

SOCIAL INVESTMENT INSIGHTS SERIES

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The Criminal Justice System, the People it Affects and Social Investment

With rising prison populations, stubborn reoffending rates and widespread cuts in funding for criminal justice services, the language of 'crisis' is never far away. This latest edition in the Social Investment Insights Series summarises Big Society Capital's evidence about how social investment can be used to support the UK criminal justice sector with a particular focus on those groups of individuals who have been affected by it. It starts by looking at social need, provides an overview of the current landscapes and underlines challenges in this area. It moves on to highlight opportunities for social investment and finally outlines Big Society Capital's priorities in this area.



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The Social Investment Insights Series are occasional papers drafted by members of Big Society Capital's team on areas of interest to the social investment market.

Big Society Capital is a financial institution with a social mission, set up to build the social investment market in the UK, so that charities and social enterprises can access appropriate repayable finance to enable them to grow, become more sustainable and increase their impact on society. It is doing this by building a diverse social investment market: encouraging investors to lend or invest money to achieve a social as well as a financial return. Since it was set up as an independent organisation in 2012, Big Society Capital has committed over £165 million in investments to specialist organisations who lend to charities and social enterprises. Over five years Big Society Capital will be capitalised with approximately £600 million, from a combination of English dormant bank accounts and the four main UK high street banks.



EXECUTIVE SUMMARY

The criminal justice system encompasses the functions of the police, prosecution, courts and judiciary, prisons, youth justice services and probation. Criminal justice in the UK is in the process of radical reform in a number of areas. This is exemplified by the Ministry of Justice (MoJ)'s Transforming Rehabilitation programme, where 80% of probation services are in the process of being contracted out by the MoJ from the public sector to be provided by private or social sector organisations. This also includes for the first time statutory provision of services for those with less than twelve month sentences and meeting individuals on release from prison ("through the gate" services).

There are nearly 1,500 charities and social enterprises whose primary mission is to work with people in contact with the criminal justice system. There are a further 13,500 organisations who work with individuals affected by the criminal justice system as part of their broader social objectives. Budgets are being squeezed for those organisations that have received grants or contracted with government to provide services, and those working with people on leaving prison or in the community may now find themselves having to get up to speed on subcontracting with a prime contractor as part of Transforming Rehabilitation.

This paper sets out Big Society Capital's thinking on how social investment can play a role in the area of criminal justice and identifies three priority areas in the short to medium term:

- Proven, scalable, high capital, high impact opportunities
- Enabling social investment to play a role in central and local government contracting
- Supporting innovation and early intervention through outcomes based financing

We invite all those with ideas and opportunities to approach us for further discussions.



SOCIAL NEED

Big Society Capital Outcomes Matrix: Citizenship and Community

Big Society Capital's Outcomes Matrix represents a map of need in the UK. It has been designed from a beneficiary perspective and includes nine outcome areas which reflect what a person needs to have a full and happy life.

Justice links to the Citizenship and Community section in the Outcomes Matrix which is defined opposite.

Individual:

The person lives in confidence and safety, and free from crime and disorder. The person acts as a responsible and active citizen and feels part of a community.

Community, sector and society:

Stronger, active, more engaged communities.

The criminal justice system is intended to enforce the law, protect the public, punish offenders and reintegrate them into society.

The individuals who come into contact with the system having committed crime typically have a series of multiple and complex needs. Amongst others these include combinations of family breakdown, depression, exclusion, unemployment, homelessness, poverty and poor physical health¹.

