

21 November 2012

EMBARGOED UNTIL FRIDAY 23 NOVEMBER 00.00 HOURS

FIRST LOCAL AUTHORITY SOCIAL IMPACT BOND AWARDED TO IMPROVE OUTCOMES FOR VULNERABLE YOUNG PEOPLE ON THE EDGE OF CARE

Social Finance has been awarded a contract by Essex County Council to deliver a Social Impact Bond to provide therapeutic support and improve outcomes for adolescents at risk of going into care. Essex County Council is the first local authority to commission a Social Impact Bond in Children's Services.

Social Finance has raised a total commitment of £3.1m to fund interventions for 11-16 year olds at the edge of care or custody so that the young people can safely remain at home with their families. The investment is provided at risk by social investors, such as cornerstone investors Big Society Capital and Bridges Ventures, whose financial return is aligned to the positive social impact of delivering a better future for vulnerable adolescents.

The Essex Social Impact Bond will fund a five year programme which will provide intensive support to approximately 380 adolescents and their families. The target is to divert around 100 adolescents from entering care by providing support to young people in their home. The success of the Social Impact Bond will be measured by the reduction in days spent in care by the adolescents, as well as improved school outcomes, wellbeing and reduced reoffending. If the interventions deliver successful outcomes, the investors might expect returns in the range of 8-12% pa. The investment is entirely at risk; should the intervention not deliver the pre-agreed outcomes, the local authority does not pay.

The Social Impact Bond will be funding Multi-Systemic Therapy (MST), which delivers family therapy in the home by highly qualified therapists. It focuses on improving parenting and rebuilding positive relationships so that families can manage future crisis situations, delivering long term and sustained impact. It is an evidence-based programme with 30 years international track record and will be provided by Action for Children, a leading children's charity that supports the needs of the most vulnerable children and families in the UK. The charity has a track record in developing and delivering early intervention programmes.

Adolescents are the single largest age group within looked after children overall in the UK. They often enter care because of multiple and complex behaviour problems, triggered at adolescence, which lead to aggression, antisocial behaviour, parental loss of control, family breakdown, and ultimately an inability or lack of desire to continue living with the birth family.

Essex has had higher numbers of young people in care than both national averages and statistically comparable Local Authorities and a predominance of older adolescents. Care placements costs are high, ranging from £20 to £180k per annum.

Life chances for children who enter state care are typically bleak:

- A quarter of all prisoners have been in care compared to 2% of the population overall;ⁱ
- Educational attainment by looked after children is five times worse than for the population overall - over 50% of looked after children obtain fewer than five GCSEs or equivalent compared to the national figure of 10%;ⁱⁱ and



- One third of previously looked after children are NEET (not in education, employment or training) at age 19.ⁱⁱⁱ

“We’re delighted that Essex County Council has supported and led this initiative,” said David Hutchison, CEO of Social Finance. “This Social Impact Bond is designed to provide better support to adolescents and their families on the edge of the care system. It is another illustration of how social investment can be mobilised to improve support for vulnerable groups in our society. The investment is rewarded solely by the delivery of better social outcomes for these groups. Social Finance is encouraged to see new organisations participating in the growing social investment market.”

Leader of Essex County Council Peter Martin said: “I am proud that Essex has had the vision to progress with a new social care model to deliver improved services and support for our most vulnerable young people. Essex has always strived to be innovative and forward thinking and it is this attitude that has allowed us to explore social investment. I look forward to seeing the project go live in April next year.”

Chief Executive of Action for Children Dame Clare Tickell said: “We know from working in communities across the UK that intervening at the earliest possible stage ensures that children are safe and protected, and that neglect is prevented even when problems are already entrenched. Programmes such as MST have delivered proven results. Stable funding from the Social Impact Bond allows us to work with Essex County Council over the longer term to produce real results that will benefit children, families and communities.”

