

Exploring & delivering opportunities through Social Finance

Nick Parker
Vestia Community Trust



- Vestia Families
- LankellyChase & Promoting Change Network
- Cashable Savings
- A new model?
- Issues



History of Vestia Families

- ‘Silo’ services fail needs of families with multiple problems/sanctions
- Worcestershire FIP (2008)
(Partnership 5 Housing Associations, Supporting People, Children Services, Police, Youth Offending & Worcester Diocese)
- Key Worker approach
- Vestia Families current contracts
 - Wyre Forest Early Help (Consortium)
 - Stronger Families (With Core Assets)
 - Improving Futures (Big Lottery)



Happy family; Kim Robertson

LankellyChase

Promoting Change Network

- Bring about change that will transform the quality of life of people who face **severe and multiple disadvantage**
- Promoting Change Network
- Use of endowment differently – Social Finance



Worcestershire Project



Sponsor PhD Student University of Worcester

- Literature review of existing research and reviews of Social Finance/Social Impact Bonds
- Shape actual PhD

Research

- Identify the cashable savings for range of organisations (health, housing, children & adult services)
- Quantify those savings from existing work with families
- Measure outcomes for families from current approach (FIP)

Partners

- Support research with data
- Use research to explore jointly commissioned 'payment from savings' service
- Vestia pilot Social Finance investment in service

Cashable Savings – where are they?

Organisation	Actual	Pop. Basis	Difference
	£,000		
DWP: Job Seekers & Income Support	1,860	643	189%
Department Work & Pensions Other	8,838	8,830	0
HMRC - Child & Work. Fam. Tax Credits	2,454	1,586	55%
HMRC - Child Benefit & Child Trust Fund	1,161	951	22%
WCC - Adult & Community Services	2,971	1,756	69%
WCC - Children's Services - Schools	5,026	2,906	73%
WCC - Children's Services - Other	3,213	1,357	137%
WCC - Other	3,027	2,367	72%
WFDC - Housing & Council Tax Benefits	2,944	1,622	81%
WFDC - Other Expenditure	1,660	1,459	14%
National Health Service	8,060	7,831	3%
Hereford & Worcester Fire & Rescue	553	240	130%
Criminal Justice	3,624	1,830	98%
Totals	45,697	33,756	35%

Total Government spending in an area of deprivation 2008/09
(Oldington & Foley Park Ward - Total Place)

Cashable Savings – where are they?

