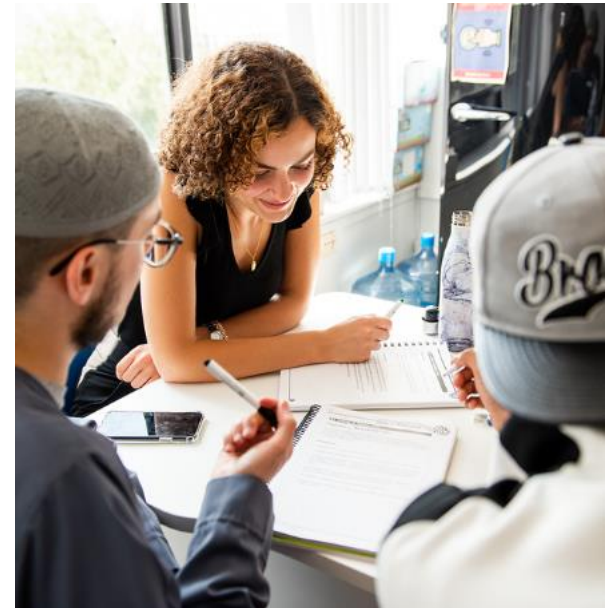


Introduction to Social Outcomes Contracts

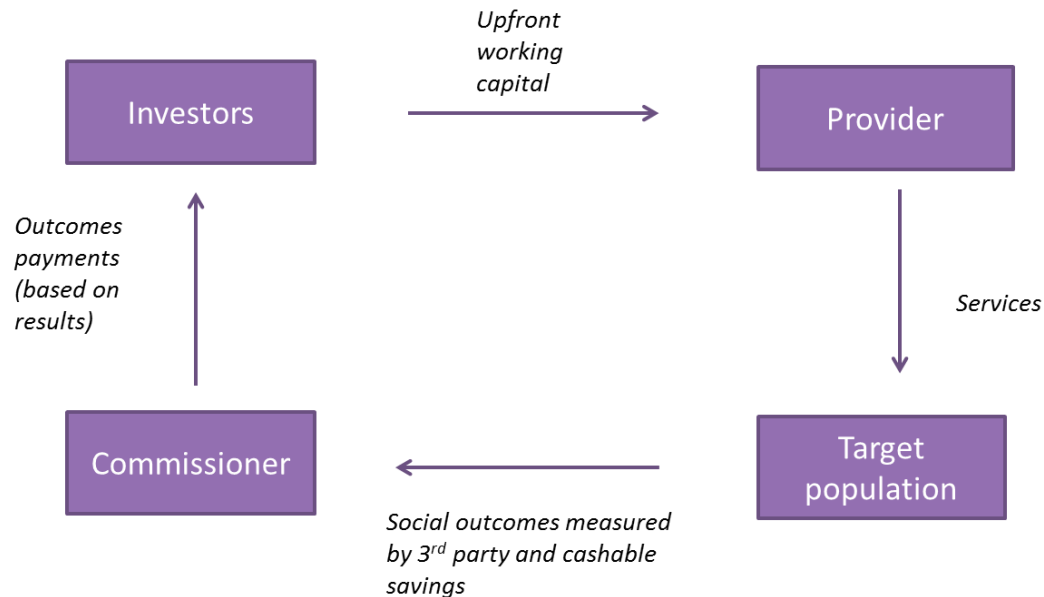




What is a Social Outcomes Contract? (SOC)

A Social Outcomes Contract is an alliance of commissioners, delivery partners and socially motivated investors whose incentives are aligned to deliver a service that improves people's lives.

