

# SOCIAL INVESTMENT INSIGHTS SERIES

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March 2015

## Social Investment for Family, Friends and Relationships

*Families, Friends and Relationships is a key outcome area for Big Society Capital. This edition of our Social Investment Insights Series outlines our evidence about social needs within families, friends and relationships, provides an overview of the current policy landscape and provision, identifies the opportunities and challenges for social investment and suggests priority areas of focus for Big Society Capital.*



## EXECUTIVE SUMMARY

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This edition of social investment insights outlines the findings of our initial research into how social investment can be used to support families, friends and relationships. Our outcomes matrix identifies the need for people to have a positive social network that provides love, belonging and emotional practical support.

Having meaningful relationships and social connections is a basic human need. The lack of an adequate support network can lead to multiple and complex social issues such as domestic violence, abuse, loneliness, mental illness, stress from caring responsibilities, isolation and family breakdown.

Services that support families, friends and relationships are mainly delivered through a mix of provision across the public, private and social sectors. Examples of provision include children's centres, youth facilities, residential care, relationship support services and services delivered for specific groups including disabled people, vulnerable young people, older people and carers. Reductions in public spending have led to a decrease in the services available over recent years.

Our evidence has identified several areas where social investment could play a role in supporting families, friends and relationships. This includes replicating existing social impact bonds, exploring how children and youth centres could expand their facilities through delivering more self-pay, cross-subsidised or public sector contracts, exploring non-profit alternatives to residential care, raising awareness about charity bonds and encouraging the development of more preventative services to support issues such as troubled families, young people leaving care or reducing isolation.

We would welcome any feedback about this document and any other potential areas where Big Society Capital could support families, friends and relationships through social investment. For further information please contact Marcus Hulme via email: [mhulme@bigsocietycapital.com](mailto:mhulme@bigsocietycapital.com)



## SOCIAL NEED

### Big Society Capital Outcomes Matrix: Families, Friends and Relationships

*Big Society Capital's Outcomes Matrix represents a map of need in the UK. It has been designed from a beneficiary perspective and includes nine outcome areas which reflect what a person needs to have a full and happy life.*

*The families, friends and relationships outcomes are shown opposite.*

**Individual:** The person has a positive social network that provides love, belonging and emotional practical support.

**Community, sector and society:** A society that supports and encourages families and/or good personal relationships.

Poverty is the root cause of many social issues within families, friends and relationships. In 2010/11 there were an estimated 2.5 million children living in poverty before housing costs, this figure increases to 3.6 million after housing costs<sup>1</sup>. Families are under increasing pressure as a result of welfare reform, tax changes, the rising cost of living and stagnating wages<sup>2</sup>. At the same time, children are failing to receive essential state support because of reductions in services. The research found that 300,000 more children are now living in absolute low income and poor children are four times more likely to be unhealthy than richer children.

### Vulnerable children

Children and young people from vulnerable groups are more likely to experience difficult transitions in life. Particular groups at risk include children from economically deprived backgrounds (including troubled families) and children with special educational needs<sup>3</sup>. Seven factors cause vulnerability in families<sup>4</sup>. These include worklessness, housing, qualifications, mental health, stress/disability, low income and material deprivation.

Research from the NSPCC<sup>5</sup> found that at least one child a week in the UK dies because of maltreatment. One in five children have experienced serious physical abuse, sexual abuse or severe physical or emotional neglect at some point in their lifetime. New threats are emerging, particularly with the increasing amount of time children are spending in the digital world. The public has become more vigilant in recent years as there has been a 40% increase in the number of people coming forward to report concerns about abuse and neglect to the NSPCC.

### Relationship breakdown

Relationship breakdown is a significant issue in the UK. Around 300,000<sup>6</sup> couples separate each year resulting in more than 4 million children not living with both of their birth parents which can impact on their life chances as children in single parent families are twice as likely as children in families to live in relative poverty.<sup>7</sup>

Domestic violence can often cause family breakdown. Each year over 1 million women suffer domestic abuse. The impact that this can have on individuals and families is significant as 40% of children from families where domestic violence is an issue exhibit clinically significant emotional and behavioural issues<sup>8</sup>. Sustained parental conflict can adversely affect a child's development, with potentially long-lasting detrimental effects. Negative experiences of family relationships for children and young people

