

# SOCIAL IMPACT BONDS – THE ESSEX EXPERIENCE

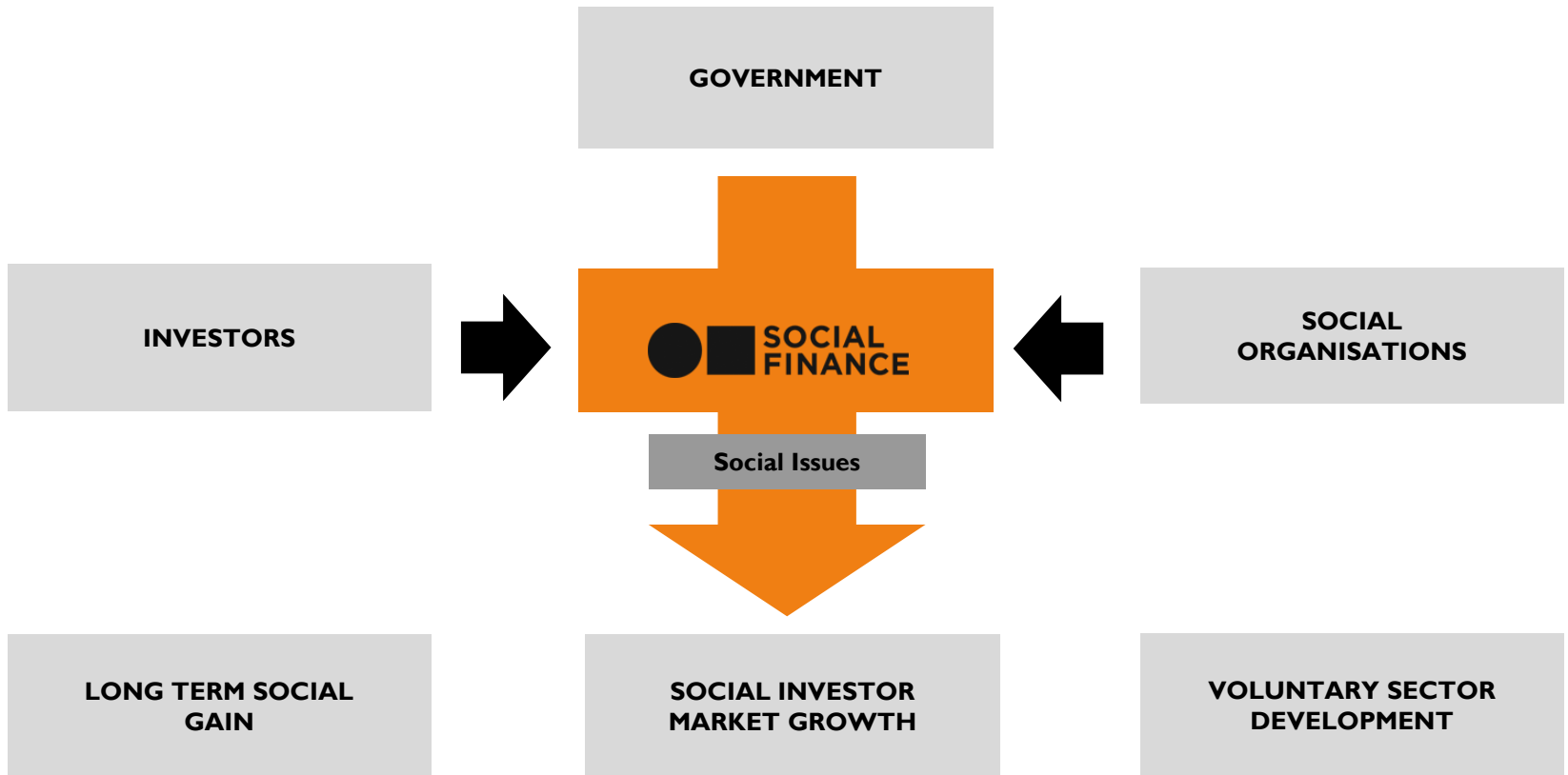
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# ●■ ABOUT SOCIAL FINANCE

