

Market Sounding: Tackling Homelessness

Office of Social Impact Investment
May 2018

Agenda

- 1 Welcome and Introduction**
- 2 Social Impact Investment Update**
- 3 Homelessness Policy Context**
- 4 SII Development Guidance**
- 5 Questions**

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Future SII
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SII Summary

NSW remains a market leader in social impact investment (SII)



SII has operated in NSW since 2011. The Office of Social Impact Investment (OSII) and the Government Social Impact Investment Policy were launched in 2015.

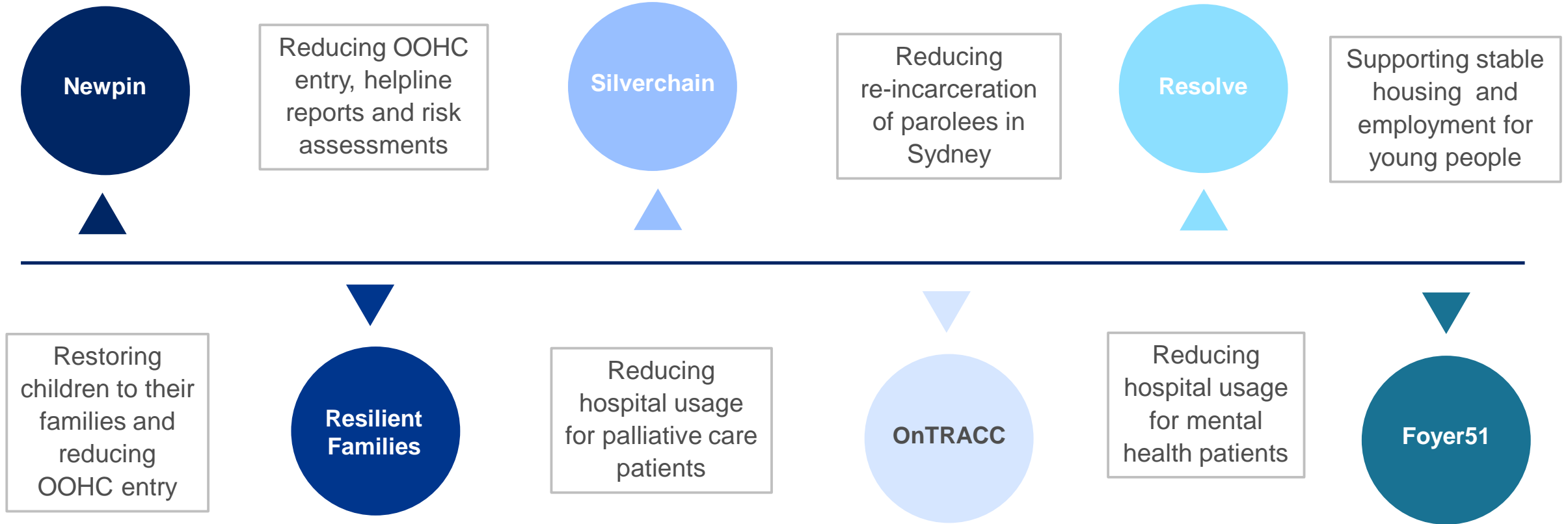
OSII has worked with hundreds of NGOs, private investors, and intermediaries to develop market capacity, test innovative services and build evidence of what works.

Six NSW investments valued at over \$200 million and are supporting better services for 16,000 people and families in NSW.

NSW chairs the Interjurisdictional Network on Social Impact Investment (comprising the Commonwealth and all States and Territories).

NSW SII Portfolio

Investments in a broad and diverse range of human services



Australian and Global Markets

Growth continues in SII markets domestically and globally

SII IN AUSTRALIA



4 states with
government-initiated SII

\$38.7 million

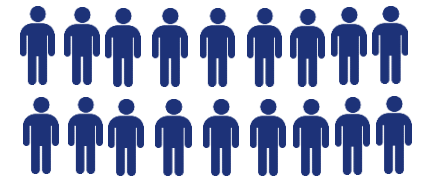
Commonwealth SII funding

\$32 billion

in projected market value by
2022



SII GLOBALLY



108 SIBs, raising \$398 million
capital, touching 738,671 lives

**\$500 billion
to \$1 trillion**

potential market value this decade

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Market Development Challenges