- **Commissioners:** usually local and central government agree to make payments in future years on the evidence of positive social outcomes.
- **Delivery Partners:** usually charities and social enterprises provide the services that produce the outcomes.
- **Socially Motivated Investors:** often philanthropic foundations or private funders seeking an impact as well as low commercial return provide the working capital for the delivery providers, this is at complete risk unless better outcomes at better value are achieved.
- *SOC is an evolution of what we used to refer to as Social Impact Bonds.*



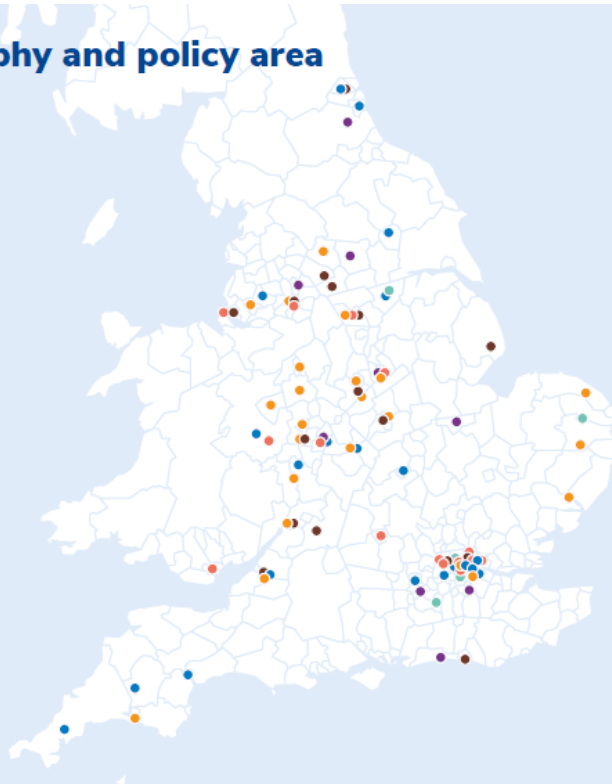
Outcomes Across the UK

The UK has established itself as the global leader of the social outcomes contract model, with 90 projects successfully launched to date - the highest of any country - and many governments across the world are looking to emulate the approach.

UK projects by geography and policy area

Policy areas

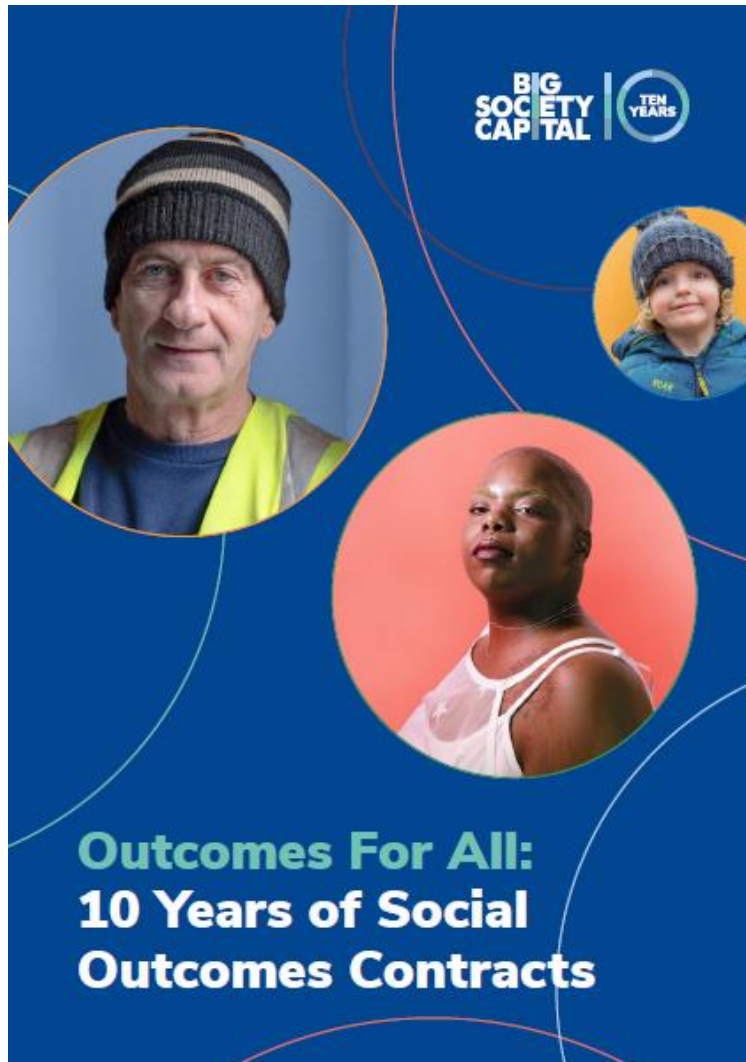
- Child and family welfare
- Education
- Criminal Justice
- Employment and training
- Homelessness
- Health