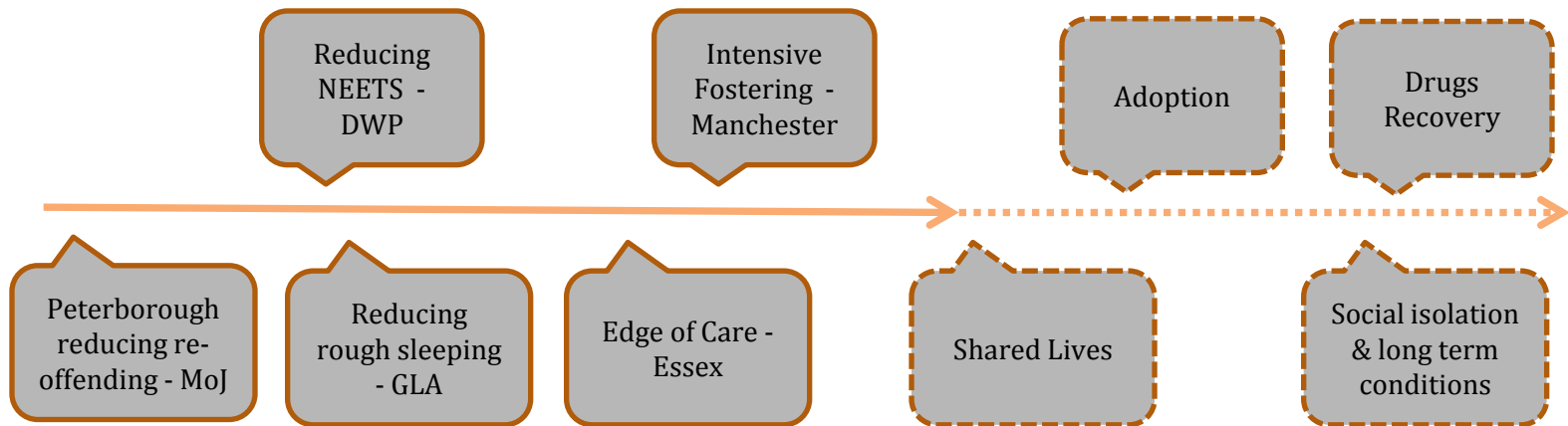
▶ **Our mission is to identify sustainable and scalable funding models to tackle entrenched social problems**



▶ **ONE AREA OF OUR WORK HAS BEEN TO DEVELOP OUTCOME-FOCUSED FINANCE – SOCIAL IMPACT BONDS**

**Our team is a mix of financial, social sector and legal specialists.**

**We have experience working with local authorities, health and criminal justice sectors. We have successfully used social investment to enable service redesign and to fund preventative services for vulnerable groups.**



### **High numbers of young people in care leading to increased pressure on budgets**

- High numbers of children in care
- Predominance of high cost residential placements
- Higher proportion of older adolescents with behavioural issues
- Poor parenting support in particular around managing behaviour
- Under developed early intervention and family support services
- Vicious circle leading to pressure on budgets
- Lack of higher level intensive evidence based interventions and limited resources to establish them

## **Intervene before family reaches crisis point**

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### **Target Children on the “Edge of Care”**

- Identify population of 11-16 year olds
- Essex based
- At risk of going into care due to behavioural problems/ family breakdown

### **Provide Specialised Therapy Financed with a Social Impact Bond**

- Intensive support that addresses specific needs of adolescents on the edge of care
- Raise funds upfront from investors, agree a payment by results contract with Essex County Council, and arrange a delivery service for targeted therapy – a Social Impact Bond, or “SIB”

### **Returns**

- Reduce numbers of children in care link to care placement cost savings
  - Investors paid a proportion of care placement savings accrued by Essex County Council
  - Taxpayer gets value for money, improved outcomes for young people
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## Local interest

- Some are keen to support their local communities e.g. Community Foundations

## Engagement

- Some like to be involved in business case development

## Social issue

- All investors are committed to improving outcomes for vulnerable young people



## Intervention

- Scaling up promising approaches which have potential to transform outcomes and reshape service delivery