The Essex Social Impact Bond seeks to improve key social outcomes for young people while providing an attractive financial return to investors. Social Finance hopes that the Essex Social Impact Bond will catalyse systemic change in public services for vulnerable adolescents.

For more details, please contact Alisa Helbitz, Social Finance on 07500 433 044 or Katie Canning, Essex County Council on 01245 434707.

Notes to Editors:

- The Essex Social Impact Bond has been funded by cornerstone investors Bridges Social Entrepreneurs Fund LP and Big Society Capital Limited, first-time Social Impact Bond investors, the Charities Aid Foundation and David Burnett, the King Baudouin Foundation and the Social Venture Fund, and established Social Impact Bond investors, the Tudor Trust, Esmée Fairbairn Foundation and Barrow Cadbury Trust.
- Over the past two years Social Finance, with the support of the Big Lottery Fund, has worked with four Local Authorities including Essex County Council (ECC) to explore the feasibility of using the Social Impact Bond (SIB) mechanism to fund intensive prevention programmes for vulnerable adolescents in or at the edge of care. Essex County Council is the first local authority to award a Social Impact Bond contract.
- There is growing evidence through 17 MST sites in England that Multi-Systemic Therapy (MST) can be effective at stabilising family relationships and children’s lives, particularly where the issues outlined above are prevalent. MST works with parents and vulnerable young people to break negative cycles of behaviour which often cause family breakdown and can lead to entry into care or custody with associated long-term poor social outcomes.
- Nevertheless, Essex, like the majority of local authorities in the UK, does not currently offer MST, due largely to lack of resources to implement, measure and manage intensive, targeted prevention programmes. The SIB offers a mechanism to manage and fund a five year programme of MST, which ultimately, if successful, will repay investors from cost savings generated by reduced care placements.



- Before the intervention begins in April 2013, Essex County Council and Social Finance will establish a historical benchmark against which to measure the success of the MST intervention. Outcome payments will begin three months after the first group of adolescents (approximately 20) have completed the MST course. The payments will be increased as long as the child remains safely in his/her home and core placement days are reduced. Payments are distributed early so that the programme is cost-efficient for Essex County Council and allows the Social Impact Bond investors to recycle their investment and pay for continuing MST interventions. Additional outcomes, such as educational engagement, offending and emotional wellbeing, will be monitored to capture the broader impact of the investments.
- Referrals into the MST programme will be made through the existing Essex County Council Quadrant Panels, which have responsibility for allocating resources to meet the needs of young people referred.
- The MST intervention will be delivered by Action for Children (www.actionforchildren.org.uk). Action for Children is one of the largest children's charities in the UK and works with over 50,000 children and young people through 480 services across the UK. Action for Children has proactively geared up to deliver evidence based programmes such as MST and Functional Family Therapy (FFT) to children on the edge of care or custody. For more details, contact Adrian Bradley on 020 3124 0664 or 07802 806 679.
- A modest portion of the investment capital will be reserved for an Evolution Fund which will enable practitioners to deliver additional services according to need once the MST programme has been completed.
- Social Finance (www.socialfinance.org.uk) is an FSA regulated non-profit organisation established in 2007 to develop an effective social investment market in the UK. The organisation provides access to capital, designs social investment products and offers advice to investors and social sector entities interested in delivering significant social impact. Social Finance is committed to driving innovative, sustainable and scalable solutions by combining a deep understanding of social issues with expertise in financial modelling, business case development and investment structuring. Social Finance has been funded by the Big Lottery Fund to develop the Social Impact Bond market in the UK.
- Social Finance was advised by Allen & Overy LLP on a pro-bono basis.

ⁱ Prison Population Statistics, May 2012 – House of Commons Library; Offender Management Statistics Quarterly Bulletin

ⁱⁱ DfE: GCSE and Equivalent Results in England, 2009/10

ⁱⁱⁱ DfE: Outcomes for Children Looked After by Local Authorities in England, as at 31 March 2010.