180+
commissioners

**220+ social sector
delivery
organisations**

55,000+ people

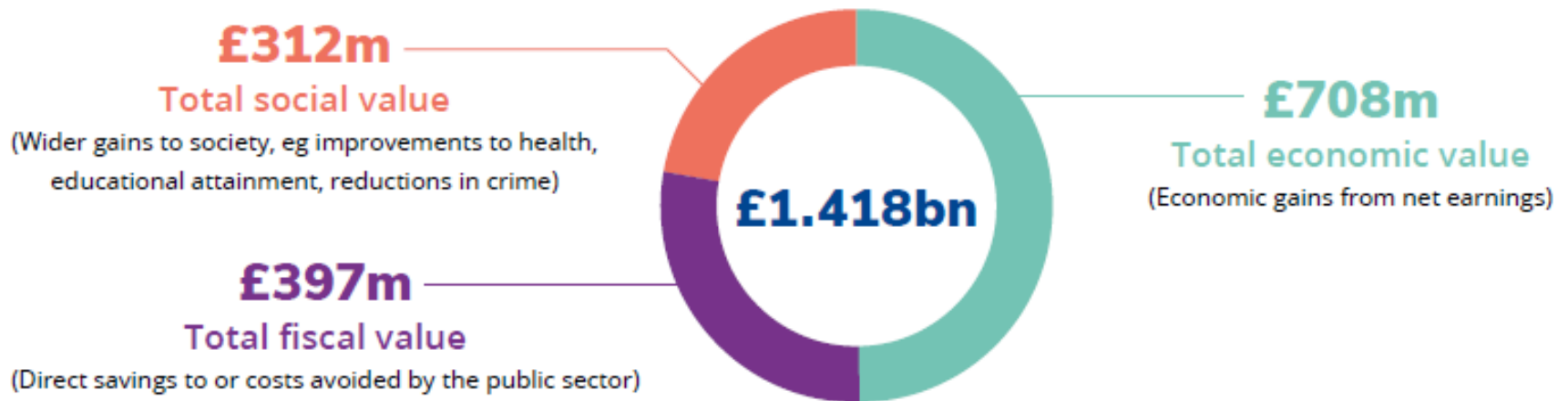


Although there are many rigorous studies and evaluations of individual SOCs or groups of SOCs, there has not been, to date, a published analysis on the impact generated by the UK SOCs market as a whole.

Big Society Capital therefore commissioned ATQ Consultants in 2022 to conduct an independent assessment of the total public value that has been created so far by SOCs in the UK.

The Impact Evidence

- | Independent analysis published in 2022 of projects to date in the UK has shown that over £1.4 billion of public value has been created by outcomes achieved to date, at a cost of just under £140m to commissioners. That means for every £1 that government has spent a further £10 of public value has been created, nearly £3 of which is fiscal (cash saved and costs avoided).



What drives effectiveness in a SOC?