## Learning and innovation

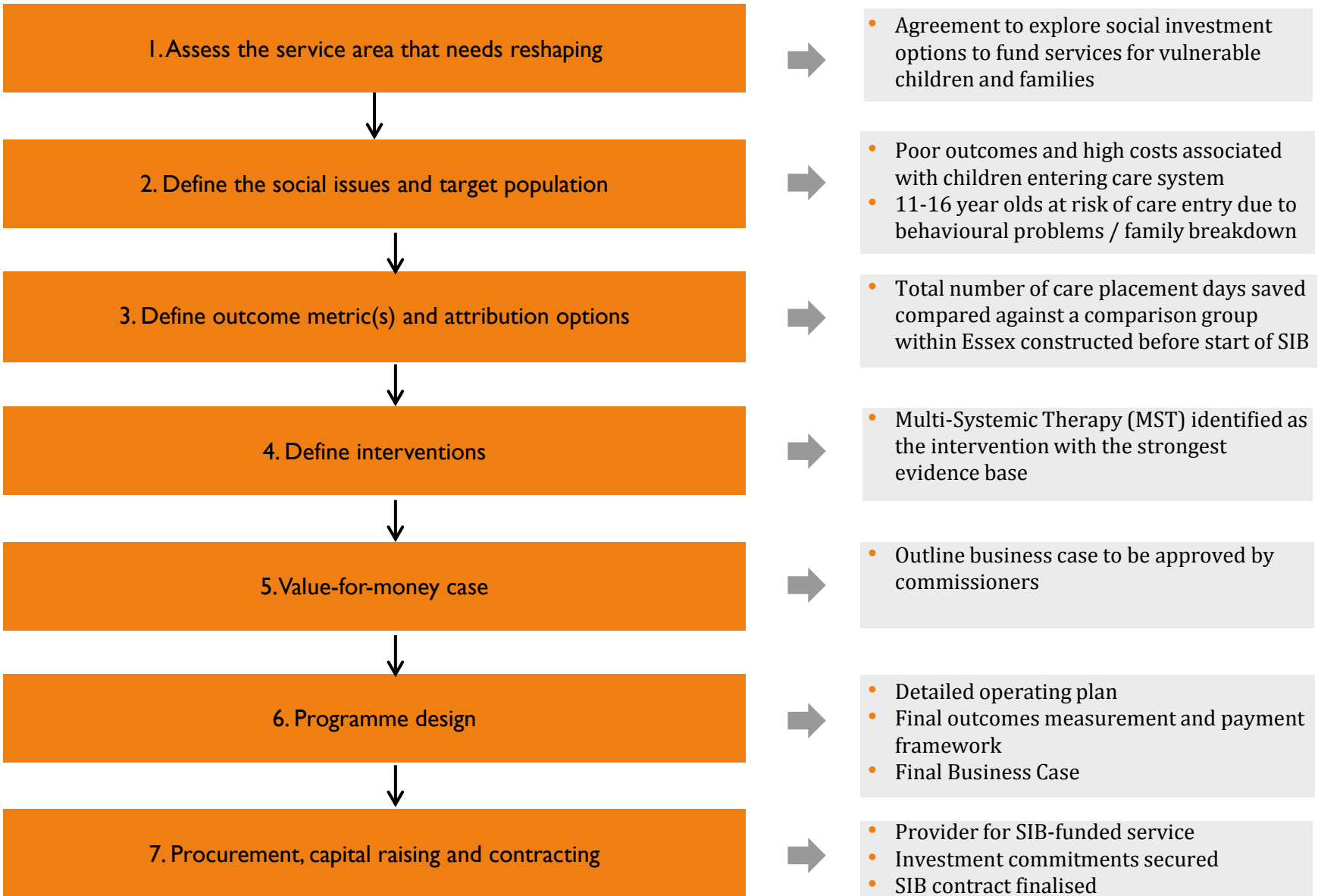
- Essex SIB attracted Belgian foundation and German social investment fund