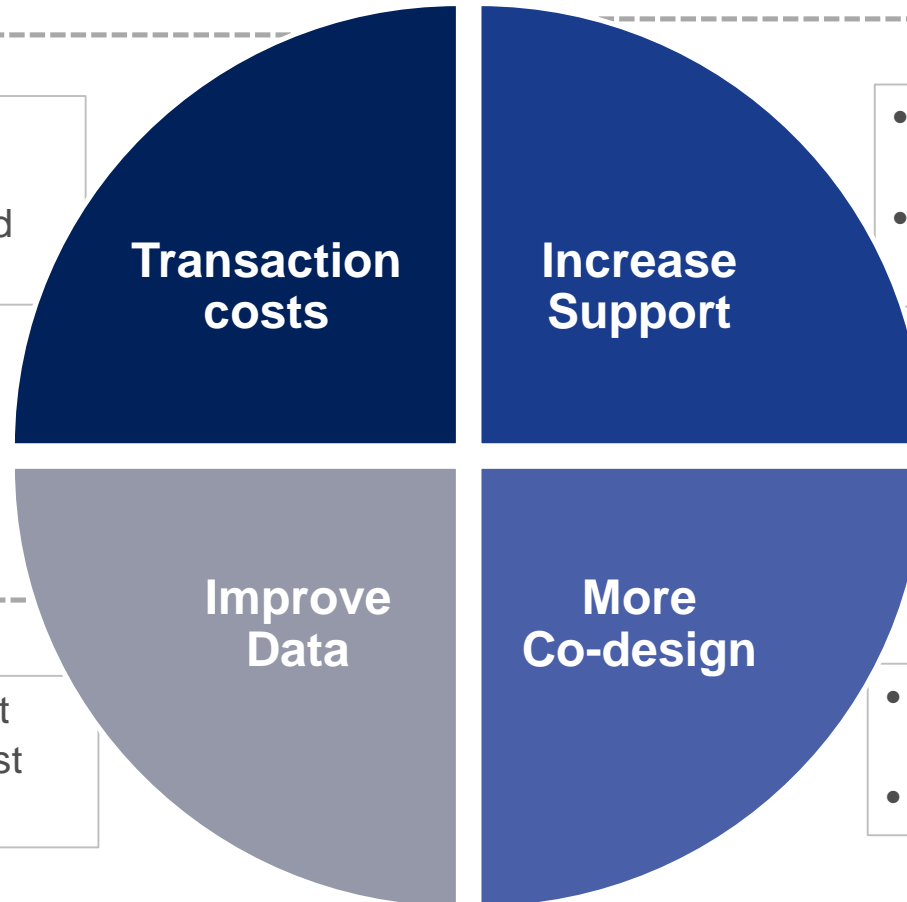
OSII has sought feedback from proponents, investors, agencies and intermediaries



- A need to reduce complexity in the development of SII
- Significant proponent resources required
- Need to reach scale



- Need for more capacity building activities, including regional areas
- Lack of modelling support and need for more online resources



- A lack of data for proposal development
- Limited availability of outcomes and cost data



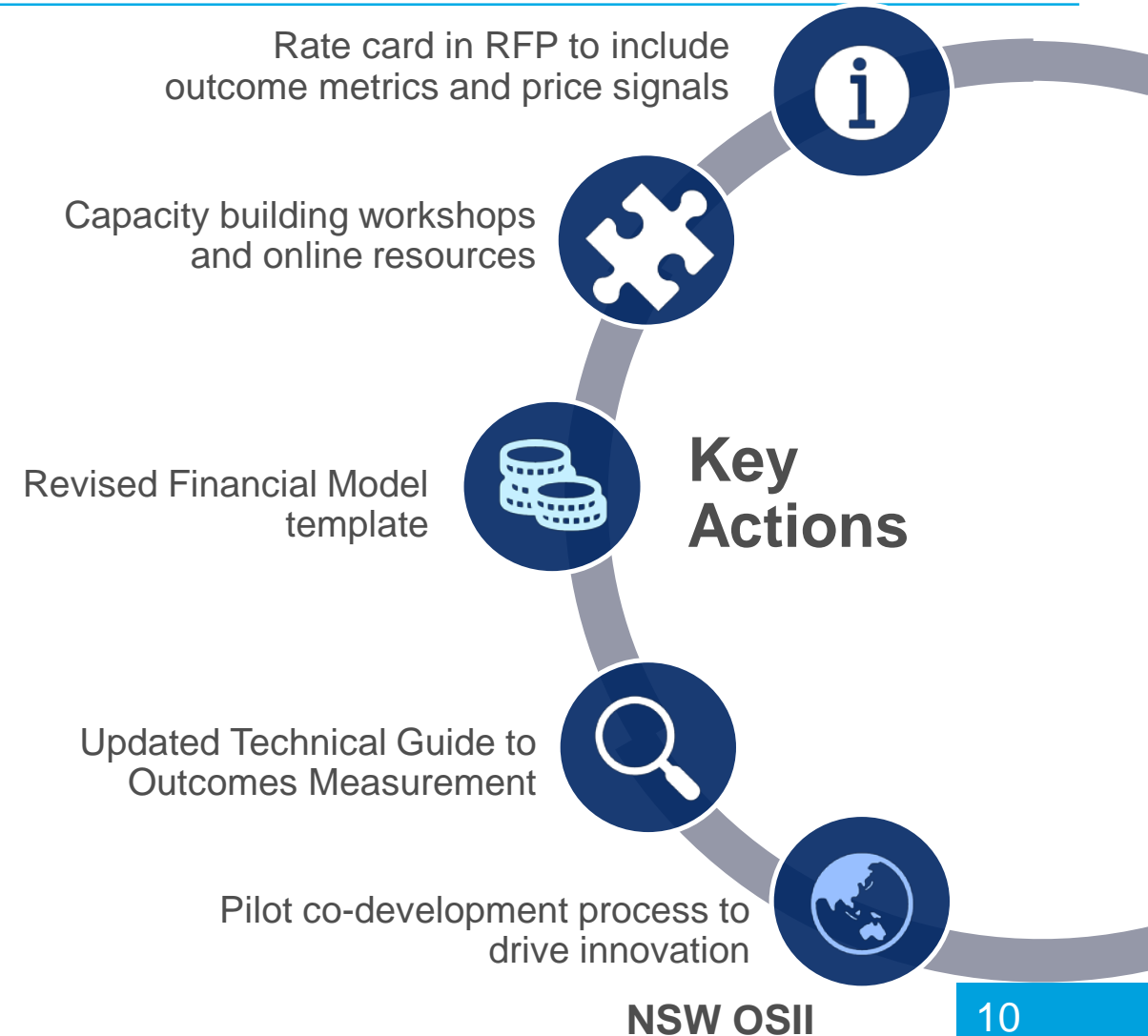
- Need for more co-development opportunities
- Calls for earlier feedback