Collaborative Design

From:

Programmes designed centrally – often in isolation from other parts of government – and implemented in a top-down way



To:

Projects that are **collaboratively designed**, and **designed to be collaborative**

Flexible Delivery

Fixed-specification contracts, delivered to rigid budgets, for groups of people with identical “needs” or “problems”



Flexible, personalised services that **constantly evolve** and improve as they learn

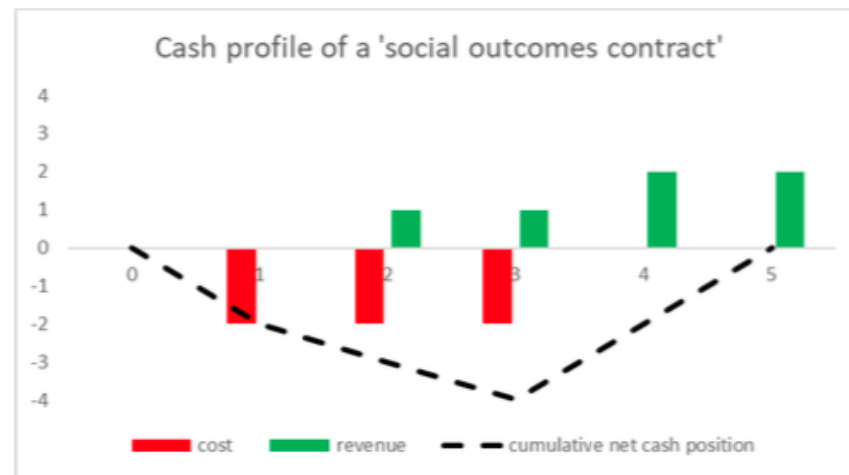
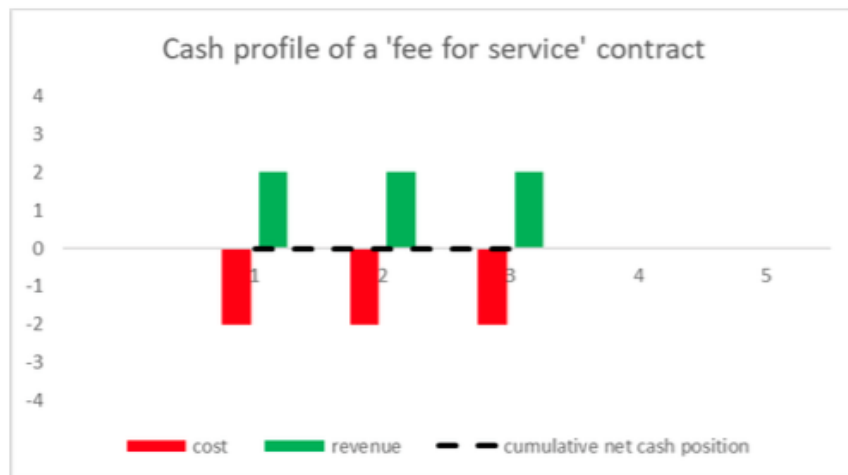
Clear Accountability

Arms-length contracts with limited visibility on progress, success, or key learnings



High quality, secure, **objective data**, with deep independent research into **what is and isn't working**