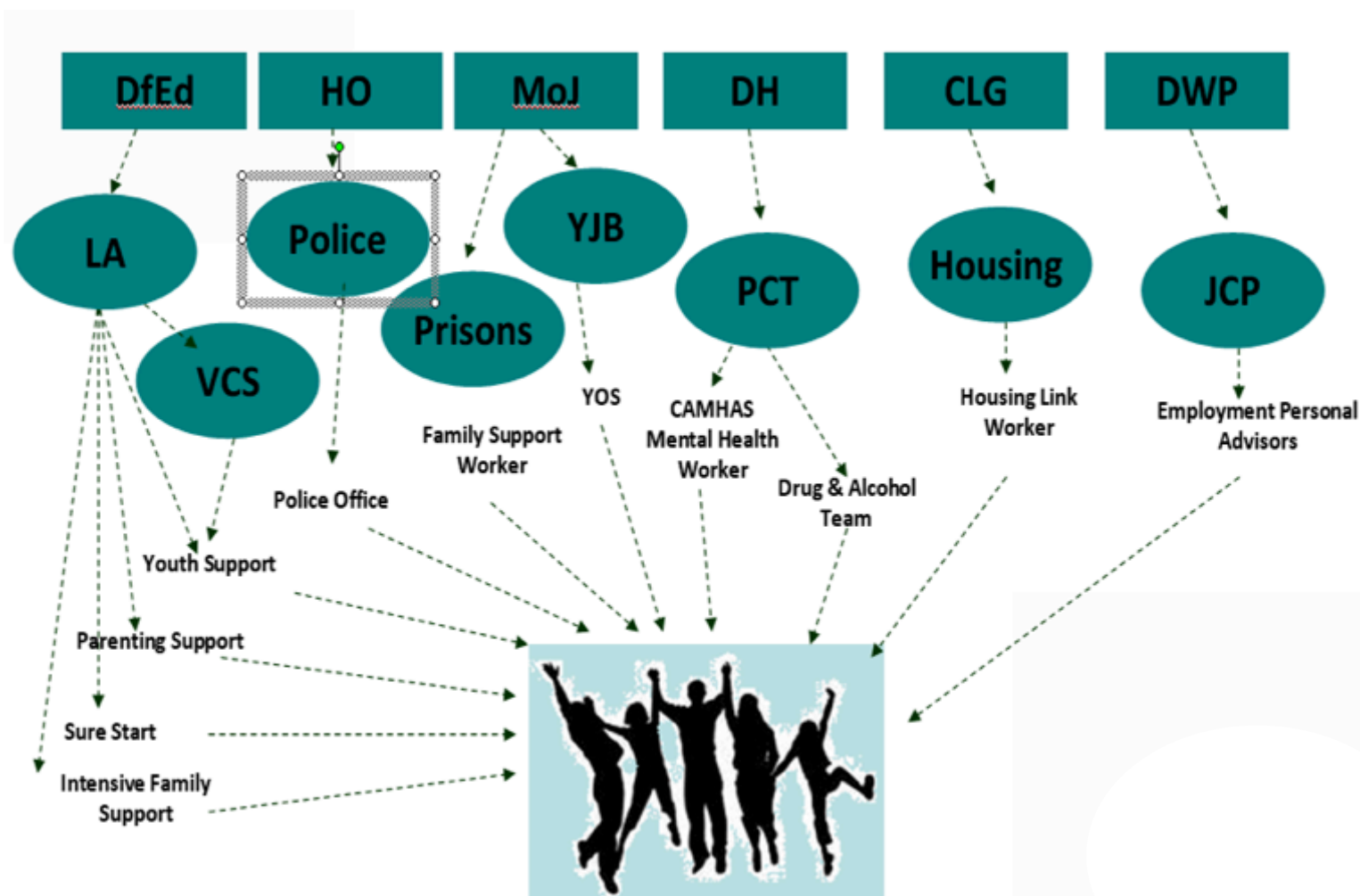
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WCC Children Services

Period 2008/09 (£,000)		
	Actual	Pop. basis
School Budgets		
Schools Formula Budgets	5,026	2,906
Raising Achievement & Access to Learning	264	153
Integrated Services	159	32
Integrated Services for Looked After Children:		
Children Looked After	1,316	175
Children in Need	284	57

What that looks like for the customer



Illustrative example

What if:

- We had 5 Key Workers
- With a caseload of 8 families
- Achieved a success rate 70%
- Generating cashable saving of £20k per family

Illustrative example

£ ,000	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Total
New Service							
Total costs	470	400	412	425	438	450	2,595
Savings	0	420	560	560	560	560	2,660
Funded By:							
Investors	470	100					570
Savings		300	412	425	438	450	2,025
Total	470	400	560	560	560	560	2,595
Saving Profile							
Recycled to fund Service		300	412	425	438	450	2,025
Investor Return		120	148	135	122	110	635
Total	0	420	560	560	560	560	2,660