For example, prisoners in England and Wales are at far higher risk of disease than the general public and far more likely to have mental health and substance misuse issues too, being:

- Twelve times more likely to suffer from HIV
- 50 times more likely to contract tuberculosis²
- 64% of prisoners reported having used drugs in the four weeks before entering custody³
- Almost half of women and a quarter of men in prison were assessed as suffering from anxiety and depression
- 46% of female prisoners reported having attempted to commit suicide at some point in their lives⁴

Stable housing, education and employment for ex-prisoners is also an area of need:

- 12% of those leaving prison in 2012/13 had no settled accommodation⁵
- Those who have been involved in the criminal justice system are 3 times more likely to have no qualifications (47% of prisoners⁶) than the general public of working age
- In 2012-13 only 26% of prisoners had paid employment on release from prison
- This is exacerbated by a reluctance of employers to hire those with criminal records – one in five employers said these candidates would be automatically excluded from their recruitment process⁷
- Additionally 20-30% of all prisoners have learning disabilities⁸, three times more than the general population⁹

It is worth highlighting the specific needs of women who have been sentenced to prison. The majority of women entering prison serve very short sentences, with 60% of sentenced women serving six months or

¹ A number of these link into other social outcome areas that Big Society Capital looks at: <http://www.bigsocietycapital.com/outcomes-matrix>

² www.england.nhs.uk

³ Ministry of Justice, *Gender differences in substance misuse and mental health amongst prisoners*, 2013

⁴ Ibid.

⁵ Ministry of Justice, Table 15, *NOMS Annual Report, 2012/13*

⁶ Ministry of Justice, *The pre-custody employment, training and education status of newly sentenced prisoners*, 2012

⁷ Chartered Institute of Personal Development, *Disadvantaged Groups in the Labour Market*, 2010

⁸ The Prison Reform Trust, *Bromley Briefings Prison Factfile*, Autumn 2014

⁹ www.england.nhs.uk



less in 2013. 81% of women in prison have committed a non-violent offence¹⁰. Almost half of the women in prison have a history of domestic abuse. At least a fifth were lone parents prior to imprisonment. The disruption to family life and wider cost to society of women in prison is disproportionately large given the significance of mothers in holding together the family unit. If alternatives to prison were to achieve an additional reduction of reoffending by women, the investment would be recouped within a year¹¹.

There has been an inability within the system to view individuals holistically. By failing to take their various complex needs together these multiple issues are not addressed effectively. A large reason for this is the short-term attitudes within government, with policy too often operating in silos, and funding environments that lack stability¹².

However there are other reasons why these situations persist. One key reason is a lack of political will (often in the face of media hostility) to spend public money to address the significant needs of this group: appearing to be “tough on crime” is more likely to win votes, as opposed to addressing the root causes of reoffending. Social investment could therefore play an important role in bridging the investment gap for those who need it most and where it would most impact on society.

Alongside (and partly as a result of) these issues, difficulties in reducing reoffending rates remain apparent. In England and Wales 46% of prisoners reoffend within 12 months of release, with this figure increasing to 58% for those serving short-term sentences (less than 12 months) and up to 67% for under 18 year olds¹³. Estimates of the cost of reoffending varies, but in 2007-08 it was estimated as between £9.5 and £13 billion¹⁴. These static reoffending trends are mirrored in Scotland: Almost 70% of people sentenced in 2009-10 had previous convictions¹⁵.

While partly driven by sentencing policy, overcrowded prisons and a growing prison population also point to persistent reoffending patterns. On 10 October 2014 the prison population in England and Wales was 84,485; twenty years earlier the average prison population was 48,621. A large proportion of the total prison population are also on short-term sentences. In the year ending March 2014, 57% of all custodial sentences were for six months or less¹⁶. While there are a number of fundamental differences in the criminal justice system in Scotland, here too, prison numbers have risen slowly in the years since 2002, from almost 5,000 to almost 6,000¹⁷. It is also particularly striking to compare the imprisonment rates in England and Wales to similar, large Northern European countries. In England and Wales the imprisonment rate is 149 per 100,000 of the population, compared to 102 per 100,000 in France and only 81 per 100,000 in Germany¹⁸.

Offending affects not only the individuals committing the crime, but also their families and victims. It is estimated that 160,000 children in any given year in England and Wales¹⁹ have a parent in prison, with impacts ranging from disruption in living arrangements, to increased chances of suffering from mental health issues. Across wider society, the likelihood of becoming a victim of crime is also high: In 2012-13 14.4% of the population of England and Wales were a victim of a household crime while 5.2% were a victim of a personal crime²⁰. Victims are those most directly affected by a crime against them and yet within the current system they are often the least involved in the ensuing process. Moreover a report by Glasgow University has suggested a strong link between offenders having previously been victims of crime themselves. There is clearly a need for more to be done to tackle these negative cycles.

