

Investment & Performance Board (IPB)

Date of meeting:	18 August 2015
Title of paper:	Social Impact Bond for Rough Sleepers Update
To be presented by:	Jamie Ratcliff, Assistant Director, Programme, Policy and Services
Cleared by: (name Adviser & Director)	Richard Blakeway, Deputy Mayor, Housing, Land and Property and David Lunts, Executive Director, Housing and Land
Classification:	Public

1 Executive summary

- 1.1 The Greater London Authority (GLA), in partnership with the Department for Communities and Local Government (DCLG), is responsible for the world's first rough sleeping Social Impact Bond (SIB). Its aim is to improve the outcomes of a named cohort of 830 persistent rough sleepers in London. The SIB model of commissioning and contracting services is unique in that it is funded from social investment and is 100% payment by results.
- 1.2 In 2012 the GLA commissioned St Mungo's Broadway and Thames Reach to deliver the three-year rough sleeping SIB, with the level of funding across the two contracts capped at £5 million. This report is an update of the project, as requested by the IPB at its June meeting.

2 Recommendation

- 2.1 That the Board notes the progress made on the rough sleeping social impact bond and its performance to date.

3 Introduction and background

- 3.1 The GLA, in partnership with DCLG, is responsible for an innovative project, with up to £5 million of funding over three years, to reduce rough sleeping. This is a payment by results project, involving social investment, to support a cohort of 830 frequent rough sleepers in London. The GLA commissioned Thames Reach and St Mungo's Broadway in 2012 to deliver this support, with payments linked directly to the achievement of specific outcomes among the cohort. The social investment structure for each provider is set out in Appendix 1.
- 3.2 Key successes of the project to date are as follows:
 - the service has a very positive impact on some of the most entrenched individuals on the street, with 89% of the cohort no longer seen sleeping rough in the latest quarter (to the end of April 2015) and the numbers

moving into and sustaining accommodation and/or full time work exceeding the targets set by the service providers at the outset of the project

- with its focus on outcomes and payment by results, it has led to greater flexibility, innovation and clarity in relation to the delivery of services for London's rough sleepers.

- 3.3 However, some of the providers' initial targets, specifically those around reconnections abroad and part time work or volunteering, have not yet been achieved. Performance around reconnections has, however, been improving as the project has progressed. In addition, while the numbers moving into part time work or volunteering have been lower than expected, the numbers securing full time work have been higher.
- 3.4 The outcomes for which payments are made are as follows (see Appendix 2 for further details):
- **rough sleeping** reduced below a baseline
 - **part time employment** sustained for 13 weeks and 26 weeks/**full time employment** sustained for 13 weeks and 26 weeks/**volunteering** secured/**National Qualification Framework Level 2 or equivalent** secured
 - **accommodation** secured and sustained for 12 and 18 months
 - **reconnections** abroad made and sustained for six months
 - **Accident and Emergency episodes** reduced below a baseline.
- 3.5 The outcome measurement and payment model was designed to financially incentivise providers to work with every member of the cohort, not just those for whom outcomes were easiest to achieve.
- 3.6 The cohort of rough sleepers comprises those recorded on the CHAIN database as seen bedded down on the streets or living in a rough sleeping hostel in the previous quarter *and* seen bedded down on the streets at least six times over the previous two years. Although the cohort formed less than one sixteenth of the total number of people seen sleeping rough in London over the previous year, they accounted for 47% of all bedded down street contacts over the year because of their relatively frequent rough sleeping. The 830 people have been split into two equal groups – one for each provider - on a geographical basis but as equally as possible in terms of previous frequency of rough sleeping, nationality, and support needs.
- 3.7 The bulk of the project is being delivered by the end of October 2015, although payments will continue to be made to providers for sustained accommodation and sustained employment outcomes in the fourth year.
- 3.8 The project is governed by the SIB Project Board, which is chaired by the GLA and includes representatives from DCLG and three London boroughs.
- 3.9 With each rough sleeper estimated to cost the public purse around £20,000 a year, the SIB is expected to realise significant savings - from reductions in crime and chaotic use of health services, movement to settled accommodation from the hostel system, and decreased benefit claims as a result of higher

employment. There is also a group of foreign national rough sleepers who have not established a life in the UK away from the streets, whose needs are best served by returning to accommodation in their home country.