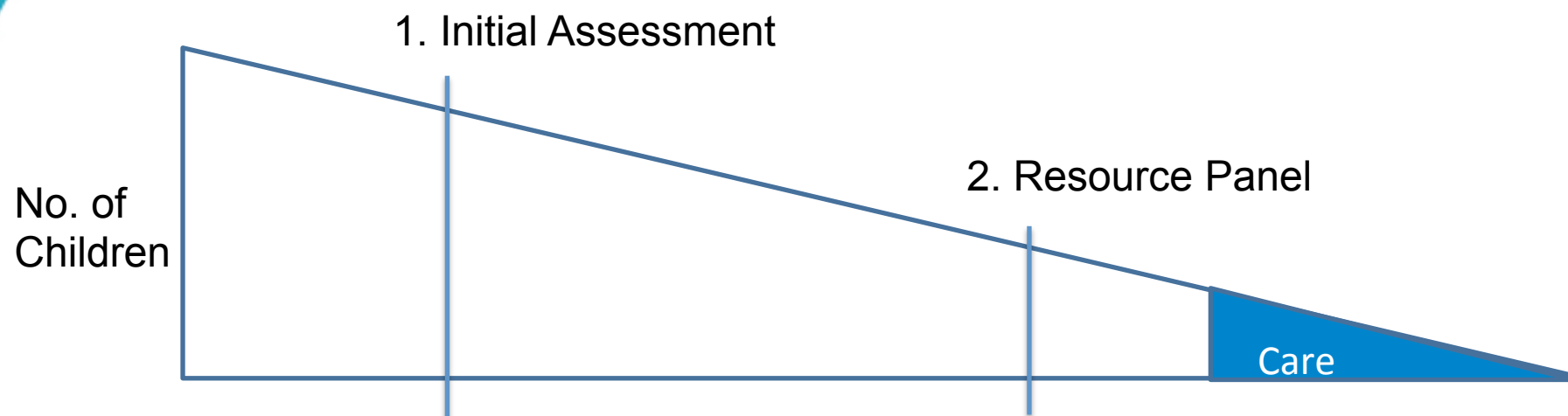
Issues

- **Technicalities**
 - Getting them financial model right V service redesign
 - Evidence based interventions (scarcity for complex & multiple social cases)
 - Where is the service user voice?
 - Lack of flexibility (things change)
 - Invisible costs (set up, legal, systems, governance)
- **Measurement**
 - Random Control Group?
 - Beyond usual requirements (costs /experience)

Issues

- Who gets contracts; national or smaller VCISO?
- SIBsreliant on Lottery & Cabinet Office?
- Earlier is better...but challenging
- Who pays (need for joint commissioned)
- But when we get it right – the prize is huge

Early intervention?