Market Development Strategy

NSW has developed a strategy to address this feedback

OSII's Market Development Strategy aims to:

- streamline processes
- develop capacity
- scale investments to achieve greater impact



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Future SII
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Future SII RFP Opportunities

NSW has identified five priority policy areas for SII



Juvenile justice



Family and
domestic
violence



Homelessness



Place-based
economic
development



Female
offending

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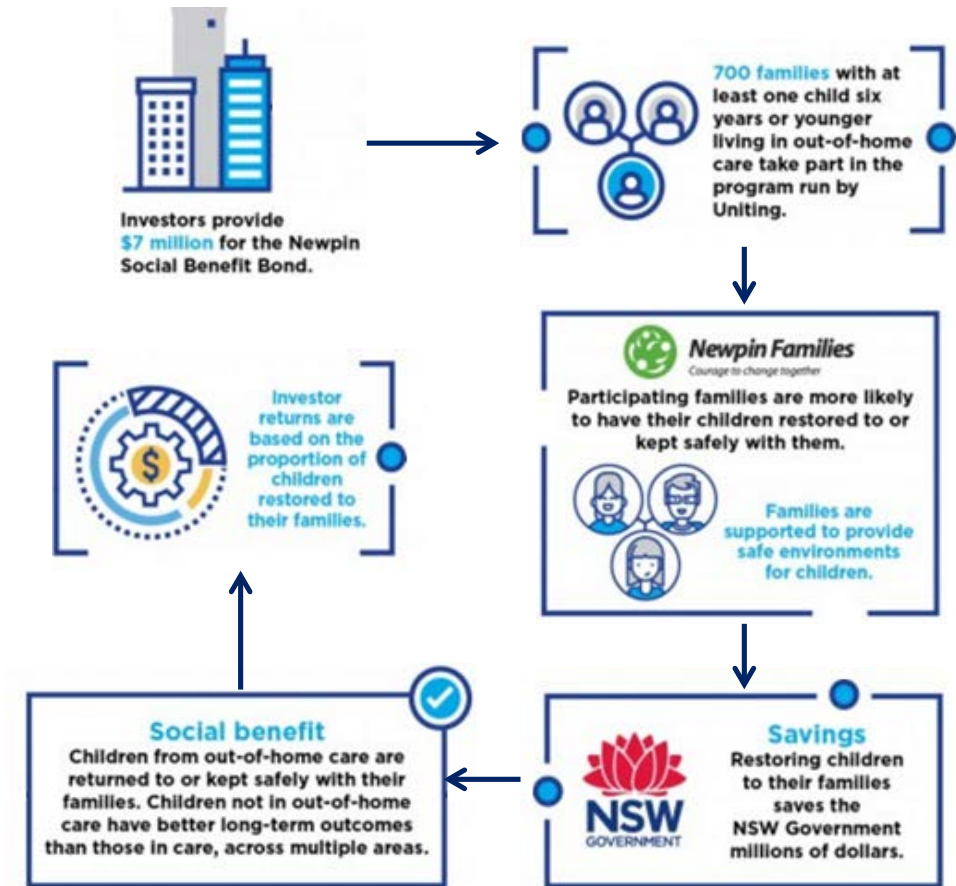
Social Impact Investment

SII involves investors, providers and agencies work together to improve outcomes

- Investors provide upfront funding for services and take on financial risk of outcomes achievement
- Investors include: superannuation funds, banks, foundations, and HNWI's

- Providers deliver services and are free of input controls and restrictive service specification
- Providers include: Uniting, Benevolent Society, ACSO, Arbias, Flourish, Silverchain, St George Community Housing

- Agencies pay for outcomes achieved, driven by savings associated with improved outcomes
- Agencies include: FACS, MoH and Correction Services NSW



Example: Newpin SBB

Key Attributes

Distinct features of social impact investments include:



Outcomes

Measuring and paying for outcomes



Innovation

Setting incentives and removing input controls on services



Partnerships

Sharing risks and benefits across sectors

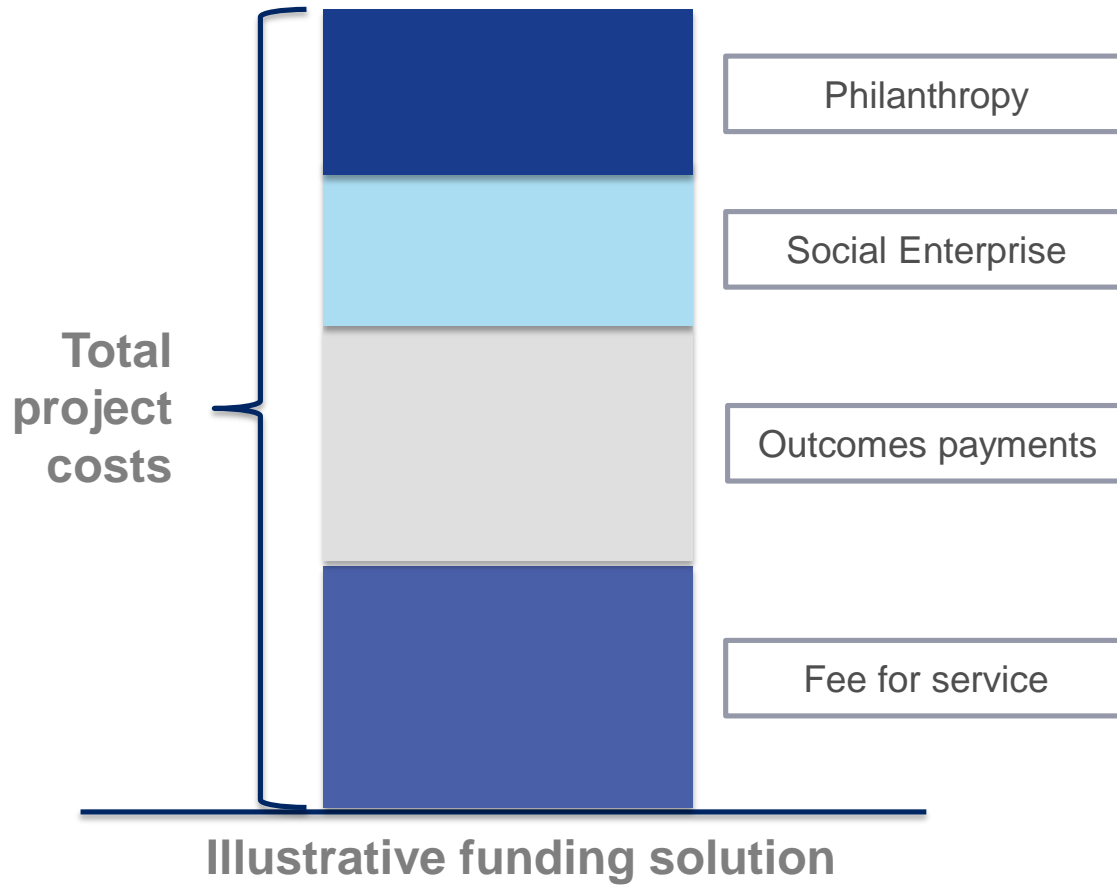


Investment

Shifting spend away from high cost acute services to prevention

Innovative funding partnerships

OSII is interested to explore innovative partnerships across sectors



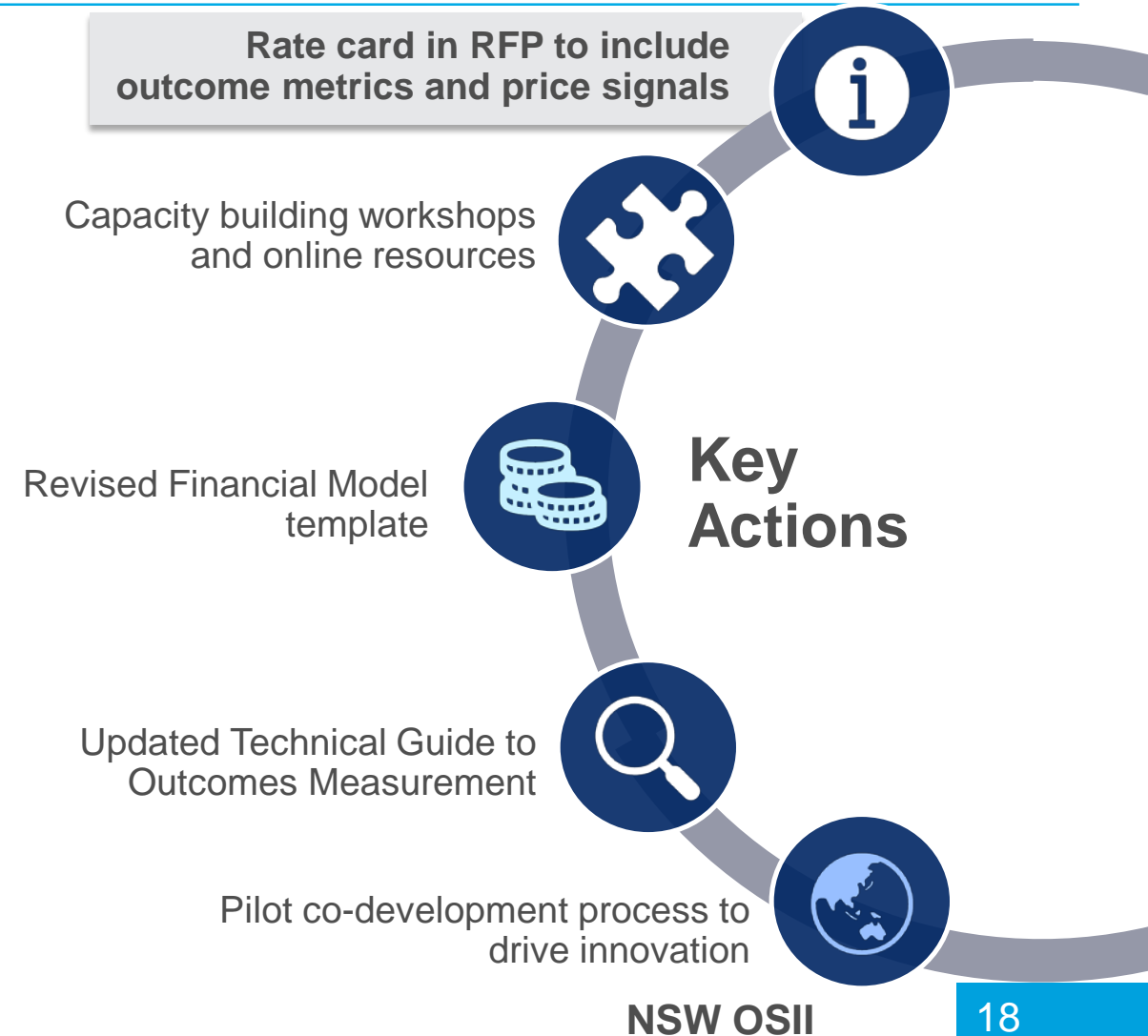
- Impact investment is one tool in the funding toolkit
- Funding sources can be combined to augment the total funding available
- There is interest from philanthropy in working alongside Government
- OSII is interested to explore innovative partnerships

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Outcomes Rate Card

OSII will be trialling an outcomes rate card approach to the next RFP

What is a Rate Card?

An outcomes rate card is a list of **outcomes** that government seeks to achieve and a **price** government is willing to pay for each outcome.

