

FIRST SOCIAL IMPACT BONDS TO RETURN INVESTOR CAPITAL

14 July 2015

Social Finance announces today that both the Teens & Toddlers and Adviza Social Impact Bonds have performed above expectations and delivered outcomes sufficient to return investor capital earlier than expected. Full results will be published in 2016 when the projects come to an end.

In October 2012, the Department of Work and Pensions Innovation Fund awarded two Social Impact Bond contracts worth £7m to fund positive social outcomes for young people on the Adviza and Teens & Toddlers programmes. The Social Impact Bonds are managed by Social Finance. Unlike typical social service delivery, the funding for the Social Impact Bonds is provided at risk by social investors whose financial return is aligned to the positive social impact of meeting pre-agreed educational, training and employment outcomes.

Teens & Toddlers and Adviza deliver innovative programmes to address the root causes of young people becoming NEET (not in education, training or employment). The two projects work with 14-15 year olds who are identified as having on average three to four risk-of-NEET indicators, including poor school attendance, disruptive or antisocial behaviour, family or mental health issues and low educational attainment.

Social investors provided the money needed to run the programmes and are rewarded by the DWP if the adolescents achieve a number of defined targets, including improved attitude, behaviour and school attendance, educational and life skills qualifications and employment. Outcomes payments from the Innovation Fund may be claimed over the three and a half years of the programme.

"It is incredibly exciting to watch the important impact these two innovative organisations are having on the life chances of some of our most vulnerable young people. Massive congratulations to Adviza and Teens & Toddlers! Enormous thanks too to the social investors who have helped to unlock such potential," said Richard Johnson, Chair of the Adviza and Teens & Toddlers Social Impact Bonds, Social Finance

The Energise programme, delivered by the Adviza Partnership, has worked with young people from 42 schools in the Thames Valley. It offers mentoring combined with structured activity days and residential courses and is designed to foster re-engagement with school, to build resilience and confidence. During the project, Adviza introduced a "Job Coach" pathway for the young people looking for employment with support for CV drafting, recruitment fairs, job applications and interviews. The programme has outperformed on attitude, behaviour, level 1 and 2 educational qualifications and 26 weeks employment outcomes.

"The impact Energise has made on the lives of vulnerable young people has been extraordinary and this funding model has allowed us to focus on activities that work and make a difference. Our performance demonstrates that investing in intensive work with young people makes a positive difference not only to society as a whole but also to those individuals whose lives it has changed. We are grateful for the opportunity to be involved in the Innovation Fund and thank Social Finance and our Investors for their support, we couldn't have done it without them," said Katharine Horler, CEO of Adviza

The Teens and Toddlers programme has supported young people in the Greater Manchester region. It matches vulnerable young people with a toddler in nurseries over 18 weeks, and provides on-going support for the young people through to sitting their GCSEs. The programme aims to reduce risky behaviours, such as getting pregnant or joining a gang, as well as helping young people to improve their attitude to school, behaviour school attendance and overall academic achievement. 75% of the young people received an entry-level qualification at the end of the intervention and outcomes for improved attitude and behaviour were attained. During the project, Teens and Toddlers enhanced the level of support offered to participants in the run up to exams through tuition support in Maths and English.

“Social investment has played a crucial role in enabling Teens and Toddlers to expand our activities with schools and teenagers in the North West. We work with many at risk young people in disadvantaged areas at a key phase in their lives to help them succeed in education, work and life, regardless of what has occurred in their lives before. Our programme, which helps teenagers build vital life skills by acting as mentors to nursery children, is the only one of its kind in the UK and we are proud to have exceeded the targets set for the charity,” commented Joanne Hay, Teens & Toddlers.

Since Social Finance launched the world’s first Social Impact Bond (SIB) in 2010, the concept has been adopted globally. Over the last five years, more than 40 SIBs have been commissioned in total, by seven different countries, aimed at tackling a variety of social problems. SIBs have generated significant interest as an innovative instrument that brings private finance, public investment and the expertise of the Voluntary, Community and Social Enterprise sector together in partnerships that enable public sector investment to focus on programmes that deliver measurable results.

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Notes to Editors:

- 1) A Social Impact Bond is a financial mechanism in which investors pay for a set of interventions to improve a social outcome that is of social and/or financial interest to a government commissioner. If the social outcome improves, the government commissioner repays the investors for their initial investment plus a return for the financial risks they took. If the social outcomes are not achieved, the investors stand to lose their investment. Social Impact Bonds provide investment to address social problems and look to fund preventative interventions.
- 2) The Innovation Fund is a Department for Work and Pensions (DWP) initiative aimed at encouraging social service delivery organisations, financial intermediaries and non-governmental investors to work together to design and finance programmes which can help improve employment outcomes for the most vulnerable young people in society. The DWP acts as main commissioner and guarantor of a payment by results contract. Unlike typical social service delivery, the funding is provided at risk by social investors, who only achieve a financial return if pre-agreed educational, training and employment outcomes are met.
- 3) The Social Impact Bond vehicles were set up by Social Finance and are chaired by Richard Johnson, a Senior Consultant at the World Bank and formerly Managing Director of SERCO’s welfare to work business with broad experience in the complex area of outsourced welfare to work.



- 4) Investors in the two contracts include: Barrow Cadbury Trust, Berkshire Community Foundation, Buckinghamshire County Council, Big Society Capital, Bracknell Forest Homes, Bridges Ventures, CAF Venturesome, Esmée Fairbairn Foundation and the Impetus-Private Equity Foundation.
- 5) Adviza (www.adviza.org.uk) is a registered charity that was formerly known as Connexions Thames Valley. Its purpose and passion is to deliver high quality services to support young people and others making important decisions in their lives, especially those who are vulnerable. A particular focus for these groups is to help them into education, employment and/or training. A key part of this support is providing impartial information, advice and guidance to young people as they move through their teenage years into adulthood and working life.
- 6) Teens and Toddlers (www.teensandtoddlers.org.uk) was founded in 2001 to address the social exclusion of young people. It is focused on inspiring young people to achieve the skills, qualifications and self-belief they need to succeed in school, work and life. The charity has reached over 7,000 young people and children, working across more than 25 Local Authorities. For every £1 spent, Teens and Toddlers saves society £6 - a Social Return on Investment (SROI) of £1:6 over five years, as measured by the Centre for Excellence in Outcomes.
- 7) Teens and Toddlers were awarded a second Social Impact Bond under the DWP Youth Engagement Fund in April 2015. They are delivering the same intervention in a different area of Greater Manchester but have adapted their programme based on the lessons learned from the Innovation Fund. Social Finance is managing their second Social Impact Bond.
- 8) Social Finance (www.socialfinance.org.uk) is a not for profit organisation working with government, the social sector and the financial community to find new ways of tackling entrenched social problems in the UK. Founded in 2007, Social Finance has mobilised over £62m in social investment for charities and social enterprises and is the originator of the Social Impact Bond model. It has helped design or manage 13 of the 31 Social Impact Bonds launched in the UK.