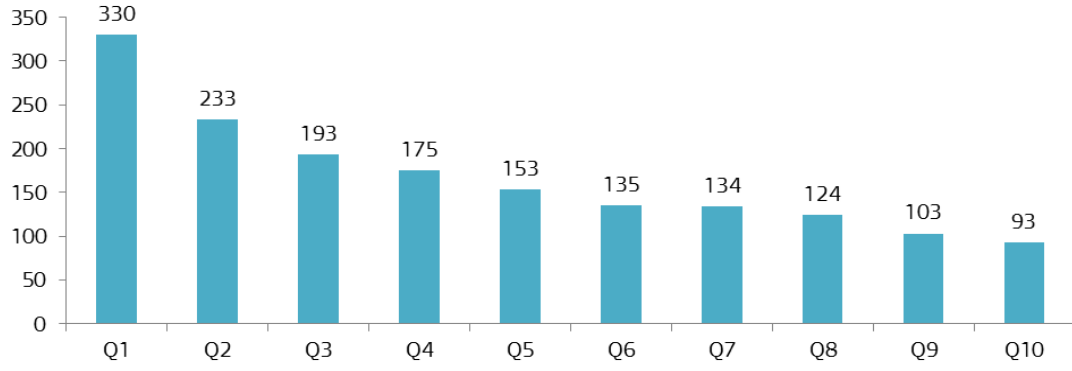
- 3.10 DCLG have commissioned qualitative and economic impact evaluations of the SIB. The first two reports of the qualitative evaluation have been published¹ with the final report and the economic impact evaluation due in 2016.
- 3.11 Exit plans are currently being developed with each provider to ensure the most effective outcomes after the project ends for the people with whom they are working.

4 Performance

- 4.1 Performance has varied across the outcomes, with some exceeding and some falling short of the targets set by the providers at the outset of the project. By the end of Quarter 10 of the project (the end of April 2015):
- contact had been made with 87% of the cohort
 - at least one of the stated outcomes had been achieved for 402 clients (48% of the cohort)
 - 380 (46% of the cohort) clients had been supported off the streets (accommodation or reconnection)
 - there had been a continued reduction in the number of clients seen bedded down (11% of the cohort seen in Q10)
 - the numbers moving into accommodation and employment (282 and 49 respectively), and sustaining these, had exceeded the targets set by providers at the outset of the project
 - the number of reconnections abroad had fallen short of the providers' targets. However, performance is improving. Fewer than half the expected outcomes for year one of the project were achieved. For year 2 this had risen to 80%, and the project is currently on track to meet the providers' combined in-year target for this, the final, year. Also, with ten SIB clients having recently been referred to the Home Office for administrative removal, the number of reconnections in this year may well exceed the providers' in-year target. In addition, the GLA, in partnership with third sector providers and DCLG, is working with the Home Office to develop a protocol in order to more effectively address the issue of non-UK nationals who are not exercising their treaty rights and are sleeping rough in the capital
 - broadly, people with support needs (alcohol, drugs and mental health), including those with high support needs, are as likely as those with no support needs to have moved into accommodation, but are less likely to have secured employment. Non-UK nationals are significantly more likely than those from the UK to have obtained employment or qualifications. (See Appendix 3.)

¹ <https://www.gov.uk/government/publications/qualitative-evaluation-of-the-london-homelessness-social-impact-bond-second-interim-report>

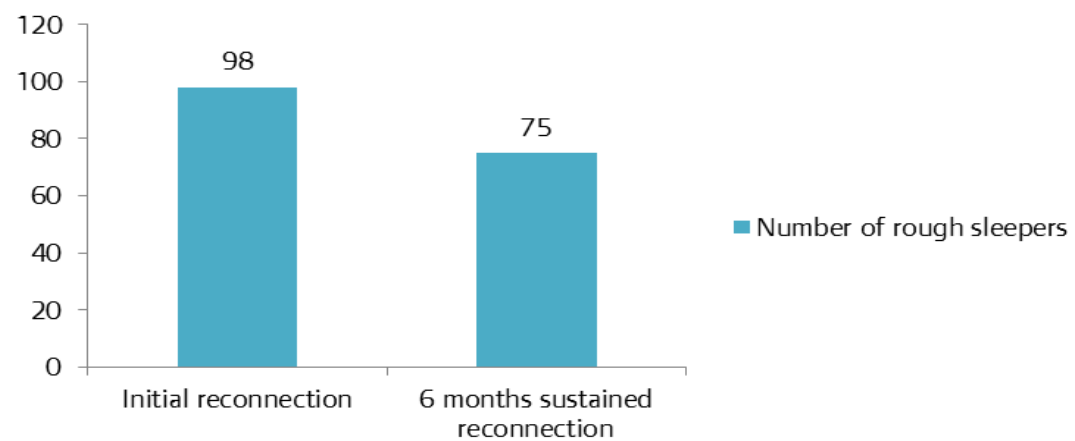
Number of rough sleepers seen bedded down per quarter