Example Rate Card		Potential Design Features
Outcome for LSIR-High Offender	Rate	Cohort definition
6 months without offence	\$\$\$	Primary outcomes
1 year without offence	\$\$	
2 years without offence	\$\$	
3 years without offence	\$\$	
Six months sustained accommodation	\$	Secondary outcomes
18 months sustained accommodation	\$	
Diploma or higher educational attainment	\$	
Four weeks sustained employment	\$	
26 weeks sustained employment	\$	Individual maximum
Maximum per individual	\$\$\$\$	

Outcomes Rate Card

The outcomes rate card aims to address previous market feedback on the RFP process

Why an outcomes rate card?

The rate card addresses market feedback in several key ways:



Sending a clear market signal as to the range of outcomes sought and the price Government is willing to pay.



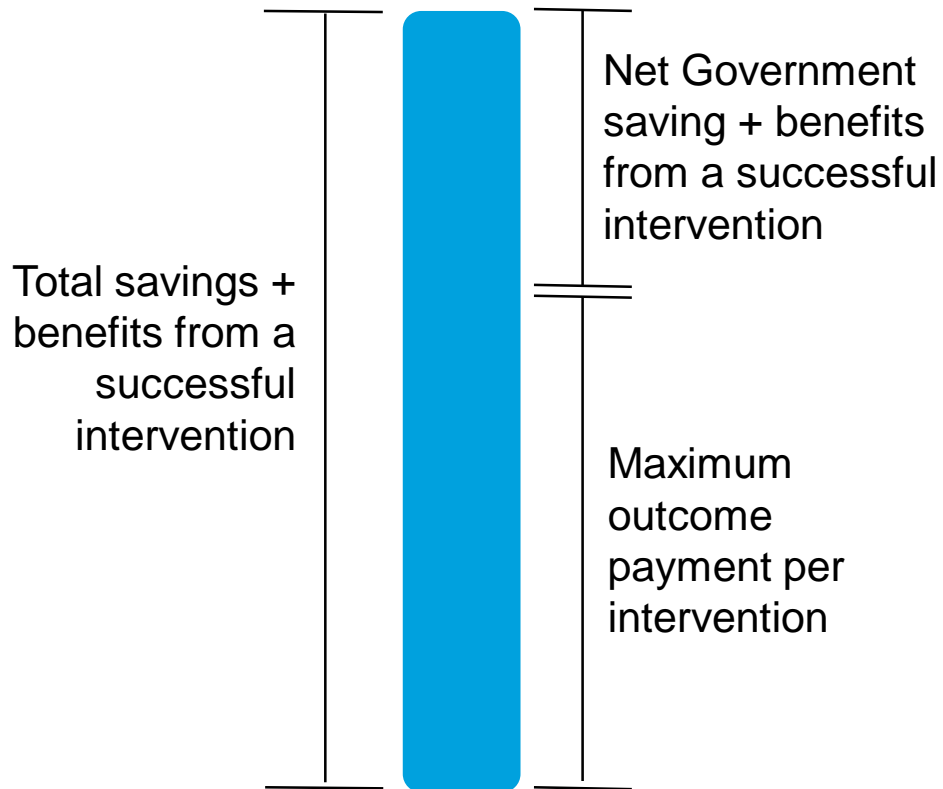
Streamlining the investment process by simplifying measurement, providing more data up-front and standardising some aspects of the investments.



