



## Social Impact Bond for Entrenched Rough Sleepers Key Areas of Learning

**ThamesReach**  
**powe**

## **Social Impact Bond for Entrenched Rough Sleepers – Key Areas of Learning**

### **1. Overview**

The Social Impact Bond for entrenched rough sleepers (henceforth referred to as the SIB) was the first major social investment programme based upon a Payment by Results (PbR) structure that Thames Reach engaged with. This briefing sets out the key areas of learning for the organisation from an initiative that has still to run its full course but which we can confidently say, even at this stage, has been one of the most important and effective that we have been engaged in.

Most importantly, the programme has positively affected the lives of a group of individuals – entrenched rough sleepers who have been on the streets for years – for whom other initiatives and forms of engagement have not worked.

The outcomes we have delivered are substantial. Measured against the outcome targets set us we have achieved the following.

Of the 415 people supported:

- 67 only remain on the street with most people moving to temporary or settled accommodation, though a few people have disappeared or sadly died
- 47 have been assisted to return home
- 82 have been able to sustain their accommodation for at least one year and we are hopeful that a further 22 will shortly be passing the year milestone
- 30 have successfully taken up employment or volunteering opportunities with a further ten due to take this step in the coming month

*(These figures are, of course, regularly changing)*

We are also on course for the SIB to break even for us financially, after payments to investors.

This briefing covers not only the key learning from the SIB itself, but the wider impact on Thames Reach including our service delivery model and approach to working with social investors. Over the course of the last three years we have been supported in our work and learnt a great deal from a host of partners and stakeholders including our service users themselves, and we hope that the contribution made by our supporters, friends and partners becomes evident as you read this briefing.

### **2. New learning arising from the SIB service delivery model**

The Thames Reach team funded through the SIB, the Ace Team, was set up to work differently to other Thames Reach teams. Although in the first year of the contract the focus of the work was engaging with rough sleepers on the street and assisting them to come inside, the team was explicitly not a street outreach team.

## **The navigator role**

Ace staff are called personal navigators. This reflects the fact that the job requires the worker to support the service user off the street but also to access different services and to help them find their way through the complex systems that have often previously created barriers for people sustaining themselves off the street.

Built into the role was also the need for flexibility and adjustment as the work of the team changed as progress was made in helping people off the street. So what was initially street-facing engagement, by year two moved to becoming work focused on helping people sustain themselves in accommodation and developing employment-related skills, knowledge and experience.

## **The use of personal budgets**

The SIB gave us the opportunity to pilot on a significant scale the use of personal budgets through which we could give service users a greater say over how money could be spent to meet their specific needs. This required Thames Reach to improve our processes and to give workers more autonomy to spend money within agreed limits so that opportunities could be seized promptly. This was particularly important when working with people for whom the moment when they are prepared to make a change can be sudden and fleeting. The ability, for example, to be able to pay for a space in a bed and breakfast hotel at short notice was key to helping entrenched and frequently intransigent people to come inside.

Further down the line the personal budget approach was used to help people develop special interests that could contribute to their recovery and progression. For example:

- For a client who was determined to improve their health once they had come off the street we paid for swimming lessons
- For a client who was about to walk out of their flat because they were unoccupied we purchased at their request a PlayStation
- For a client who was eager to get back into work we bought a pair of work boots. As a matter of pride, he insisted that the money was paid back
- For a client who was keen to put something back we introduced him to teaching football skills to children with disabilities. Later we paid for him to gain a football coaching qualification

More generally, we have initially paid service charges for people moving into accommodation for the first time to help them to settle and paid for birth certificates, other ID, and passports as required in order to smooth the rehousing process.

## **Taking an alternative pathway**

The outcome metrics against which progress is measured and payments made changed the approach of the team in terms of how the options for helping people off the street were considered and prioritised. The traditional pathway from rough sleeping to long-term stability usually involves a hostel as the first step from the street, and often a long stay at the hostel. The main SIB payments are, however, only received when the individual has been in settled, long-term accommodation for a year. A hostel is classed as temporary accommodation, so doesn't count as settled accommodation.

The step to a hostel became less attractive in terms of the SIB work, particularly when the statistics showed that in some London hostels the abandonment and eviction rates are high with people often returning from the hostel back to the street. So the team sought new routes off the street for rough sleepers including steps that involved moving straight into settled accommodation, or a short stay in a hostel before a move into settled accommodation. This more direct route to long-term accommodation has not lead to high levels of tenancy failure as the sustainment figures provided above indicate.

### **3. New partnerships**

#### **Housing-related**

The SIB experience has enabled us to develop a new range of effective partnerships which have been hugely beneficial to our service users. Because of the need to help people find settled accommodation quickly and easily, at an early stage we developed a relationship with Vision Housing through which we could access good quality accommodation with reasonable rents. We reached a financial arrangement with Vision Housing to ensure that we could have priority access and also agreed an additional payment to them at the point when the person had achieved the year milestone. This incentive thus effectively mirrored the PbR structure to which Thames Reach was working and maximised the chances of tenants establishing themselves away from the streets long-term.

#### **Employment-related**

We also developed partnerships at later stages of the progression pathway taken by service users. The employment and volunteering outcome was viewed with a degree of trepidation because the orthodox view is that people need some time to settle in accommodation before seeking to get the skills and knowledge required to return to work.

In fact, this proved not to be the case with a number of resettled service users showing enthusiasm for getting back into employment as quickly as possible.

This was very considerably assisted by a partnership with McKinsey, global management consultants, who worked with us to develop a bespoke programme for a cohort of former rough sleepers to help them raise their skills level and confidence. The programme involved direct engagement with a number of employers introduced by McKinsey themselves such as food caterers Baxter Storey and University College Hospital, so one partnership blossomed into a number. The programme culminated in an employment-focused weekend retreat at a residential centre funded by McKinsey and a celebratory graduation ceremony. The relationship with McKinsey has since extended into other areas of Thames Reach's operation.