¹⁰ The Prison Reform Trust, *Bromley Briefings Prison Factfile*, Autumn 2014

¹¹ New Economics Foundation, *Unlocking Value: How we all benefit from investing in alternatives to prison for women offenders*, 2008

¹² Institute for government, Nicola Hughes, p6, *Connecting Policy with Practice: People Powered Change*, 2013

¹³ Ministry of Justice, Tables 18a, b, 19a, *Proven re-offending statistics quarterly July 2011 to June 2012*, 2014

¹⁴ National Audit Office, *Managing offenders on short custodial sentences*, 2010

¹⁵ Audit Scotland, p33, *An overview of Scotland's criminal justice system*, 2011

¹⁶ The Prison Reform Trust, *Bromley Briefings Prison Factfile*, Autumn 2014

¹⁷ Audit Scotland, *Reducing reoffending in Scotland*, 2012

¹⁸ International Centre for Prison Studies website, <http://prisonstudies.org/map/europe>, on 11 October 2014

¹⁹ www.prisonersfamilies.org.uk, 2010

²⁰ Office for National Statistics, *Crime Survey for England and Wales*, 2012-13, www.ons.gov.uk



CURRENT LANDSCAPE

The justice system is made up of multiple and sometimes overlapping services, delivered by a number of organisations. These organisations are drawn from a combination of the private, public, and social sector. As a consequence the landscape can be complicated to navigate. The range of services encompassed within the justice system²¹ includes:

- Crime prevention and investigation (police)
- Courts and judiciary
- Prisons
- Youth justice services including youth custody
- Probation services
- Rehabilitation services
- Victim services
- Health services, substance abuse services, accommodation provision and other external interventions for those in touch with the criminal justice system, often commissioned locally²²

Current trends

There are a couple of prominent trends that are also having an impact on the current service landscape.

The commissioning landscape is changing in the face of budgetary pressures with planned justice expenditure forecast to be reduced by 23% in real terms in England and Wales, from £8.9 billion in 2011 to £7.3 billion by 2015²³. This is typified by the MoJ probation reforms Transforming Rehabilitation (TR). The programme is dividing the current probation landscape into 21 contract package areas (designated Community Rehabilitation Companies) to be purchased by bidders from Q1 2015. The total contract value is in the region of £5 billion over the life of the contracts. The successful bidder list was published in October 2014²⁴. The programme allows for the retention of the National Probation Service by Government to deliver services for those deemed to be of highest risk to the public (convicted of violent crimes and so on). A portion of the payment for services will be contingent upon contractors' performance in reducing reoffending rates.

Separately, the National Offender Management Service (NOMs) are procuring for the third round of the European Social Fund for the provision of employment, training and education services to those in the criminal justice system furthest away from mainstream activity. There are nine contract areas with total contract value of £115 million over five years. Key local stakeholders include the Police and Crime Commissioners (PCCs), a group created in 2012. In the UK there are 41 PCCs, all elected, who have a discretionary budget to distribute funding in their areas in line with local priorities and need. They will potentially be a valuable partner and commissioner.

The pool of service providers is slowly beginning to show signs of evolving. The private sector providers of public services have historically been dominated by an extremely small number of large companies, primarily G4S and Serco (receiving £303 million and £214 million p.a. respectively in 2012/13²⁵). Over the last couple of years this position has started to change, with both of these firms in particular not participating as bidders under TR. Nevertheless, while the message was clear from the MoJ that it was seeking to diversify providers and increase social sector participation, it is evident that the MoJ has some way to go towards these aims²⁶, at least at the prime contractor level.