Reducing the cost of capital through paying outcomes at intervals and enabling a quicker cycling of capital.

Outcomes Rate Card

Rates are calculated to align the interests of Government and providers



- Detailed data analysis underpins the development of a rate card
- A rate card acknowledges Government's better visibility of savings
- Rates are determined to ensure:
 - Economic rationale for Government
 - Commercial viability for providers

Outcomes Rate Card

A homelessness rate card could include a range of associated outcomes

What could a Homelessness Outcomes Rate Card include?

Illustrative only:

Achievement of stable housing	Improved education / employment	Reduction in re-incarceration	Improved well being
<ul style="list-style-type: none">• 6 / 12 / 24 sustained accommodation• Entry into / 6 months sustained independent housing	<ul style="list-style-type: none">• Completion of recognised vocational or job-readiness training• Sustained employment (3 / 6 / 12 months)• Engagement in structured activity, including mentoring, work experience, internship, volunteering.	<ul style="list-style-type: none">• Reduction in re-incarceration rate 12 / 24 months from release	<ul style="list-style-type: none">• Improved wellbeing / resilience using a validated measurement tool

Outcomes Rate Card

OSII will guide the market the use of a homelessness rate card

OSII has developed a number of tools and resources to assist proponents use a rate card:



**Market sounding
and survey**

- Provide an opportunity for feedback on draft metrics and rates



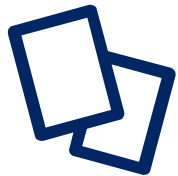
**Financial model
template**

- Optional tool will be aligned to the rate card metrics



Appendix to RFP

- Detailed information on the issue and how to apply the rate card



**Technical Guide to
Measurement**

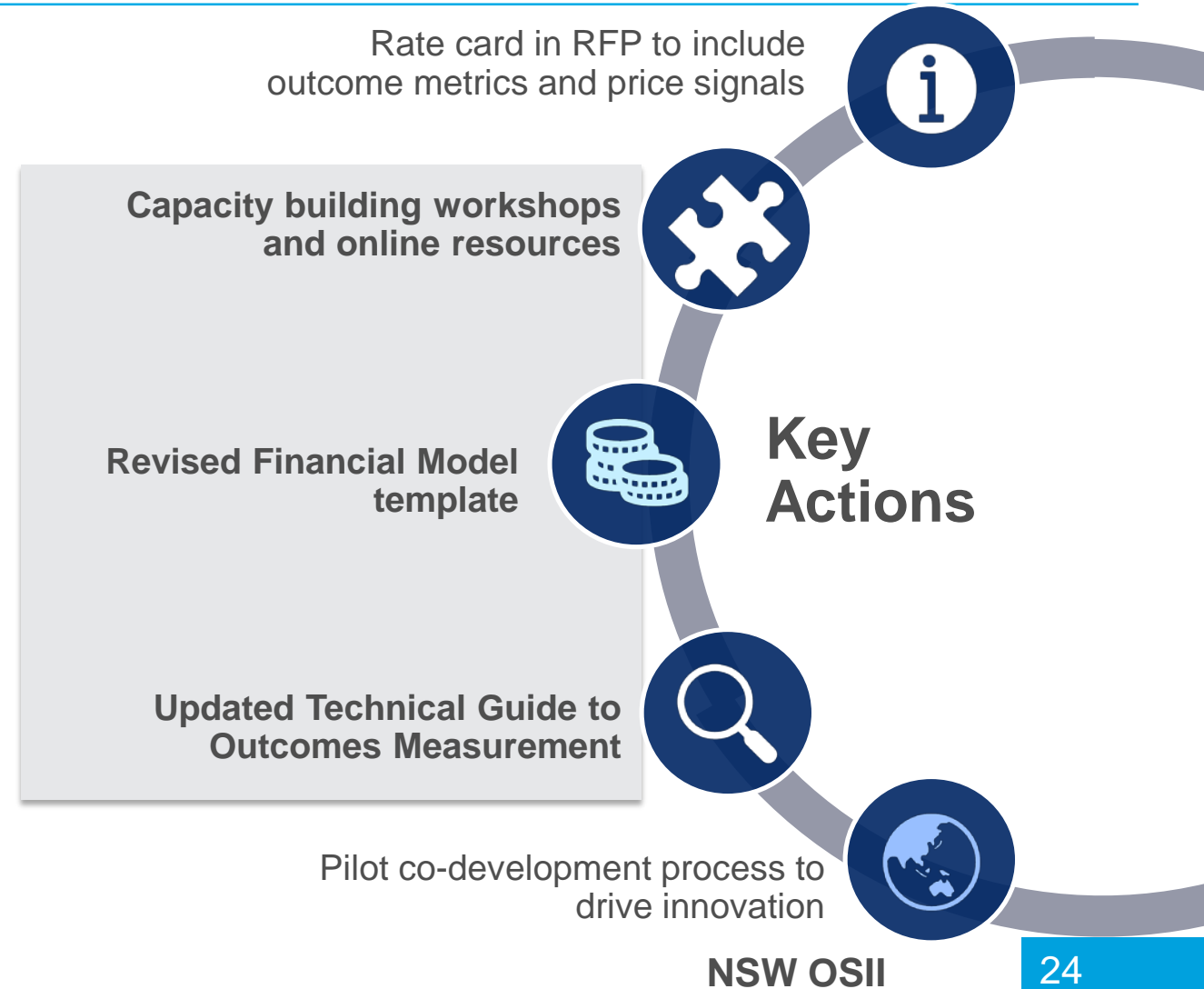
- Updated resource to reflect a range of measurement options