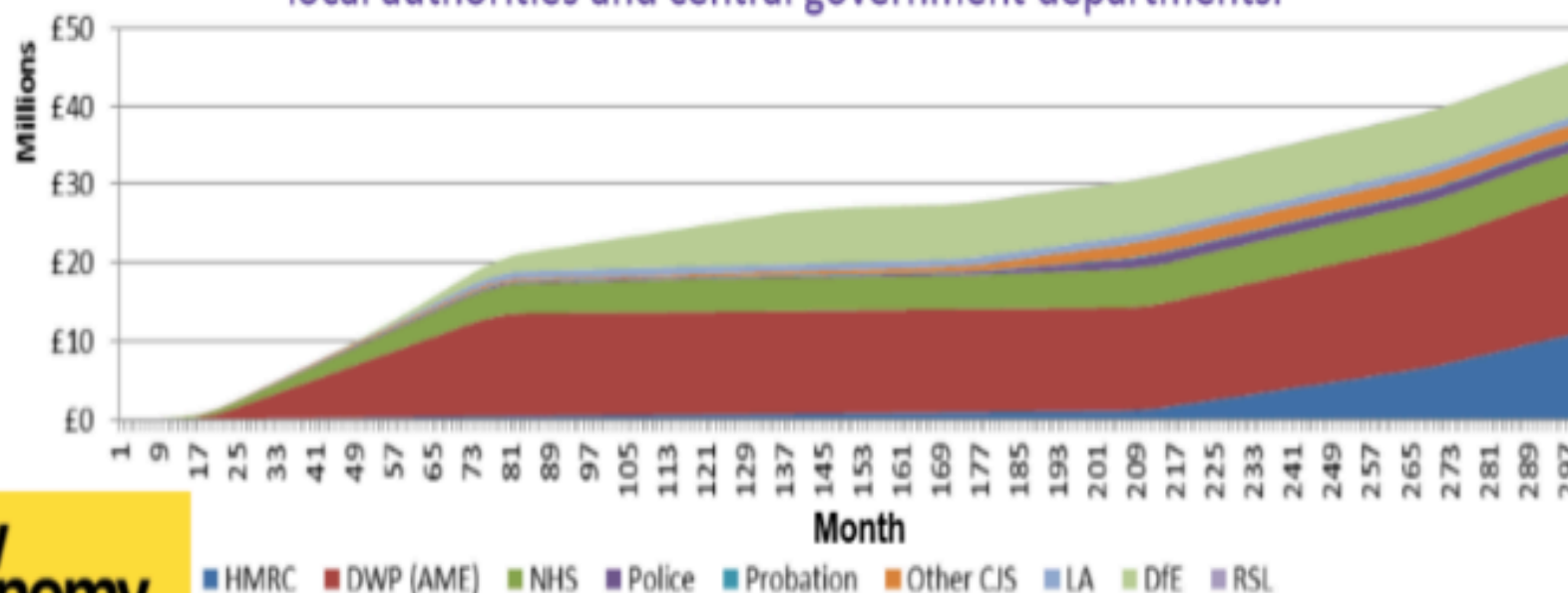


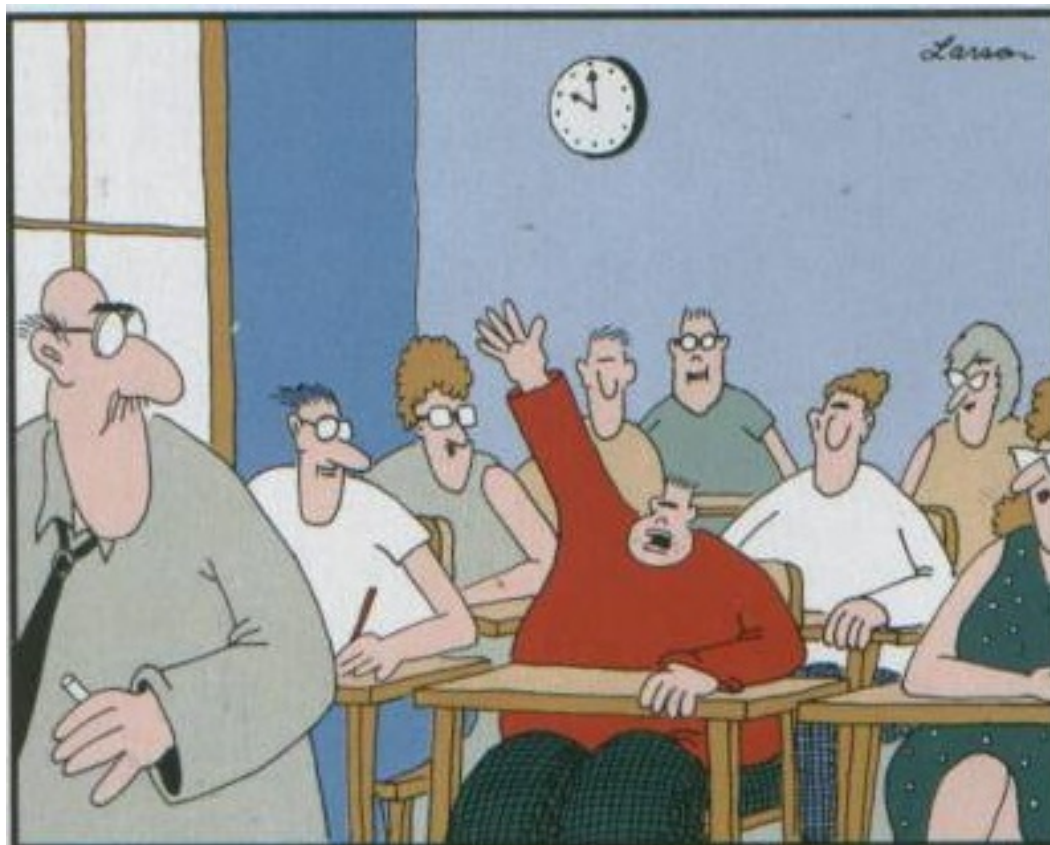
Referral Point	Cost of Care Journey (A)	% chance of entering care (B)	Expected saving (A * B)
1 Initial Assessment	£200K	10%	£20k
2 Resource Panel	£200k	75%	£150k

Who pays?

Cumulative Gross Savings Apportionment (Agencies)

The cumulative gross savings shows the timing of savings and the splits between local authorities and central government departments.





Mr Sykes, may I be excused?
My brain is full.