²¹ To unpack the criminal justice system further please see Clinks, *Navigating the Criminal Justice System*, 2012

²² Note, not all of these will feature as opportunities in this report. Some are simply less appropriate for social investment at this stage

²³ HM Treasury, *Spending Review*, 2010

²⁴ <https://www.gov.uk/government/news/voluntary-sector-at-forefront-of-new-fight-against-reoffending>

²⁵ National Audit Office, *The role of major contractors in the delivery of public services*, 2013

²⁶ <http://www.bigsocietycapital.com/blog/probation-services-what-next-social-sector-big-public-service-outsourcing-contracts>



The Role of the Social Sector

Social sector organisations (SSOs) play an extremely important role within the justice system. There are an estimated 1,475 social enterprises, charities and voluntary organisations whose primary mission revolves around working with people in contact with the criminal justice system. A large number of these are relatively small, with a quarter having no full-time equivalent employees and 69% having ten or fewer²⁷. There are a further 13,586²⁸ who work with individuals affected by the criminal justice system as a wider part of their activities. Given this landscape, the role of volunteers in these organisations is often crucial in meeting prisoners' needs.

These SSOs offer a broad range of interventions, often in quite specific areas where there are gaps in public sector provision. These can include practical and emotional support for victims and their families or running restorative justice programmes. There is also a vital advocacy role within their activities.

In addition there are a small number of larger SSOs who are in a position to bid for the big public service delivery contracts and provide an alternative option for commissioners to private sector companies. Examples of these include several organisations who bid in their own right for contracts as Tier 1 prime providers under the TR programme, such as Home Group and CRI²⁹. While the announcement of successful bidders in October 2014 did not include as many social sector-led bids as was hoped at the outset of TR, there is still the potential under future programmes to see charities and social enterprises delivering public services at scale within criminal justice.

Charitable trusts and foundations are involved in the criminal justice sector in funding services, either through grants, or occasionally as social investors themselves. This type of funding is particularly valuable during the innovation and pilot phases of projects.

²⁷ The Centre for Social Justice, *The new probation landscape: why the voluntary sector matters if we are going to reduce reoffending*, 2013

²⁸ Ibid.

²⁹ <http://www.russellwebster.com/1st-stage-successful-transforming-rehabilitation-bidders-announced/>



CHALLENGES FOR SOCIAL INVESTMENT

One of the overarching challenges facing the social sector within criminal justice is the uncertainty (particularly with the implementation of TR) and complexity of the current environment. This in turn drives a reluctance to provide additional investment and further grant-funding into the sector.

Second, within a centralised commissioning environment, all but the largest SSOs will be ill-equipped to participate on the same level as large private sector providers. The nature of the need for social investment will be different, with possibly larger investment amounts than previously required. With this changing commissioning landscape also comes additional complexity – another barrier that smaller organisations will need to overcome. Given the scale of the smaller organisations they will not be able to devote as much resource to (and are potentially not as experienced at) preparing bids, or as engaged in proactive business development – both fundamental aspects of a competitive procurement landscape, at a prime or a sub-contract level. The recent trend towards ‘payment-by-results’ also favours organisations with a strong balance sheet.

A further challenge relates to the data accessible within the criminal justice system. First, there is an inherent level of sensitivity with aspects of prisoners’ and probationers’ data. Additionally, the quality of the data available linking proven social impact to specific interventions is currently inadequate: there is relatively little data to demonstrate impact of specific interventions on wider beneficiary groups and on society at large³⁰. The Justice Data Lab³¹ housed at the MoJ, a pilot started in 2013, is one way this is being addressed, although it is still in its early days.

Finally, there are potentially important changes that a number of organisations may have to undergo in order to be investment ready. While a large number of organisations in this sector do already have income from contracted services, 51% of these organisations have turnover of less than £150,000 and roughly 5% do not have any earned income at all³².