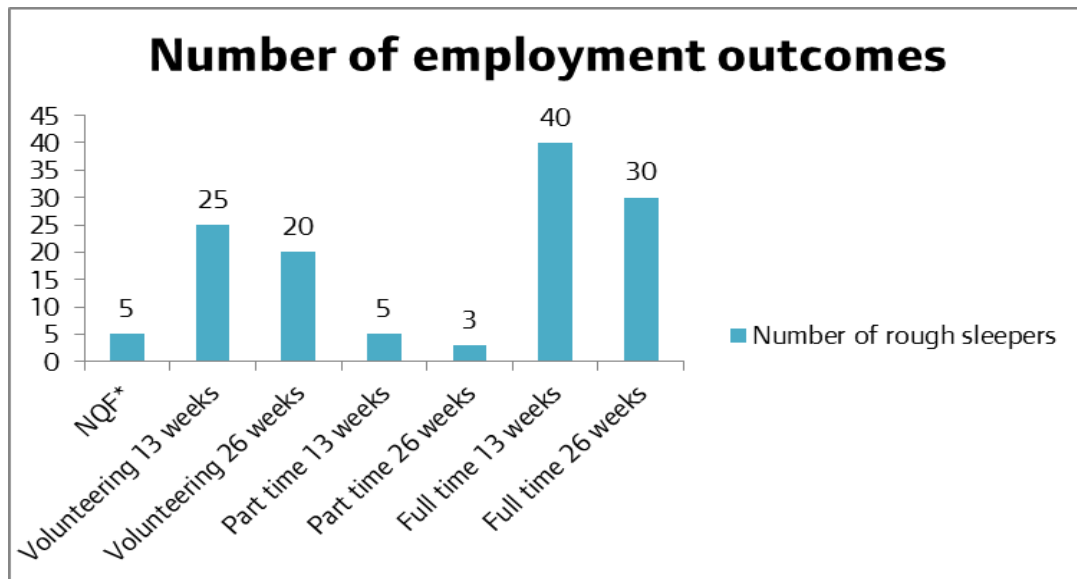


Number of accommodation outcomes



Number of reconnection outcomes





*National Qualification Framework Level 2 or equivalent

- 4.2 Unfortunately no data is available on the health outcome. This is due to changes in the legal basis upon which the health data was due to be supplied to the GLA by the Health and Social Care Information Centre (HSCIC). Alternative approaches to calculating the achievement of this outcome are being explored. In the meantime, the SIB Project Board has that the providers should be paid based on the achievement of their projections for the first and second year of the project, with the ability to claw back funding should this be required.
- 4.3 There have been some marked differences between the performance of the two providers, with one performing better on the rough sleeping and reconnections outcomes and the other performing better on those for accommodation and employment.
- 4.4 Basing the project on outcomes rather than a detailed service specification enabled the service providers to develop innovative proposals for the services at the procurement stage. It has also given them the flexibility to innovate during the course of the project, shaping their services and structures as necessary to meet the needs of their clients and allowing them to continuously adapt what they do in the light of their learning and experience. In addition, there has been extremely positive feedback from the sector on the wider positive impacts that the SIB approach has had on service delivery for rough sleepers more widely.

5 Equality comments

- 5.1 As rough sleepers are over-represented among those with the protected characteristics of race and disability, the SIB is likely to have positive impacts on these groups.

6 Key risks and issues

Risk description	Rating	Mitigating action
Some clients may be left without support at the end of the project. This could result in them returning to rough sleeping.	Medium risk	Provider monitoring, project group and project board meetings are focusing on exit strategies for clients. The rough sleeping team are closely monitoring the progress of the providers' exit strategy development and ensuring providers have provided adequate plans/ support for the cohort.
The providers may fail to engage with the most complex clients who are unlikely to achieve the identified outcomes for which payments are made.	Low risk	Ethos of the providers militates against this. The GLA is monitoring outcomes by support needs. New monitoring of other outcomes compared with a control group will be undertaken by DCLG.
The providers may not be able to achieve the outcomes that they submitted in their bids. The impact on the GLA would be reputational but not financial.	Low risk	Regular contract monitoring and close working with SIB providers to address poor performance. Whilst outcomes have not been as high as bids in some areas performance has been stronger in other outcomes.

7 Financial comments of the Executive Director Resources

- 7.1 DCLG has allocated up to £5,000,000 for the Rough Sleeping SIB of which around £3,000,000 has been received by the GLA; the corresponding spend to date is around £2,500,000. The programme is due to end on 31 October 2015 and the final costs will be known by 31 October 2016; the total cost of the project and corresponding DCLG funding receipts are expected to be less than £4,000,000.

8 Legal comments

- 8.1 Not applicable.

9 Next steps

- 9.1 The next steps of the SIB are summarised below. The GLA has submitted an application to the Big Lottery's Commissioning Better Outcomes and the Social

Outcomes Fund for a new payment by results project focused on London's most entrenched rough sleepers. We have been successful at the Expressions of Interest stage and the key dates for this have also been included below.

Activity	Timeline
Main SIB project ends	31 October 2015
Providers' teams reduce and offer sustained accommodation and crisis management service only	1 November 2015
Final SIB qualitative evaluation and economic impact evaluation published by DCLG	Summer 2016
One year SIB 'tail' ends	31 October 2016
Project for London's most entrenched rough sleepers (provisional): Deadline for full application Final application decisions Development grant award Close of project	July 2016 September 2016 31 December 2016 September 2020

Appendices:

- Appendix 1 The two providers' SIB models
- Appendix 2 Payment by result outcomes structure
- Appendix 3 Outcomes - nationality and support needs