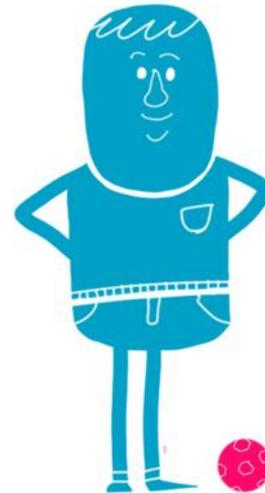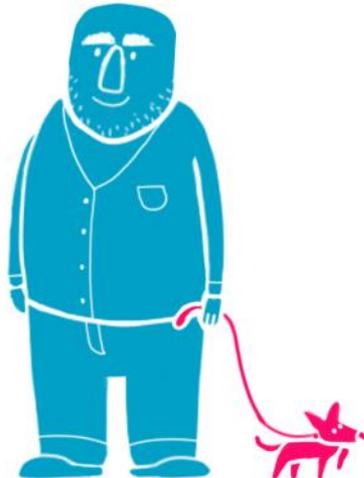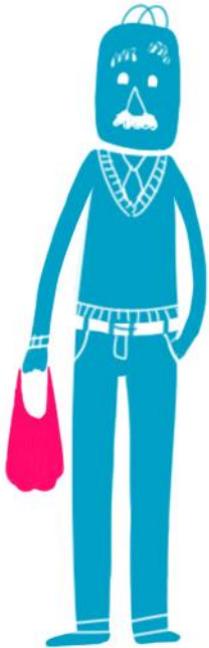P3

Social Impact Bonds and P3

Mark Simms Chief Executive

WHO ARE P3?

- An Award Winning Social Enterprise
- An Award Winning Charity
- Multi Sector
- Focus on combatting social exclusion

Rationale for a SIB

Social Impact Bonds provide up front funding to pay for additional services to help improve outcomes for service users, with investors risking their money based on the outcomes that will be achieved

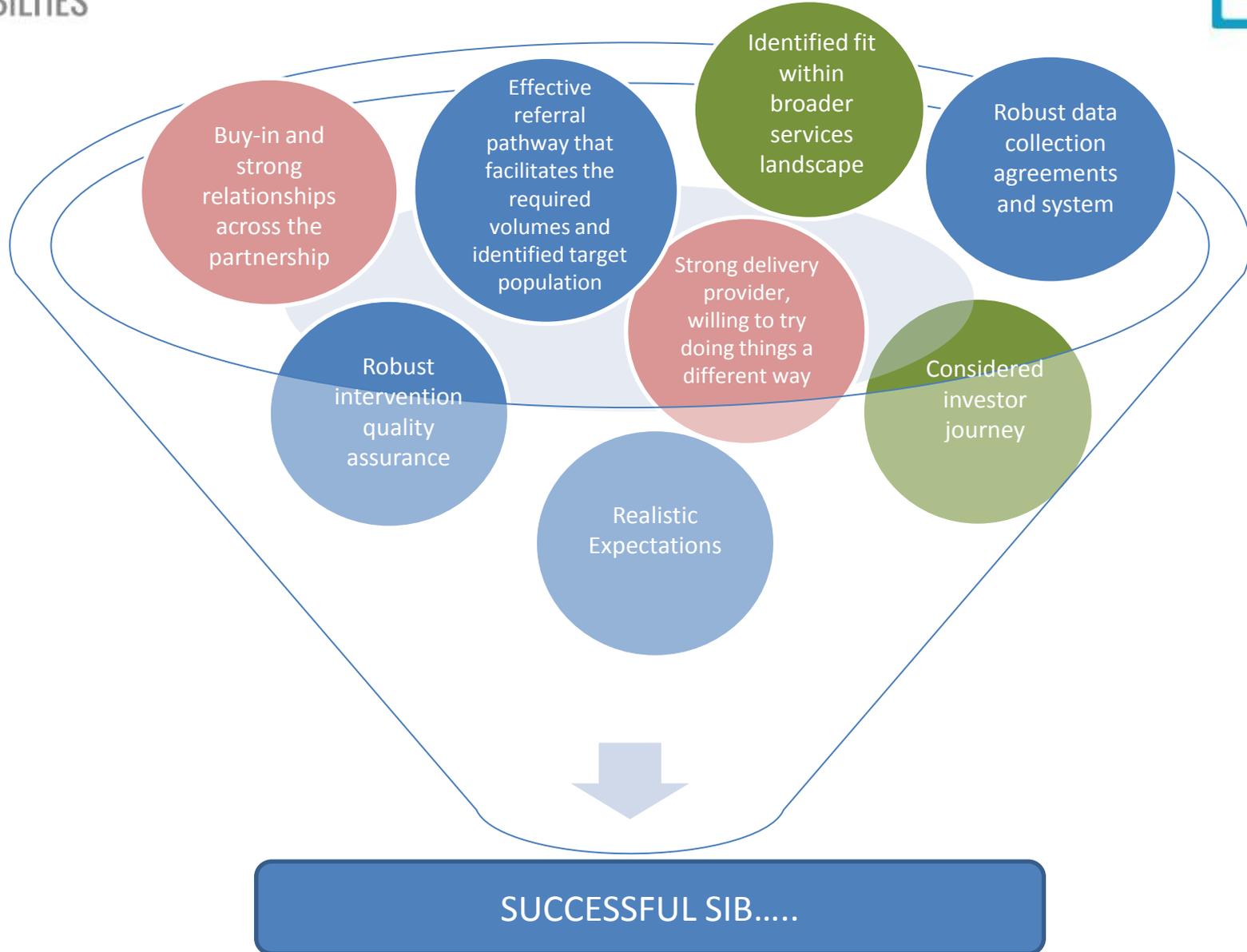| A SIB is…	A SIB is not…
• A way of tackling social problems that require a range of interventions	• Payment for providing a specific service – the service model and its design is at the discretion of the provider.
• Up front funding for service delivery	• Payments for failure – if no social impact is achieved investors lose their money
• Only going to achieve returns for investors if social impact is achieved	• Debt or grant funding for service providers
• An attempt to make more non-governmental money available to the social sector	• A new form of PFI – investor returns are contingent on achieving socially beneficial outcomes
• An attempt to reduce risk on public funds	
• A way of encouraging new approaches to tackle social issues.	