³⁰ There is some research into what ‘good’ looks like when designing interventions targeting desistance from both Clinks and the Economic and Social Research Council: <http://www.clinks.org/sites/default/files/basic/files-downloads/Rehabilitation-%20What%20does%20good%20look%20like%20%28August%202014%29.pdf>; <http://www.esrc.ac.uk/news-and-events/features-casestudies/case-studies/30855/transforming-offender-rehabilitation.aspx>

³¹ <http://www.justice.gov.uk/justice-data-lab>

³² The Centre for Social Justice, *The new probation landscape: why the voluntary sector matters if we are going to reduce reoffending*, 2013



OPPORTUNITIES FOR SOCIAL INVESTMENT

Our research has identified several opportunities where social investment could play a role in supporting the development of charities and social enterprises operating within the justice sector. There could be significant benefits in doing so as well – both in terms of the impact on individuals' lives, but also the potential for real, sustainable cashable savings from breaking a cycle of offending which should make a stronger case for commissioners.

Provision of Health Services for those affected by the Criminal Justice System

First, there are significant opportunities emerging in the provision of health services, in drug and alcohol services, as well as addressing mental and physical health needs. Allied to this, there are a number of commissioners within healthcare seeking to contract for services specifically focussed on the needs of those in contact with the justice system. These include ten Local Area Teams within NHS England leading on specialised commissioning of health services for people 'in prison, police custody, secure training centres' and so on³³. This combination of well-documented social need and service commissioning make it an area worth exploring for social investors.

Property Provision

Property provision within the justice landscape may also be an avenue for social investors to explore. This is especially true given the alignment of its potential for impact and the possibility to create revenue streams with an investment ultimately secured by an asset. A lack of stable housing for those leaving custody often prevents them breaking the cycle of offending. For those individuals released who are lower on social housing waiting lists (male, no dependants or family) and are unable to access private rental markets (due to convictions or lack of funds) this can be a real issue. Having settled accommodation provides a key base from which other key interventions can be accessed. Women-specific centres to address the particular and different needs of women released from custody are also crucial. Within the youth justice system, provision of secure children's homes and secure training centres are also a possible area for development and could present an opportunity for cost savings through early intervention and prevention. It was reported in 2013-14 that one child's place per year in a secure children's home cost £209,000, and in a secure training centre £187,000³⁴.

Consolidation between Social Sector Organisations

A further option to be considered may revolve around consolidation (mergers and acquisitions) of SSOs operating in this area. The social sector landscape within criminal justice is currently fairly fragmented, largely attributable to the regularly changing policy landscape and related uncertainty around funding streams, hindering organisational development and growth. Consequently there are likely to be both efficiencies and synergies of mission achievable through mergers of service providers or acquisitions of smaller, niche providers by larger organisations.

While this could prove challenging in several ways, there is already some activity in this area among charities, with 5% of all charity mergers taking place among those involved in the wider justice space³⁵. With the potential for further consolidation, there will possibly be need for capital to back these moves. Playing a role in other enabling steps is something else that social investment could look to support where relevant.

Victim-based Solutions

Restorative Justice (RJ) is another area to explore as its benefits to victims of crime continue to be

³³ www.england.nhs.uk

³⁴ Hansard HC, 27 June 2013, c368W

³⁵ Eastside Primetimers, *The Good Merger Index*, 2014 [Category includes organisations involved from the following sub-sectors: Guidance & Advice specialists, Refugee / Asylum Seekers, Criminal Justice, Human Rights, Animal Welfare/ rights, Domestic violence, Ex-offenders]



proven. RJ 'conferences', facilitated meetings where victims meet those who commit the crime against them and engage in positive dialogue, are increasingly seen as being of value in enabling a victim to deal with the trauma they have experienced and heal. More than four out of five of victims participating have found that RJ was a positive experience³⁶. Despite primarily focusing on the needs of the victims there is an additional benefit to the perpetrator, both in terms of enhanced understanding and empathy but also a 27% reduction in reoffending versus a control group³⁷. Currently there are between one and two thousand RJ sessions run each year. Possible social investment involvement could centre on providing risk capital for an organisation delivering a 'train the trainer' model, which can then scale and contract with Police and Crime Commissioners and the new CRCs.

