

Social Impact Bond

Social Impact Bond pilot at HMP Peterborough

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Organisation: Ministry of Justice - Rehabilitation Programme

Country: United Kingdom

Level of government:

Sector: Public order and safety

Type: Financial Resources, Public Service

Launched in: 2010

Overall development time: 12 months

Link to the innovation's website

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Description

The six-year Social Impact Bond pilot is working with adult male offenders sentenced to less than 12 months in custody and released from Peterborough prison. These offenders currently receive no statutory probation supervision on release from prison. The pilot project addresses this service gap, and the payment by results contract means that the Government will only pay if the project achieves the required outcomes. Social Finance UK Limited has raised GBP 5 million of social investment from a range of voluntary organisations.

This money is used to fund the delivery of interventions and services to offenders by community sector provider organisations. If this work leads to a reduction in re-convictions of the offenders covered by the pilot, approximately GBP 8 million of outcome payments will be available, with the value of these payments directly linked to the scale of the reduction achieved. The Ministry of Justice will provide approximately GBP 3 million to fund outcome payments, with the remaining GBP 5 million provided by the Big Lottery Fund. There will be a direct benefit to the justice system in England and Wales, and wider social and economic benefits as a result of reduced re-offending.

Why the innovation was developed

The UK Government is testing the Social Impact Bond at HMP Peterborough to address a gap in current service provision. Offenders sentenced to less than 12 months in prison are often highly prolific re-offenders, costing millions of pounds in direct costs to the justice system and wider social and economic costs each year. However, this offender group does not currently qualify for statutory probation supervision on release from prison. The pilot proposal was put forward by an entrepreneurial social investment organisation.

Objectives

Enhance public trust, Improve effectiveness, Improve efficiency

- Improve service outcomes: The pilot is working with a group of offenders who are typically prolific re-offenders, but do not currently qualify for statutory probation supervision when released from prison. The delivery of support and interventions to this group is intended to result in a reduction in re-offending.
 - Meet political goals: The Ministry of Justice is committed to testing payment by results to reduce reoffending through an initial series of pilot projects. The Social Impact Bond pilot at HMP Peterborough will provide learning about the benefits and limitations of the approach, and help to inform future commissioning decisions.
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Main beneficiaries

General population, Government bodies, Government staff, High-risk populations

The pilot project is intended to deliver rehabilitation services to up to 3 000 adult male offenders who currently do not qualify for probation supervision following their release from prison.

In order to earn success payments, Social Finance UK Limited will need to support offenders to reduce their re-offending by procuring services aimed at promoting their rehabilitation.

Social Innovation Financing and Adolescent Behavioral Learning Experience

Massachusetts and Rikers Island, New York City (United states)

There are a number of international examples of initiatives designed along similar lines to the Social Impact Bond pilot, including schemes working with juvenile offenders in the USA.

http://www.mdrc.org/project/social-impact-bond-project-rikers-island#featured_content

Results

Service quality

Accessibility:

The impact of the pilot on reconviction rates cannot yet be calculated. Final re-offending results for the first pilot cohort will be available in 2014, and this will be a key indicator of the effectiveness of the services being delivered under the pilot.

Results not available yet

On 13 June 2013, the Ministry of Justice released interim results in relation to the first pilot cohorts for the Social Impact Bond pilot at HMP Peterborough, and the private prison pilot at HMP Doncaster. The Statistical Notice in which this information was published is available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/206686/re-conviction-results.pdf. Updated interim results from both pilots are due to be published on 31st October.

Development

Design

Data produced by the Ministry of Justice demonstrates that the majority of offenders who serve prison sentences of less than 12 months are subsequently convicted of at least one further offence committed within 12 months of their release from prison. The innovation aims to lower this percentage.

The proposal for an initiative to target this prolific offender group, funded through private social investment and rewarded by the Government for its success at reducing reconvictions, was put forward by Social Finance UK Ltd in August 2009.

Design time: 12 months

Testing

Because of the innovative nature of both the proposed services and the payment by results funding mechanism, it was agreed that the initiative would be implemented as a time-limited pilot.