Was a SIB appropriate?
Questions to ask yourself

- Are the desired results **clear and measurable**?

- Is there scope for **significant improvement**?

- Would more **evidence** on effective programs be beneficial / is a trial of a new method valuable?

- Is it **too risky/untested for government** to take the financial risk?

- Would project success **save money** (with cashable savings) & be socially beneficial?

- Is the level of risk consistent with the reward(social Outcomes)

If the answer to **all** of these questions is "**Yes**", then a Social Impact Bond may be a suitable method to fund a project

INGREDIENTS FOR OUR SIB

Buy-in and strong relationships across the partnership

Effective referral pathway that facilitates the required volumes and identified target population

Identified fit within broader services landscape

Robust data collection agreements and system

Robust intervention quality assurance

Strong delivery provider, willing to try doing things a different way

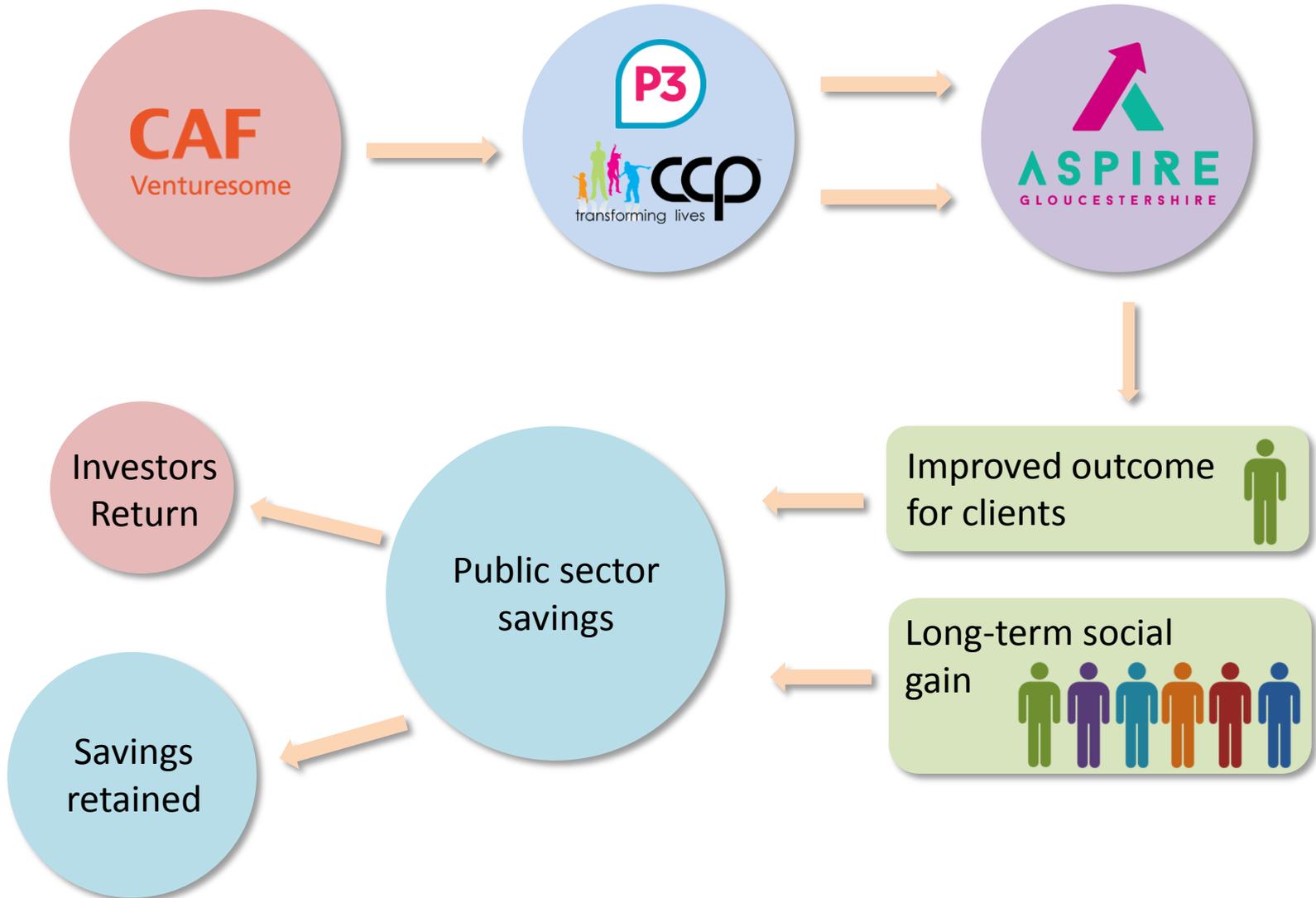Considered investor journey

Realistic Expectations

SUCCESSFUL SIB.....

Fair Chance Fund SIB
How ours works

The Fair Chance Fund

- Intended to fill a gap in provision & help Homeless & NEET Young people (18-24).

- The Fair Chance Fund is a £15m nationwide three year youth homelessness programme commissioned by the Department for Communities and Local Government ("DCLG") and supported by Cabinet Office.

- Successful bidders were announced on 30 September 2014 with a programme start date of 1 January 2015.

- 100% payment by results programme in which DCLG will pay for confirmed outcomes achieved for a selected cohort of young homeless people.