Early Intervention

To-date the main way that social investment has engaged with criminal justice sector organisations has been through models that target early intervention. Often these take the form of payment by results-based contracts, for example in social impact bonds (SIBs)³⁸. Investing upfront via SIB structures to enable services to be delivered to beneficiaries can have additional benefits for commissioners and society more broadly. This might include giving rise to an evidence base to tie interventions with (if successful), proven reductions in reoffending, serving to expand the pool of services from which commissioners can draw reliably in future.

Bates Wells Braithwaite Impact Advisory is working with Women's Breakout to create a solution that would support vulnerable women to address risk factors and behaviours in order to turn their lives around. Women's Breakout is a social sector umbrella organisation that represents voluntary and community sector organisations working with women offenders and women at risk of offending. Various commissioners are envisioned that would pay on the basis of outcomes achieved for the women supported, including prime contractors in TR. Social investors would invest money up-front to enable Women's Breakout members to deliver services, including enabling access to support for housing, training, drug and alcohol addiction, and benefits and debt advice. Social investors would only be paid their capital back if instances of reoffending have decreased.

Businesses Employing Ex-offenders

More sustainable business models will continue to develop over time, which may include trading organisations (with a business-to-business or business-to-customer model) that target employment of ex-prisoners, or through delivering services contracted by government. Examples of this include: St Giles Trust, who employ ex-prisoners as peer mentors for those on their programmes, benefitting both the mentors and the mentees; Blue Sky Development, a social enterprise which only employs ex-offenders; and Bristol Together CIC, whose aim is to create meaningful full-time employment for people who have been in prison. These models allow a stable platform of employment from which to break the cycle of offending. As further examples of social investment facilitating positive social impact for this group can be demonstrated, opportunities for social investment will grow.

To a large extent the solutions to the problems within the justice system are found in services which lie outside of the system itself. One of the key challenges for social investors will be to effectively identify these solutions and work with key partners to unlock their potential for impact.

³⁶ Shapland, J et al, *Restorative Justice: The views of victims*, 2007

³⁷ Ibid.

³⁸ Globally, 16% of all SIBs are seeking to tackle recidivism



PRIORITIES FOR BIG SOCIETY CAPITAL

Current Portfolio of Investments

Big Society Capital has made a number of investments which can provide financial for a wide range of outcome areas including justice. Examples of these are shown in the right-hand column.

Please refer to the following website for additional details on our investment portfolio:

www.bigsocietycapital.com/how-we-invest

- The FSE Group's Social Impact Accelerator - £10 million
- Social & Sustainable Capital's Third Sector Loan Fund - £15 million
- LGT Venture Philanthropy's Impact Ventures UK Fund - £10 million
- Charity Bank - £14.5 million

Our priority is to target those opportunities where we believe Big Society Capital may be able to have a particular role in the short to medium term. They seek to take the current environment and latest trends into account, and tie into our underlying mission of developing the social investment market.

- **Proven, scalable, high capital, high impact opportunities:** An example of this includes supporting provision of property. This area is both a constant need for individuals affected by the criminal justice system and is capital intense. The Real Lettings Property Fund [see case study] is one way that this can be addressed. Working with social investors and SSOs to finance the growth of proven organisations who perhaps employ or train ex-prisoners might be another way that this could be achieved. Again, reaching greater financial scale to drive increased social impact is another core tenet of Big Society Capital's strategy.
- **Enabling social investment to play a role in central and local government contracting:** Within a changing procurement and funding landscape there is a need for Big Society Capital to work with providers of social investment and policy makers to ensure SSOs can access the appropriate forms of capital to support their continuing delivery needs. This could be as part of large procurement processes (sometimes with payment by results elements as is the case in TR). It could also be in capitalising intermediaries to support at the sub-contracting level or within more local tendering processes which will have an impact on ex-prisoners.
- **Supporting innovation and early intervention through outcomes-based financing:** Big Society Capital will continue to provide support and focus in this area within the criminal justice sector. Given the experience to date demonstrating the cashable savings linked to improved outcomes (for example the cost of an individual being in prison versus not being in prison) this could prove a high impact area and we are committed to helping prove these models. Big Society Capital is well-positioned to foster such innovation through both its wider engagement with many of the main stakeholders, (including with delivery organisations and commissioners in government organisations, prime contractors, or other commissioning bodies more broadly) and through its deployment of capital. This theme also resonates strongly with a key part of Big Society Capital's 2014–2017 Strategy³⁹.