<sup>1</sup> Shelter *Supporting Families and Children* 2014 [http://england.shelter.org.uk/campaigns/why\\_we\\_campaign/supporting\\_families\\_and\\_children](http://england.shelter.org.uk/campaigns/why_we_campaign/supporting_families_and_children)

<sup>2</sup> The Children's Rights Alliance *The State of Children's Rights* 2013

<sup>3</sup> C4EO *Progress and Engagement through Transition* 2013

<sup>4</sup> NCB, Action for Children, NSPCC *In the Eye of the Storm. Britain's Forgotten Families* 2013

<sup>5</sup> NSPCC *How Safe is Your Child* 2013

<sup>6</sup> Department for Work and Pensions *Social Justice. Transforming Lives: One Year On* 2013

<sup>7</sup> Households below average income (HBAI): 1994/95 to 2012/13, Table 4.14ts. Department for Work and Pensions, 2014

<sup>8</sup> C4EO *Reducing Family Conflict and Domestic Violence* 2013



can lead to problems with mental health and wellbeing, alcohol abuse, lower educational attainment and problems with their own relationships.

### Troubled families

The Department for Communities and Local Government defines troubled families as households who are involved in crime or anti-social behaviour, have children not in school, have an adult on out of work are on benefits and cause high costs to the state<sup>9</sup>. The Government estimates are that in over a third of troubled families there are child protection concerns.

Over half of all children who are permanently excluded from school and one in five young offenders in England are estimated to be from troubled families, which suggests that the cycle of deprivation is being repeated. It is estimated that £9 billion is spent annually on troubled families which is an average of £75,000 per family each year. Of this, an estimated £8 billion is spent reacting to the problems these families have and cause with just £1 billion being spent on helping families to solve and prevent problems in the longer term<sup>10</sup>.

### Child abuse

One in five children have experienced serious physical abuse, sexual abuse or severe physical or emotional neglect at some point in their lifetime<sup>11</sup>. As a result children can end up being placed in care which can have an adverse effect on life chances as the journey through the first decade of adult life for care leavers is often disrupted, unstable and troubled<sup>12</sup>.

Children who are exposed to neglectful parenting are less likely to be referred (or refer themselves) to a child protection service<sup>13</sup>. Parents and children who suffer from neglect and maltreatment often mistrust formal services. This puts them at risk of further significant harm. Further work needs to be done to ensure that parents and children do not feel that they are stigmatised when seeking help and that they need to be able to retain an appropriate degree of control over subsequent stages of the support and protection process.

### Loneliness and isolation

Loneliness and isolation is a major issue in society. People in their late thirties and early forties are the unhappiest in society<sup>14</sup>. One in five people feel lonely a lot of the time due to factors including poor family relationships, long working hours, separation and difficulties at work. Isolation also significantly affects older people as 17% of them have less than weekly contact with family, friends and neighbours<sup>15</sup>.

As people reach older age the number and quality of their relationships with other people deteriorates<sup>16</sup>. Half of all people aged 75 and over live alone and nearly half of all older people consider the television as their main form of company. Similarly, just over 1 million older people in England always or often feel lonely, 12% of older people feel trapped in their own home and 17% of older people have less than weekly contact with family, friends and neighbours.

### Disability and carers

6% of children under five have a disability or long-term health need<sup>17</sup>. Eight in ten families with disabled

<sup>9</sup> Department for Communities and Local Government 2013 <https://www.gov.uk/government/policies/helping-troubled-families-turn-their-lives-around>

<sup>10</sup> HM Government [Social Justice Transforming Lives](https://www.gov.uk/government/.../social-justice-transforming-lives.pdf) <https://www.gov.uk/government/.../social-justice-transforming-lives.pdf>

<sup>11</sup> NSPCC [How Safe is Your Child](#) 2013

<sup>12</sup> The Children's Rights Alliance [The State of Children's Rights](#) 2013

<sup>13</sup> C4EO [Safeguarding](#) 2013 <http://www.c4eo.org.uk/>

<sup>14</sup> Relate [The Way We Are Now](#) Relate, 2010

<sup>15</sup> The Young Foundation [Mapping Britain's Needs](#) 2010

<sup>16</sup> The Young Foundation [Mapping Britain's Needs](#) 2010

<sup>17</sup> C4EO <http://www.c4eo.org.uk/> 2013



children do not get the right local support for their children<sup>18</sup> which can have significant negative consequences. Disabled children and their families want a balance of inclusive services where disabled children and non-disabled children can meet, as well as specialist services that are exclusively for disabled children where appropriate<sup>19</sup>.