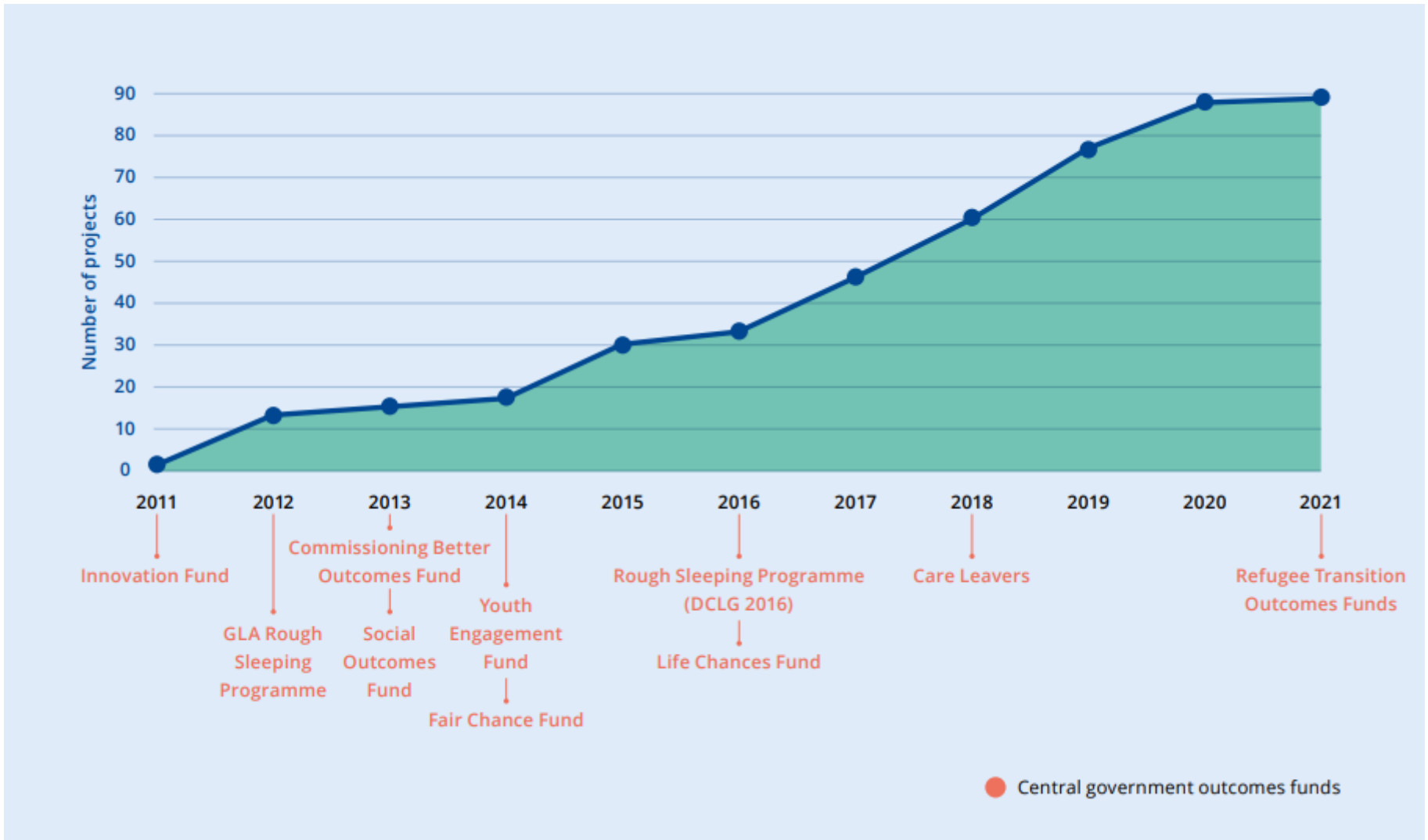
- Paying for outputs and outcomes creates a need for working capital.
- Delaying payment forces the bidders to raise capital to deliver the programme.



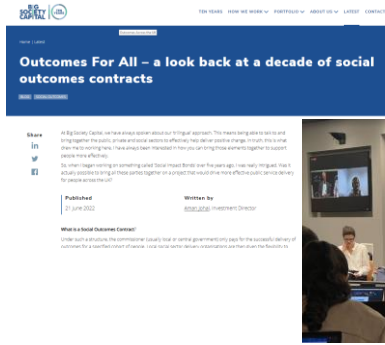
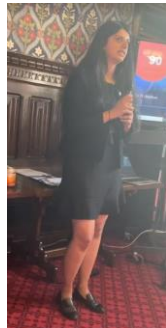
*Source: Andrew Levitt, Bridges Fund Management

- As of Dec 31 2022: £74.5m of capital has been committed to SOC in the UK from a wide range of investors.
- SOC are attractive to a wide variety of investors for a number of reasons.
- Yet, SOC remain a relatively small part of the outstanding UK social investment market (~1%).

Central Government has been crucial to the growth of the market to date in the UK



Raising awareness of SOC's to Government



Social outcomes contracts have saved government almost £400 million, study shows



Innovative form of public service commissioning shown to have generated millions in financial savings for the Government