#### **4. Building relationships with social investors**

##### **The SIB investors**

Bidding for the SIB contract brought Thames Reach into contact for the first time with social investors. The process of explaining our delivery model and associated financials, establishing our credibility and setting out our track record and experience in working with rough sleepers was challenging and stimulating. Having attracted the investment required from social investors - Big Issue Invest, the Social Enterprise Investment Fund (SEIF) and the Monument Trust (one of the Sainsbury Family Charitable Trusts) we have continued to build on these relationships. As part of the loan deal, the Big Issue Invest was given observer status on the Thames Reach board and this relationship in particular has progressed in a manner that has become a long-term partnership and we have greatly valued the support provided by the investors within the necessary and beneficial framework of accountability in delivering on the outcomes.

##### **New investment arising from the SIB**

Our experience in working with social investors and delivering successfully against a set of challenging targets has opened up new opportunities. We have met with a great range of people interested to hear about the progress of the SIB who have visited from different parts of the UK and from abroad. For example, we were asked to attend a high profile conference of investors connected to UBS bank in late 2013. From contacts made at this gathering we were able to attract funding to support another social investment initiative which Thames Reach is engaged with that is testing and developing more effective interventions and forms of support to help people with enduring mental health issues. The investment was in the form of a £520K grant and we are now seeking further social investment to complement this early contribution.

##### **Experience to inform other bidding opportunities**

The SIB experience has been enormously beneficial in helping us to weigh up emerging PbR initiatives that require working capital secured through social

investment. We have learnt a great deal from our own experience of delivering the SIB. With regard to the projections we made in terms of delivering against the outcome metrics, we have underperformed against one and over performed against another. However, in its totality our outcome projections linked to the financial targets have been proved broadly accurate and the clarity and focus brought to the work by the SIB team has enabled us to be successful.

The main learning derived by us and confirmed by investor partners is the need to understand fully the cohort against which the targets are being set and this key point led to Thames Reach not bidding to deliver another Social Impact Bond programme when this essential requirement could not be guaranteed.

## **5. Conclusions**

### **Seeking further opportunities**

The largely positive experience of bidding for the SIB and implementing the programme against a set of challenging outcome metrics has enabled us to consider other opportunities to seek social investment. The SIB has given us confidence and contacts and in circumstances where we believe social investment can help us in transforming the lives of vulnerability and socially excluded people, we will actively engage with social investors to achieve such an outcome.

### **PbR changes behaviour for the better**

The PbR structure of the programme was appealing to us. The outcome metrics that were agreed seemed absolutely appropriate for the entrenched rough sleepers we support, with the emphasis on settled accommodation and a permanent escape from homelessness. We were disappointed not to be measured against the health related metric relating to A&E admissions as a result of the data set not being available as we were confident that we could deliver in this area also and believed strongly in the importance of a health outcome. We would recommend that future SIBs also focus on a small number of verifiable, hard, outcome measures.

### **Working with commissioners**

The SIB has been a steep learning curve for Thames Reach, but also for the commissioners and we appreciate the spirit of partnership in which the SIB has been developed and progress measured. One of the attractions of the SIB was the agreement with the commissioners that they would not focus on outputs and the detailed interrogation of budgets but instead concentrate on verifying outcomes and sharing and disseminating learning. The funding in the form of the working capital is after all, provided by the social investors, and Thames Reach also made an investment of our own in the SIB. The commissioners are paying retrospectively against results.

We think that, on the whole, this commitment has been adhered to, with an occasional retreat into more orthodox commissioning behaviour. This freedom from the normal labour intensive commissioning requirements is a real incentive for us to be involved in future social investment initiatives of this type. Simply put, it enables us to concentrate on getting on with the job.

### **The social investment delivery model**

Thames Reach's entire focus is on delivering the most effective outcomes possible for our service users, in this case entrenched rough sleepers. So our approach to the structural form of social investment is entirely pragmatic. Our social investment model was a mix of loan and grant without a Special Purpose Vehicle (SPV) being created, which worked for us on this occasion. But in other circumstances a SPV would be appropriate. We think the best SIB form is the one that delivers the most successful and cost effective outcomes and this will vary according to the specific circumstances associated with the client group and the wishes and needs of the investors. We are not zealous regarding a perfect Social Investment Bond model.

### **Dealing with opposition**

It was not all plain sailing. Some of the local authorities we engaged with at the beginning enthusiastically supported our work, others were concerned that the SIB activities would cut across, and perhaps even undermine, services that they directly commission. Our job was to work considerately with all local authority partners within whose areas SIB service users were to be found and, in time, we feel that the support and understanding of our work was recognised and appreciated by all.

We also came across concern and occasional resentment from colleagues in other organisations who perceived us as getting a payment for work in helping people off the street that they could also legitimately claim to have played a part in. Again, in time these concerns reduced and we are grateful for the very considerable support and goodwill that came from the vast majority of colleagues with whom we engaged as well as for the new relationships which have arisen and the continued strong working relationship throughout with St Mungo's Broadway.

### **Changing the lives of rough sleepers**

Our final, most important conclusion is that the SIB has helped people who were formerly stuck on the street to move away from entrenched rough sleeping – for good. In stimulating new approaches it has provided the incentive and hope that things can be different and we observe that, tragically, some of the SIB group died during the period of the contract. We hope that this social investment in changing the lives of entrenched rough sleepers will not be the last.

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*Former rough sleepers and Thames Reach staff are pictured at the Work Ready Programme weekend retreat, run by McKinsey.*

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