There are over 6.5 million carers in the UK, representing one in every eight adults. The number of carers has risen by 20% since the last census due to factors such as the increasing ageing population, better life expectancy and people with a disability living longer<sup>20</sup>. In addition, there are more than 166,000 young carers who are often forced to grow up early and miss out on the same opportunities as other children because of their care commitments<sup>21</sup>.

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<sup>18</sup> Scope [What Families of Disabled Children Want](http://www.scope.org.uk/campaigns/disabled-children-and-families/keep-us-close/children-and-families-bill) <http://www.scope.org.uk/campaigns/disabled-children-and-families/keep-us-close/children-and-families-bill>

<sup>19</sup> C4EO [Improving the Well being of Disabled Children](#) 2013

<sup>20</sup> Carers UK [The State of Caring](#) 2013

<sup>21</sup> The Children's Society [Young Carers](http://www.childrensociety.org.uk/young-carers) 2013 <http://www.childrensociety.org.uk/young-carers>



## CURRENT LANDSCAPE

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64,000 charities (or nearly half of all charities in England) work with children and young people. The estimated total income of the children and young people's sector. For the children and young people's social sector, 52% of income comes from the state, 32% from individuals, 7% from the private sector, 7% from internally generated income and 1% from the Lottery.

There are 34,000 charities supporting older people and spend £8.4 billion a year in total. 1,275 of these charities have no income, half of them have an income of less than £10,000 a year, 125 charities have an income of between £10 - £100 and six charities have a turnover of over £100 million.

Statutory funding for services that support families, friends and relationships has been reducing over recent years resulting in cuts to provision. A survey of children's centres in 2012 found that around half said their financial sustainability had worsened over the last year, with nearly two-thirds saying they were operating with reduced budgets.

The Government's support for families, friends and relationships is outlined in strategies including Social Justice Transforming Lives, the Child Poverty Strategy, the Care Leavers Strategy, the Care Act and the Children and Families Act. These policies include cross-Government support to address issues in families, friends and relationships with a focus on prevention, reforming public services, providing integrated support and localism.

Common characteristics of effective provision include:

- Joined-up services between agencies in local areas.
- Beneficiary involvement in the design and delivery of services.
- Early intervention and prevention approaches.
- Services that are holistic and tailored to the beneficiaries needs.
- Outreach to identify people at risk.
- Both universal and targeted provision.
- Long term provision.
- Having a well-trained/ skilled workforce
- Providing face-to-face support
- Offering a range of services in one location



## CHALLENGES FOR SOCIAL INVESTMENT

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There are several challenges in originating and delivering social investment approaches for families, friends and relationships. These include:

- Outcomes can often take a long time to achieve and results are not always apparent or easy to evidence in the short term. This can mean that the intervention is unlikely to fit a budget or policy cycle.
- Proving the long term benefits of preventative interventions requires a significant investment and coordinated approach to impact measurement which can be a barrier for commissioners and providers.
- Attributing the benefits from interventions to different commissioners can be complicated. One potential solution to this issue is to pool budgets across services where appropriate.
- The complexity and resource costs of developing social impact bonds can create a barrier as this requires extensive understanding of data systems; performance management; identifying outcomes and monitoring as well as the ability and capacity to engage in the bidding processes.
- There can be a tension between investors wanting to fix contract volumes and providing what is best for a client. For example, clients must not be placed into an unsuitable intervention just to fulfil a quota. Spot purchase commissioning where commissioners can buy in services as and when they are needed on an individual basis is a potential solution for this issue.
- It is important to be careful to avoid perverse incentives in payment by results structures. Decisions about the most appropriate support for a beneficiary should always be based on a client's need and not financially motivated.
- Data management and operating principles across local authorities vary which can make it a challenge to replicate successful approaches.
- Innovative services may be perceived by some commissioners as too risky for vulnerable beneficiary groups, particularly when a local authority has a statutory responsibility to protect a client.
- There is a risk that the need for evidence to evaluate a proposal for investment might lead to models of intervention being selected based on the availability of an evidence base rather than on the potential effectiveness of the intervention or suitability to meet an identified social need.



## OPPORTUNITIES FOR SOCIAL INVESTMENT

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Our research has identified several opportunities where social investment could play a role in supporting families, friends and relationships.

