

**Addressing entrenched disadvantage in Australia
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**Resilient Families:
Examining the impact of social benefit bonds**

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I'm delighted to have this opportunity to talk to you today about the Benevolent Society's extraordinary initiative to address entrenched disadvantage in NSW – the Resilient Families program.

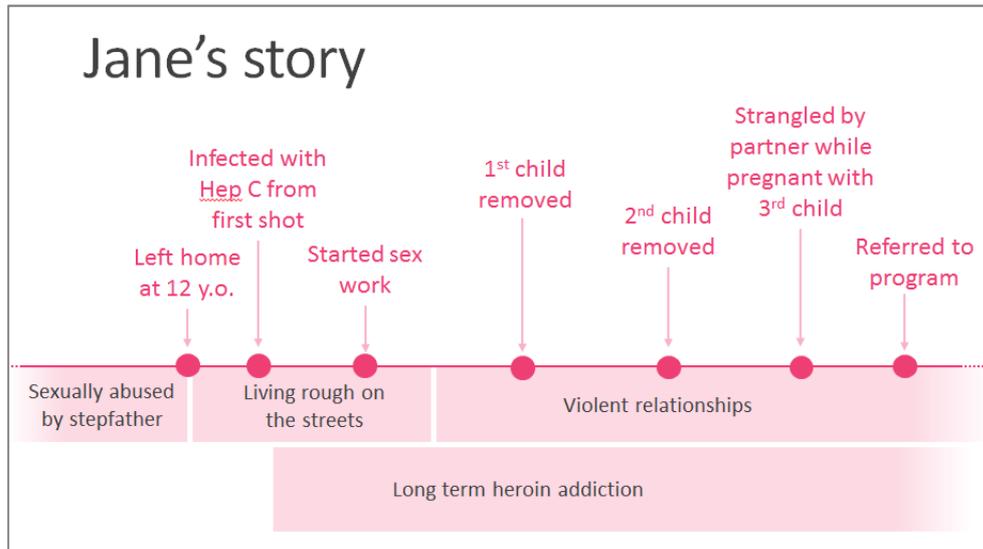
Let me just explain what the Resilient Families program is, for those of you who don't know.

- It's a new service designed to keep children at risk of being removed into foster care safely at home with their families.
- The program started in October 2013 & will work with up to 400 families over 5 years.
- Resilient Families was made possible through a \$10m social benefit bond developed by The Benevolent Society in partnership with the Westpac and the Commonwealth Bank.
- The financial return to investors in the bond is determined by the program's success in keeping children **out** of foster care as well as:
 - a) the number of calls made to a helpline to report concerns about the safety of children, and
 - b) the number of safety and risk assessment investigations conducted by FACS.
- It's measured against a 'control group' of similar families who are *not* receiving an intensive support service.

How does the Resilient Families program work?

- It's an intensive, wraparound service that's customised to the family's needs.
- Families identified as at risk are referred to us by FACS, and we work closely with them for up to a year.
- The family get an allocated worker (including 24/7 on-call support) and intensive home visiting, as well as help connecting with other services (like trauma counselling or financial counselling), and negotiating things like childcare, or Legal Aid, or Centrelink.
- The aim is to work with the parents to provide the support they need to turn the tide:
 - a) getting them to grips with what 'good enough parenting' looks like
 - b) helping them identify their own goals and gain the skills and resources they need to support themselves and their families into the future.
- The starting point is parents' natural desire for their children to grow up safe, healthy and happy.

The best way to talk about the way this program is addressing entrenched disadvantage is to tell you a story



Jane's life turned around

She:

- separated from Luke's father
- found private rental accommodation
- her son, Luke, has met all his developmental milestones
- got more engaged with the broader community
- reduced her methadone intake
- reconnected with her family
- knows where to ask for help when needed

The Resilient Families service is clearly already having a huge impact on the lives of struggling families who are being helped by the program. This is life-changing stuff. But there are a number of other significant impacts of all this that I'd like to talk about today.

Impact 1: New cross-sector partnerships

This is a significant innovation. It brings together new partners from different sectors, to deliver new money, to address an intransigent social problem, in a new way.

- Private sector investors are helping to deliver a social benefit (*and* receiving a dividend). That's new money available to address an important social problem that otherwise wouldn't be there.
- New relationships have been forged across the government and the not-for-profit sectors—enabling the sharing of data and measurement of outcomes, with significant benefits (more later).
- We have succeeded in creating both a financial investment vehicle that delivers a return AND a program that provides a social benefit.
- This will be one of the critical policy challenges for any future bonds - the more you skimp on inputs, the less value you get – and the ability to *measure* impacts is crucial.

Impact 2: A new, urgently needed service

The need for a service like this is huge ... and largely unmet.

- Resilient Families is providing a service that wouldn't otherwise available, or affordable, by government.
- The child protection system is overwhelmed. This is such a big problem:
 - 135,000 children receive child protection services.
 - 1 in 3 New South Wales children are 'known to child protection'.¹
 - The number of children in out-of-home care nationally has risen from below 15,000 in 1998² to 50,300 today.
 - (And note that Indigenous children are 11 times more likely than other children to be in out of home care.)
- And yet the unmet demand for help is enormous:
 - 97%³ of families needing intensive family support simply don't get it.