Applies **investment approach** to delivering improved social outcomes

- Rigour, focus, data analysis



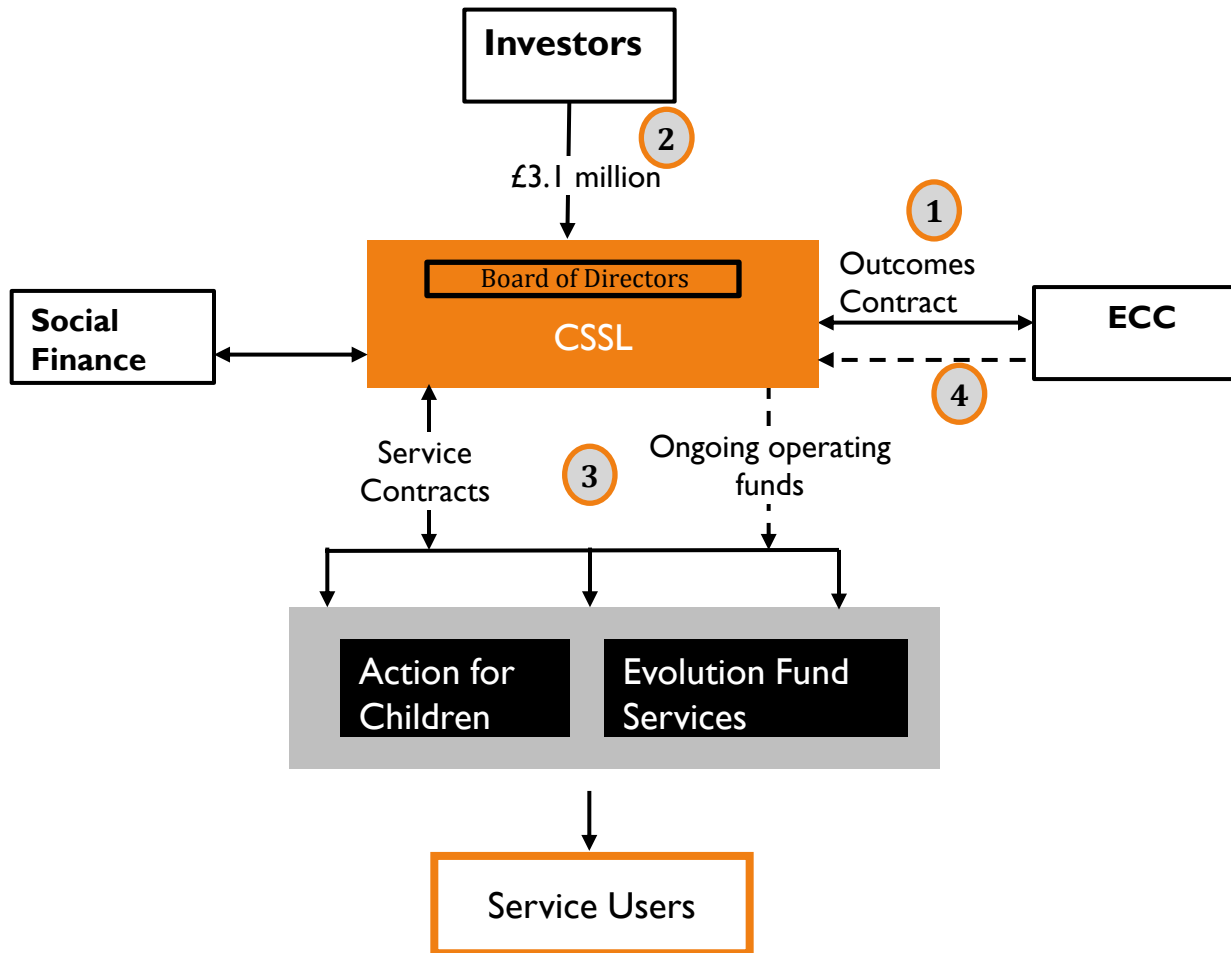
# DEVELOPING A SIB



<b>Essex Edge of Care Social Impact Bond (“SIB”)</b>	
Issuer	Children’s Support Services Ltd (“CSSL”)
Size	£3.1 million
Objective	<ul style="list-style-type: none"> <li>• Improve outcomes for young people in Essex by preventing entry into state care;</li> <li>• Generate investor returns via a share of the cost savings resulting from reduction in care placement.</li> </ul>
Public Sector Counterparty	Essex County Council (“ECC”), contracting with CSSL
Delivery Partner	Action for Children
Maturity	8 years
Social Impact	<ul style="list-style-type: none"> <li>• Up to 380 children to receive Multi-Systemic Therapy over 5 year programme</li> <li>• Target reduction in care placement equal to preventing 101 young people from entering care</li> </ul>
Target Returns	8-12% p.a.
Investors	8 investors including charitable trusts, foundations and funds



# HOW IT WORKS: STRUCTURE



- 1 CSSL and ECC enter Outcomes Contract
- 2 Investors fund CSSL
- 3 Funds released to service providers according to Service Provider Agreement
- 4 ECC returns a % of savings from reduced cost of care placements



### **Evidence based programmes**

- Defined models build confidence with investors but are a starting point
- Tangible track record of successful outcomes is required

### **Referrals**

- All SIBs have had to focus resource on achieving planned volume and ramp up of referrals
- Stakeholder buy-in and continual communication at all levels required

### **Relationships**

- Role of performance manager includes building stakeholder relationships from senior management to frontline staff
- Increasing awareness of SIB service(s) to improve engagement and flow of referrals

### **Recruitment**

- If new teams need to be set up, mobilisation period is essential
- If specialist skills required, may need multiple rounds of recruitment which takes time
- Consider retention strategy and building pool of future recruits to avoid disruption to service



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