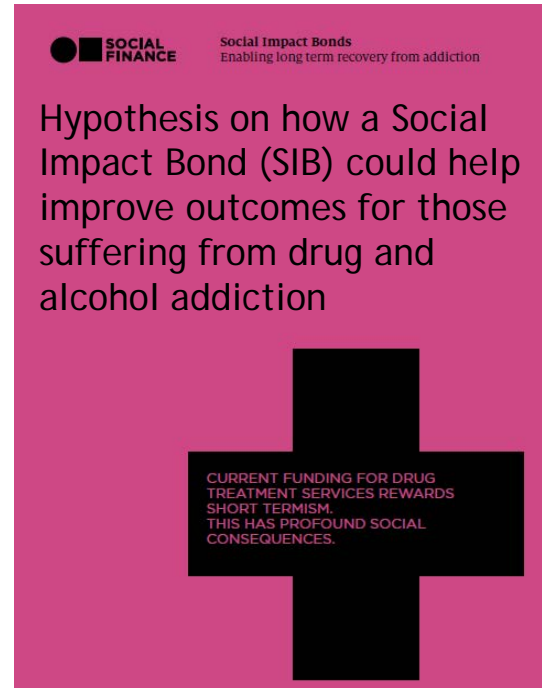
Resources

www.socialfinance.org.uk

https://data.gov.uk/sib_knowledge_box/toolkit



March 2011



 SOCIAL FINANCE Commissioning Social Impact Bonds November 2011

A Technical Guide to commissioning Social Impact Bonds



Norfolk County Council

Go Lab

- ▶ Partnership - Cabinet Office & Blavatnik School of Government at Oxford University
- ▶ Independent
 - ▶ centre of academic excellence for the commissioning of public services
 - ▶ support for evidence and outcomes based commissioning
 - ▶ data and evidence on what works, and what doesn't
- ▶ Email the GO Lab: golab@bsg.ox.ac.uk
- ▶ Visit the GO Lab website: <http://golab.bsg.ox.ac.uk>



Resources

Tools, templates, resources, case studies, evaluations, think pieces

- ▶ Department of Media, Culture and Sport, Centre for Social Impact Bonds: https://data.gov.uk/sib_knowledge_box/home
- ▶ Big Lottery Fund, Commissioning Better Outcomes: <https://www.biglotteryfund.org.uk/sioutcomesfunds>
- ▶ Big Society Capital: <https://www.bigsocietycapital.com/product-type/social-impact-bonds>
- ▶ Bridges Ventures: <http://bridgesventures.com/impact-plus/>
- ▶ Social Finance: <http://www.socialfinance.org.uk/services/social-impact-bonds/>
- ▶ OPM: <http://www.opm.co.uk/what-we-do/innovation/tackling-social-financing/>
- ▶ Government Outcomes Lab: <http://golab.bsg.ox.ac.uk/>



Workshop discussion

Q & A

- What's your experience?
- What's your/organisation view of SIBs?
- Next steps?