¹ Presentation from Emeritus Professor Dorothy Scott, 'Children in Australia – Harms & Hopes'

² Ibid

³ http://www.community.nsw.gov.au/docswr/assets/main/documents/docs_data/annual_statistical_report_2012-13.pdf#page=30

Impact 3: Saving everyone money

Keeping children out of foster cares saves the government – and us all – money

- Each child in foster care costs the government around \$60,000 a year.
- The cost ranges from around \$38,000 per child for a ‘standard’ service to \$90,000 for intensive, home-based foster care.
- Some high-need foster children are costing up to \$288,000 a year and there are a handful of kids costing us \$1.2m per year.
- The government is spending \$3.2b annually on child protection and OOHC nationally (2012-13 figure).

Impact 4: Intervening in entrenched disadvantage

Keeping children out of foster care saves the children – and us all – the social costs of *not* intervening early.

- Resilient Families is a preventative, early(ish) intervention. It’s not the ‘last minute’ government intervention of taking kids away.
 - Longitudinal research on this is hard to come by but we do know from an American study that amongst school aged children known to child protection—and at risk placement—those who remain at home have lower adult arrest rates, lower teen pregnancy rates and better employment than those placed in foster care.⁴
 - And the research on early intervention for children at risk generally is indisputable. I refer you to The Benevolent Society’s own landmark report, ***Acting Early, Changing Lives: How prevention and early action saves money and improves wellbeing.***
 - We also know that amongst the families we are helping in the Resilient Families program:
 - **half** (53%) have domestic/family violence posing imminent danger of serious physical and emotional harm to the child.
 - **a third** (28%) are not meeting their child’s immediate needs, which is, or threatens to be, of serious harm.
 - **nearly a quarter** (23%) have a substance abuse problem that seriously impairs their ability to supervise, protect or care for the child.
- ... so we can be fairly confident that this is an intervention that is like to deliver a substantial preventative benefit over the long term of these children’s lives.

⁴ Doyle (2007) ‘Child Protection and Child Outcomes: Measuring the effects of Foster Care’, *American Economic Review*, 97 (5), December: 1583-1610, cited in presentation from Emeritus Professor Dorothy Scott, ‘Children in Australia – Harms & Hopes’

Impact 5: Measuring impacts is demonstrating success, enabling practice development and guaranteeing a future for social benefit bonds

- Unlike any other intensive family support program (and indeed unlike *most* of this sector, where we're spending \$3.2bn a year, with very little formal evaluation attached to it), the Resilient Families program incorporates a mechanism for measuring impacts (=outcomes—not just inputs or outputs).
- Data on the families we're working with is constantly collected by FACS and provided to The Benevolent Society.
- This data provides the basis on which to calculate a financial return for the bond.
- This is a significant innovation that will enable us to prove the real value of this work for the first time in Australia.
- Getting the measures right is not easy. Measurement is the cutting edge of this new approach to funding and delivering social impact programs over the long term. But our experience so far is that it's do-able.
- The three measures we have in place for this program are very good indicators across the child protection system.
- Perhaps more importantly, our practitioners report that having, live data on an ongoing basis is allowing us to adjust our program as we go—so it's leading directly to improvements in practice.
- And, for the first time ever in an Australian intensive families support service, we will have data on our clients after 12 months, after they've left the program, so we can reconnect with them if required. This is a major breakthrough in the bid for sustainable change.
- Resilient Families is a pilot that will deliver longitudinal data over at least a five year period and our hope is that it will prove the effectiveness of intensive family support work *for the first time*.
- And this could well be its biggest impact: the potential to benefit the social services sector as a whole, and directly increase our ability to attract more investment through social benefit bonds to address social problems in similar ways.

But of course the real impact is: turning lives around ...

While it's too early to talk about social impacts with an iron-clad guarantee, the evidence so far is good. But the point is, this is a long-term commitment – and that's its strength.

- While we only have the first 9 months' results in a 5 year program of work, the early results are promising. Ultimately the true benefit of this work will be demonstrated in *sustainable* change for the families involved.
- To address *entrenched* problems, we need *long term* solutions. Current funding models for family intervention work are short term – a year's duration at most ... with no follow-up, and no data collection.
- This is hard and complex work but it needs doing. We're only helping up to 400 families out of 17,000 kids in NSW OOHC. A social benefit bond is not a replacement for government funding ... or a cop out. But we need it *as well as* government funding.

Everyone wins

- **Disadvantaged families** win – because we're helping parents and kids to break the cycle of disadvantage.
- **The Benevolent Society / service providers** wins – because we're addressing disadvantage, providing services and creating positive social impact
- **The sector** wins – because we're developing new models for demonstrating impacts / effectiveness.
- **Government** wins because it saves money in the long run
- **Investors / banks** win because it makes them money – and they have the 'feel good' of enabling social change.

Now ... we've broken the cycle of entrenched disadvantage for Jane and her child. Imagine what we could achieve if this pilot is successful and if we can devise similar programs to intervene earlier in the other complex causes of misery —in domestic violence, substance abuse, homelessness. Social benefit bonds offer us a real opportunity to make a real and lasting difference for people, like Jane, who deserve a better go at life.