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RFP Questions and Evaluation

The RFP process seeks to identify high potential ideas that will deliver better outcomes

Proposals will be required to respond to a set of questions, including:

- Target cohort
- Proposed service
- Additionality / scalability
- Target outcomes and measurement
- Evidence
- Organisational Capacity / Skills
- Financial Assessment

Indicative Only

Evaluation criteria	Weighting
Demonstrates social impact in the chosen policy area <ul style="list-style-type: none">• Measurable individual or community social benefits will be delivered	Pass / fail
Service offering <ul style="list-style-type: none">• Clearly defined target cohort• Well developed service model and partnerships• Clear articulation of additionality and innovation	25%
Outcomes <ul style="list-style-type: none">• Appropriate outcomes and metrics• A robust, accessible data source• Appropriate change in outcomes• Appropriate evidence to support change in outcomes• Appropriate consideration of non-financial outcomes	25%
Likely to achieve outcomes <ul style="list-style-type: none">• Organisational capacity / skills	25%
Financial assessment <ul style="list-style-type: none">• Financial viability• Value proposition to various stakeholders• Availability of funding	25%

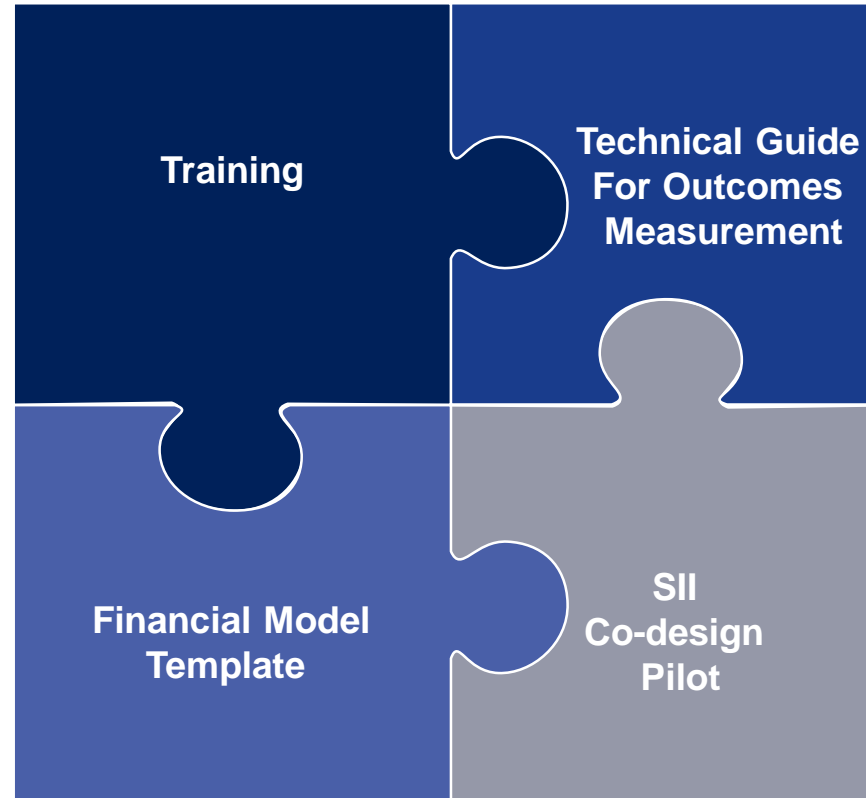
Capacity Building

OSII will provide a range of opportunities and resources to support proponents

OSII will host

- rate card feedback sessions
- capacity building sessions
- financial modelling training
- online modules.