The above list is not exhaustive so if you have an enquiry about whether a potential investment is eligible for investment please contact us through the enquiries form on our website at www.bigsocietycapital.com

Please note that Big Society Capital is a social investment wholesaler, which means we can only invest via social investment finance intermediaries.

³⁹ <http://www.bigsocietycapital.com/sites/default/files/Strategy%20v5.pdf>



CASE STUDIES

The One* Service, Peterborough Social Impact Bond

Pilot programme offering comprehensive and individual support to prisoners to help them stop reoffending on release from prison

Social Finance launched the Peterborough Social Impact Bond in 2010, supported by seventeen foundations, who committed to invest £5 million. The strong support by foundations with a mission that encompasses reducing reoffending was a unique feature of this project.

Social Finance set up the One* Service, combining the expertise of delivery organisations including St Giles Trust, Sova, Ormiston Families, YMCA and, MIND to provide housing, family, health, employment and training support to offenders with <12m sentences who previously received no statutory support.

Designed as a seven-year pilot to test the premise that offering comprehensive and individual support would help prisoners stay out of prison and build a new life following release from custody.

This SIB is a form of payment by results in which funding from investors pays organisations to deliver interventions up-front to improve social outcomes. If the interventions succeed in improving outcomes, savings to government and wider benefits to society should follow. The government agrees to pay a proportion of these savings back to the investors. If outcomes do not improve, investors do not receive a return on their investment. The effect is to closely align the social and financial returns.

The initial results published in summer 2014 showed good reduction in reoffending versus the baseline control group of 8.4%, and show investors would be on track to receive repayment by 2016. However, the launch of TR has interrupted the pilot and so its full effect will not be known.

“The SIB provides funding for 3,000 short-sentenced prisoners over six years. This allows the project time to become part of the local landscape and be recognised by clients and providers, creating a catalyst from which mutually beneficial partnerships can be formed to reduce reoffending in our community. The SIB structure provides freedom from silo thinking and freedom from meaningless outputs.” Janette Powell, Director the One* Service (Social Finance)

Beyond Youth CIC, Chance 2 Change Programme

Supporting offenders to lead positive lives

Beyond Youth was set up to give support to offenders to enable them to lead positive, fulfilling lives.

Beyond Youth provides a higher standard of therapeutic intervention through the delivery of the Chance 2 Change (C2C) programme. The programme treats patterns of behaviour and attitude as an addiction and helps prisoners understand why they are in the cycle, setting them up to succeed.

The programme has been extremely successful, producing non-reconviction results of around 75%, three times that of the national average.

Beyond Youth was a Big Venture Challenge winner and raised social investment in the form of a loan from CAF Venturesome to help develop the infrastructure and build the capacity the organisation needed to grow. The social investment was matched with grant funding from Big Lottery.

Beyond Youth CIC has launched an ambitious social franchising model to scale the programme. The recent TR contract results will give Beyond Youth a platform as sub-contractors to roll C2C out to many more people who can benefit from it and help the organisation achieve financial sustainability.

“The loan from CAF Venturesome was the right investment at the right time. While the grant funding has been critical to support the delivery of our programmes and to prove the interventions are effective, the social investment was vital to help us prepare for the organisation’s next steps.” Emma Morris, CEO Beyond Youth CIC

“I have learnt a lot and feel I have changed as a person, that my behaviour has improved and I am planning to keep it up when I am released. I am not coming back to jail.” Participant, Chance 2 Change



The information and opinions in this report were prepared by Christine Chang, Investment Director, and James Burrows, Investment Associate, on behalf of Big Society Capital.

Titles available in the Social Investment Insights Series

Growing Social Enterprise Through the Holding Company Model: Groupe SOS (June 2014)

Social Impact Bonds: Lessons Learned (June 2014)

Growing the Market for Charity Bonds (July 2014)

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