Implementation

Tools used:

- Legal advice in developing the contract between the Ministry of Justice and Social Finance UK Ltd.
- An evaluation contract has been commissioned, to document the lessons learned from the pilot.
- An independent assessor has been appointed to monitor the impact of the pilot on reconviction rates, and to determine whether success payments should be made to Social Finance UK Ltd.

Resources used:

- The costs for designing and running the pilot will be met as part of the Ministry of Justice's maximum allocation of GBP 3 million to fund the pilot. Actual expenditure and the level of outcome payments required will be determined by the extent to which the pilot delivers a reduction in reconvictions across the offender cohorts.
 - A team of policy, analytical, financial and procurement officials worked on the development of the pilot for a period of 12 months between August 2009 and September 2010.
 - A smaller team now maintains oversight of the pilot and managing the contractual relationship between the Ministry of Justice and Social Finance UK Ltd.
 - External research and analysis experts have been commissioned to undertake the process evaluation of the pilot, and independently assess the pilot outcomes (in terms of any reduction in re-offending that it achieves).
 - Social Finance UK Ltd developed the pilot delivery model in partnership with their voluntary and community sector sub-contractors, but the resources used have not been quantified to our knowledge.
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Diffusion

The Social Impact Bond pilot is an entirely new model for the Ministry of Justice, and no decision has been made to extend the impact bond approach more widely across the justice system in England and Wales. The Government has however committed to extending the principles of payment by results to providers of offender services by 2015 – the proposals set out in the Transforming Rehabilitation Strategy include paying providers of probation services according to their success at rehabilitating offenders to reduce reoffending. The design of the payment by results methodology proposed by the strategy has been informed by the Ministry's experience with the Social Impact Bond pilot and its other payment by results projects. In order to support the development of more and better SIBs, the Cabinet Office has set up the Centre for Social Impact Bonds and the GBP 20 million Social Outcomes Fund. The fund provides a 'top-up' contribution to SIB projects where no single commissioner can justify making all of the outcomes payments out of their savings alone, but where the wider savings across government mean that a SIB is value for money. The fund also collects evidence on the social impact and cross-cutting government savings generated by SIBs it supports.

Challenges and solutions

The pilot project is subject to an external process evaluation, being undertaken by researchers from RAND Europe, to maximise the learning we can generate from it.

The first output from the evaluation was published on 27 May 2011, entitled 'Lessons learned from planning and early implementation of the Social Impact Bond at HMP Peterborough'. This report can be found on: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/217375/social-impact-bond-hmp-peterborough.pdf. The report from the second phase of this evaluation is due to be published in early 2014.

Partnerships

Social Finance UK Ltd

Private sector

Social Finance UK Ltd developed the initial proposal and negotiated the terms of the pilot with the Ministry of Justice

Voluntary and community sector providers

Civil Society

Although Social Finance UK Ltd hold the contract for the Social Impact Bond pilot with the Ministry of Justice, they have sub-contracted service delivery to a range of voluntary and community sector providers. The pilot service delivery model is largely based on a 'through the gate' model developed by the St Giles Trust, but other providers are working with Social Finance to provide additional support services.

University of Leicester and QinetiQ

Academics and Research Bodies

The Ministry of Justice has appointed the University of Leicester and QinetiQ to act as the Independent Assessor for the first pilot cohort. The Independent Assessor will be responsible for reviewing the performance of the pilot across the first pilot cohort, to determine whether any success payments should be made in relation to this group of offenders.

The Big Lottery Fund and a range of social investors

Other

GBP 5 million of capital to fund the operation of the Social Impact Bond pilot was provided to Social Finance UK Ltd by a range of social investors.

The Big Lottery Fund have agreed to provide up to GBP 5 million of innovation funding, with the final level of funding dependent on the extent to which the pilot achieves a reduction in reconvictions.

Lessons Learned

Lessons Learned

The external process evaluation of the Social Impact Bond pilot at HMP Peterborough is intended to capture and report on the key learning from the project. The initial evaluation report is available and subsequent reports will be published as the pilot progresses and the follow up research is completed.