Supports proponents to assess the feasibility of their proposed social impact investment



Guide and supporting factsheets to develop a rigorous measurement framework and financial basis

OSII is exploring how SII ideas in other policy and services are considered.

Useful reading

A number of resources are available on the OSII website

[Previous RFP Documents](#)

[Lessons Learnt from previous RFP](#)

[Sample Legal Documentation including Joint Development Agreement](#)

[SII FAQs](#)

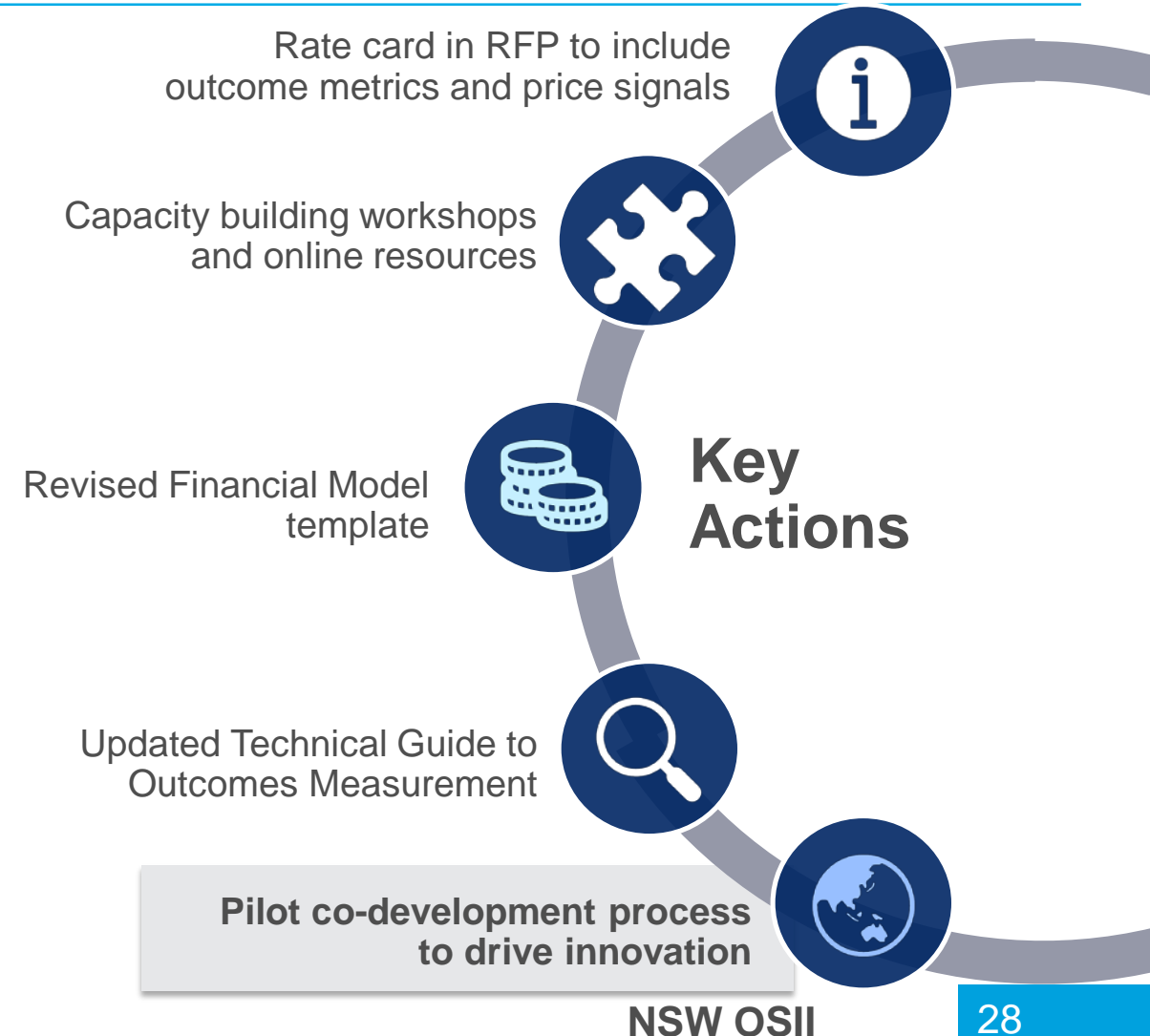
[SBB Case Studies](#)

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Co-development process

Provide an opportunity to test and co-develop ideas and provide timely feedback



Brings together OSII capacity building initiatives and additional online resources



Shorter and simpler proposal process with rapid feedback provided and future support offered

Opportunity to test innovative ideas and incubator for new ideas



Enables Agencies and Proponents to co-develop SII ideas before JDP phase



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Panel

Jason Kara
Director, Strategy – Housing, FACS

Sharon Gudu
Director, Design and Stewardship, FACS

Jenna Palumbo
Director, Office of Social Impact Investment

Questions

Email: socialimpactinvestment@dpc.nsw.gov.au