London Rough Sleepers (Thames Reach)

The challenge

Over half of all rough sleepers in the UK are based in London. The capital is unique in the UK, and possibly the world, however, in having a comprehensive database (CHAIN) which records when individuals are seen sleeping rough on the streets and when they enter and leave hostel accommodation, along with data on support needs, nationality, and age. Evidence from CHAIN shows that about 1/6 of rough sleepers account for almost half of all recorded rough sleeping and suggests that despite a range of existing services for London rough sleepers, provided by the London boroughs, the Greater London Authority (GLA), and the voluntary, community and social enterprise (VCSE) sector, outcomes for this group of vulnerable individuals have remained consistently poor over a number of years. Their support needs often relate to drug and alcohol abuse, and mental health illnesses.

The solution

In 2012 the Greater London Authority in partnership with the Ministry for Housing, Communities and Local Government (then DCLG) commissioned two social impact bonds to reduce rough sleeping among a cohort of 830 entrenched rough sleepers (divided into two cohort of 415 individuals). Thames Reach was one of the two charity organisations selected to deliver one of the SIBs, following a competitive bidding process.

The ‘Navigator’ model was at the heart of the intervention delivered by Thames Reach. It provided a holistic, tailored approach to supporting the complex individual needs of the members of the cohort. The SIB provided an opportunity to test the model, which was based on features of effective practice rather than a defined intervention that had been proven elsewhere with entrenched rough sleepers.

The programme aimed to get people off the streets and into stable accommodation, thereby increasing prospects of employment or training, and stabilising health. Participants had individual intervention plans, personalised budgets, and personal navigators responsible for connecting them with the most appropriate programmes for their circumstances. In comparison to existing services, the approach was much more flexible and provided a more focused, longer-term relationship with a single advocate.

The impact

At the end of the project, of the 415 people supported:

- 67 only remained on the street, with most people moving to temporary or settled accommodation
- 47 have been assisted to return home
- 82 have been able to sustain their accommodation for at least one year
- 30 have successfully taken up employment or volunteering opportunities

Despite these successes, the project failed to reduce rough sleeping below the modelled baseline used in the SIB design. The impact evaluation of the SIB showed that despite rough sleeping targets not being met, the SIB had a significant positive impact on rough sleeping over the first two years of the programme.

Read more

Target population
415 persistent rough sleepers

**Commissioners**
Greater London Authority & Ministry of Housing, Communities and Local Government

**Provider**
Thames Reach

**Investors**
Big Issue Invest, Department of Health and Social Enterprise Investment Fund, Thames Reach

**Intermediary**
Social Finance (advisory role to GLA - project feasibility & design)

**Launch date**
2012

**Duration**
3 years

**Capital raised**
£1.2m

**Overall cost**
£2.5m

**Outcomes framework**
There were five paid outcomes.

*Primary outcomes*

• Reduction in numbers sleeping rough, as recorded by street outreach teams against a historical baseline

• Move to settled accommodation (not a hostel), with payment if accommodation was secured, and sustained for 12, and 18 consecutive months

*Secondary outcomes*

• Reconnections with home country

• Employment or training

• Reduction in visits to A&E;
The SIB was structured by five outcomes, with proportions of overall payment allocated to the reflect priorities given to the outcomes and how the outcomes are interlinked. For example, inherent in the design of the SIB intervention and associated metrics is the rationale that health and wellbeing is expected to improve through the holistic support provided to clients. Achieving stable accommodation for the cohort, which is sustained over time, is central and these outcomes were allocated the greatest proportion of payments (40%), providing the greatest financial incentive.