- A legal Partnership between two charities: P3 and CCP
- Cohort size of 150 young people from across Gloucestershire
- Bid value of £1.45 million
- Set at a 20% discount to the maximum outcome payment rate-card
- Exclusive written support from the relevant local authority commissioners in Gloucestershire.
- Triodos Corporate Finance engaged to advise on the deal and raise the external social investment.
- Estimated working capital funding requirement of £300,000.
- Uniquely both providers have made an equity investment to support the deal and demonstrate risk sharing with investors.

KEY CHALLENGES TO DATE

Governance

- **Board Approval and Risk Appetite (new for us all)**
- **Establishing the SPV**
- **Roles in the SPV**

Relationships

- Understanding individual roles and their part within the structure – not a typical contracting relationship
- Increasing awareness of SIB service(s) to improve engagement and flow of referrals
- Alignment of multiple organisations into one consistent model

Referral Pathway

- Stakeholder buy-in and continual communication at all levels
- Fit within the wider services landscape
- Ensuring the effectiveness of the referral pathway

KEY CHALLENGES TO DATE

Data

- Access to data and governance issues
- Data collection resource
- Quality of data entry
- Technical issues

Staff

- Specialist skills required, and phasing of program which required multiple rounds of recruitment
- Enhanced engagement skills

Investor's Journey

- Engaging them in the challenges
- Providing opportunities for them to develop their own understanding of the issues relating to the service users

Has it worked?

- Yes