

Social Investment Update

Purpose of report

For information.

Summary

Members previously asked officers to work with Social Finance to promote social investment to local government. This report updates on this activity to date and provides a wider update on the social impact bonds market.

Recommendation

Members are invited to note the report.

Action

Officers to act on any comments Members have.

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Social Investment Update

Background

1. With the approval of the Panel, last year the LGA and Social Finance bid for and were awarded a contract to support commissioners interested in Social Impact Bonds (SIBs) to apply for funding from the Big Lottery Fund's Commissioning Better Outcomes Fund. Launched in July 2013 the £40 million fund is supporting the development of the SIB market and compliments the £20 million Social Outcomes Fund launched by the Cabinet Office in November 2012.
2. The programme provides a range of awareness and engagement activities as well as more intensive support to help commissioners bring forward expressions of interest to the fund.

Programme progress to date

3. The programme was officially launched in September 2013 at an event attended by Sir Merrick Cockell, Nat Sloane (Chairman of the Big Lottery Fund England) and David Hutchinson (Chief Executive of Social Finance).
4. To date, eight introductory workshops on SIBs have been held across the country. In total, over 220 delegates have attended including councillors, heads of service, and third sector service providers.
5. A workshop has been held at the LGA's Leadership Academy and Social Finance colleagues have addressed councillors at a meeting of the East of England Children and Young People Lead Members.
6. As of the result of the programme so far, Social Finance have provided further direct support to seven commissioners. This has resulted in three bids to the fund - so far each has been successful and will now receive funding to explore further the feasibility of creating a SIB in their areas.

Next steps

7. The LGA and Social Finance will continue to provide support to commissioners until October 2015. Having already run a set of workshops on the technical aspects of SIBs, a further tranche of workshops will be held later this year to inform commissioners of the latest developments in the SIB market including new avenues of Government funding (more information is provided later in the report). There will also be further sessions at the LGA's Leadership Academy.
8. The LGA will also host a high-level, invite-only joint roundtable at Annual Conference in July as an opportunity to engage with a senior audience. The event will be a chance for LGA and Social Finance to engage with Chief Executives, Leaders and Senior portfolio holders and encourage them to consider a SIB as an alternative funding stream for one

of their services. Representatives of authorities already developing SIBs will be asked to present their initiatives and why the SIB mechanism was right for their area.

The Peterborough SIB

9. Last month, the Ministry of Justice announced that the flagship Peterborough prevention of re-offending SIB will end earlier than originally planned. Despite interim results showing an 11 per cent reduction in reoffending rates amongst the first two cohorts of offenders (against a backdrop of a 10 per cent increase in rates nationally), there will be no third cohort.
10. Originally due to last until 2017, the Peterborough SIB will continue in its current form until June 2015. Results and related outcomes payments, if there are to be any, are expected in the summer of 2014 (first cohort) and in 2016 (second cohort).
11. The decision was taken by Government as the SIB will not be compatible with the new Transforming Rehabilitation programme, a UK-wide payment-by-results project to work with ex-offenders, which is to be launched next year.
12. Transforming Rehabilitation (TR) will contract out work with all low and medium-risk prisoners to a series of prime contractors from the private and voluntary sectors. One of those contract areas will include Peterborough and those being released from Peterborough Prison. The chosen contractor will have the choice as to whether to continue using the One Service, the organisation currently delivering the Peterborough SIB, or replace it altogether.
13. Whilst the successes of the Peterborough SIB must not be overlooked, this latest change illustrates the difficulty of developing SIBs to last over the mid-term. The national policy environment rarely remains static and councils need to take this risk into account when rolling out a new funding model in certain service areas.

Further Government Funding Announced

14. Last month, the Government announced a new £30 million package to help improve the prospects of up to 20,000 vulnerable young people not in education, employment or training (NEET).
15. This investment is made up of two new cross-government programmes specifically targeting 14 to 24-year-olds, helping them to develop crucial skills to improve their educational achievement and employability.
16. The Youth Engagement Fund aims to support up to 18,000 young people in over 100 schools in England to help them improve their skills and employability and is jointly funded between the Cabinet Office, the Department for Work and Pensions and the Ministry of Justice.
17. The Fair Chance Fund aims to move over 2,000 homeless young people into sustainable accommodation, as well as employment, education or training over three years and is

jointly funded by the Cabinet Office and the Department for Communities and Local Government.

18. The funding will be delivered through social impact bonds and organisations, charities and their investors will bid for a share of the £30 million pot of government funding. The LGA will continue to work Social Finance to explore further opportunities for councils and their partners to utilise this funding.
19. Separately, the Department for Work and Pensions has commissioned 10 SIBs supporting disadvantaged young people. The latest statistics for this fund published show that 10,700 young people have been supported up to the end of October 2013, with over 8000 education and employment outcomes achieved.