*Source: Qualitative Evaluation of the London Homelessness SIB, Final Report Executive Summary, 2017*

**Timeline**

**2011**

DCLG starts exploring use of Payment by Results and Social Impact Bonds as a potential way to provide support services for rough sleepers in London

**2011**

An in-depth feasibility study is conducted, including consultation with a wide range of stakeholders and a review to identify an effective intervention model. The review identified the key features of an effective intervention: a ‘Navigator’ model

**2012**

Competitive Dialogue process undertaken to appoint providers

**2012**

Investor engagement & in-principle agreement secured

**2012**

Contracts issued to two providers; agreement from investors secured; due diligence by investors; final contracts agreed

**November 2012**

Delivery starts

**October 2015**

Programme concludes

**Project insights**

**Risk sharing for investors and the provider**

Thames Reach covered the upfront costs of the SIB through funding from the Department of Health Social Enterprise Investment Fund (DH SEIF) (unsecured loan), Big Issue Invest (secured loan) and contributions from their own reserves. In addition, the Monument Trust provided a grant that was not subject to repayment. The investors (Big Issue Invest and DH SEIF) were repaid on a quarterly basis with fixed interest rates with payments commencing within the first year of operations. These repayments were not based on outcomes achievement, so unlike under a conventionally-funded SIB, as long as Thames Reach did not default on its loans, investors did not assume any degree of risk if the project failed. Big Issue Invest also received a percentage of
outcomes paid in addition to its loan repayments with interest, so had the potential to share in the outcomes payments received from the GLA.

Thames Reach assumed the direct financial risks of low performance. The organisation chose to use this approach (a direct provider model) to minimise the transaction costs associated with establishing a SIB contract. This also meant that if successful, Thames Reach would gain substantial surpluses from the outcomes payments from the GLA (funded by MHCLG), after repaying the two investor loans, to put toward other programmes.

As part of the loan agreement with Big Issue Invest, the investor was given observer status on the Thames Reach Board, and this relationship in particular progressed in a manner that has become a long-term partnership and, as Thames Reach explain in a note reflecting on their key areas of learning from the SIB, the organisation greatly valued the support provided by the investors within the framework of accountability in delivering on the outcomes.

Source: PIRU Evaluation of the SIB Trailblazers, 2018

Understanding the target cohort

One of the main learnings derived by Thames Reach from their SIB experience was the need to fully understand the cohort against which the outcome targets are set.

This view is echoed in the final evaluation of the SIB, which argues that in SIB or PbR contracts, careful consideration should be given to the cohort defined. In this SIB, the cohort was broad and heterogenous, and a more tightly defined cohort could focus support solely on the most entrenched. While the Navigator intervention model is effective in supporting rough sleepers, for the most entrenched rough sleepers, three years might not be sufficient to achieve sustained outcomes.


The impact of external factors on SIB performance

The final qualitative evaluation of the SIB highlighted the importance of external, contextual factors in the performance of the SIB. The availability of appropriate accommodation was a key factor in supporting the cohort to stable tenancies. The lack of appropriate housing outside of hotels, single bed flats, and supported housing for those with high levels of complex needs were particular gaps in provision. The changes to benefit entitlement that took place during the SIB as part of the government's welfare reform agenda was another factor. The complexities of the benefits system, including appeals, took a significant amount of Navigator resource to address, limiting the time for other activities. The availability of specialist provision was also highlighted throughout the three years of the evaluation as the key challenge in addressing clients' health and wellbeing needs.


End of programme planning

Exit plans

Both the provider and wider stakeholders involved in the project highlighted that a key issue for the final year to be the development of exit strategies for individual clients so that when the contract ends, appropriate support is in place. Although the level of support provided by the service was tailored to the client and aimed to build capacity for independent, stable living there was a risk for clients who had required up to three years of intensive key worker support once this comes to an end. Investors shared a concern in relation to the sustainability of the outcomes achieved by the SIB. They highlighted that there were no plans to mainstream an intervention for the cohort and
others with their characteristics, by the commissioners, following the end of the SIB.

**Staff retention**

Another key challenge identified by the interim evaluation of the SIB was around how to maintain support until the end of the contract for staff on fixed-term contracts. Navigators were employed to work on the SIB and as the project neared its end they began to look for their next opportunity, within or outside of their host organisations. This may impact on the ability of the provider to deliver outcomes to the end of the contract.

*Source: Qualitative evaluation of the London homelessness SIB, Second interim report, 2015*

**References**

- PIRU Evaluation of the SIB Trailblazers, 2018
- The impact evaluation of the London Homelessness SIB, 2017
- Qualitative evaluation of the London homelessness SIB, Second interim report, 2015
- Qualitative evaluation of the London homelessness SIB: first interim report, 2014
- Thames Reach SIB for entrenched rough sleepers: Key areas of learning

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