Services for families, friends and relationships are primarily commissioned by local authorities through contracts or delivered directly by the state. As public sector employees continue to spin out services into social sector organisations there could be opportunities for social investors to provide growth capital.

The continued outsourcing of public services may provide more opportunities for social sector organisations to become involved in social impact bonds or other payment by results contracts which support families, friends and relationships as well as other outcome areas including health and social care and education (see separate Social Investment Insights papers). Similarly, replicating existing social impact bond models for areas such as adoption could provide additional finance for social sector organisations.

There are potential opportunities for social investment to develop more self-pay services to support families, friends and relationships. For example, this could include expanding services which provide paid relationship support to prevent family breakdown improving childcare provision for working families or assisting people who suffer from loneliness and isolation to improve mental well-being. There could also be opportunities to provide brokerage support and short breaks for families with disabled children funded through care budgets or personal budgets.

The existing Sure Start network of children's centres and the various underutilised youth centres in the UK might be able to boost current service provision and enhance internal sustainability if further capital were to become available to deliver more support to families, reducing negative outcomes such as health issues, family breakdown and financial exclusion. The revenue model for these services could be through central or local commissioning or self-pay by clients.

Larger charities which need additional capital to further their mission and expand their work could consider issuing a charity bond. This has proved a positive approach for charities who wish to use the additional capital from the bonds to expand their services or build revenue-generating capacity such as charity shops.





# PRIORITIES FOR BIG SOCIETY CAPITAL

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## Current Portfolio

Big Society Capital has made a number of investments which can provide finance for a wide range of outcome areas including families, friends and relationships. These include:

- Adoption Social Impact Bond - £1 million
- Bridges Social Impact Bond Fund - £10 million
- Charity Bank – up to £14.5 million
- Social and Sustainable Capital's Community Investment Fund - £10 million
- Essex Social Impact Bond - £875,000
- Social Investment Scotland's Social Growth Fund - £8 million
- FSE Group's Social impact Accelerator - £10 million

We have identified the following areas as potential priorities for future work in the families friends and relationships outcome areas.

## Priorities where existing capital is available

- Signpost organisations who want to deliver preventative interventions to existing funds. This could investing in organisations who address issues such as investment in issues such as troubled families, young people leaving care, reducing care entry for adolescents, early years support, relationship breakdown, preventing child neglect, reducing loneliness in the elderly or delivering more effective integrated services for children with disabilities.
- Provide working capital through existing funds for social sector organisations who want to bid for any future Government or local authority payment by results contracts which are targeted at providing services to support families, friends and relationships.
- Use existing funds to support social sector organisations who want to issue charity bonds to raise additional development or growth capital to scale support for families, friends and relationships.
- Explore the potential for providing appropriate capital to help successful organisations to grow where there is a clear revenue model. This could be in areas such as providing affordable childcare, delivering relationships support, developing existing youth centres, assisting troubled families or preventing isolation amongst the elderly.

## Priorities for new capital

- Consider replicating existing social impact bonds in areas including education and adoption if the current interventions deliver successful outcomes. This could help to build further confidence in the social impact bond market and generate more evidence about conditions required for replication.
- Work with key partners to build further evidence about where social investment could support families, friends and relationships and explore if there is a need for a wholesale fund in this area.
- Consider developing an Early Years Fund which invests in organisations that deliver services such as early intervention and prevention or affordable childcare.



### Priorities for infrastructure and support

- Work with partners to support the development of infrastructure for social impact bonds around issues including data capture, investment readiness, developing business cases for early intervention and generating evidence for replication.

The above list is not exhaustive. If you have an enquiry about whether a potential investment is eligible for investment please contact us through the enquiries form on our website at:  
[www.bigsocietycapital.com](http://www.bigsocietycapital.com)

Please note that Big Society Capital is a social investment wholesaler, which means we can only invest via social investment finance intermediaries.



## CASE STUDIES

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### **Adoption Social Impact Bond Bridges Social Impact Bond Fund**

We have invested £1,000,000 in the Adoption Social Impact Bond to provide services to maximise the chances of placement success for children considered harder to place.

It's All About Me (IAAM) is a service for finding adoptive families for children who are considered harder to place because of their age, background or circumstances. The interventions aim to create stable and therapeutic family placements for vulnerable children who would otherwise be looked after within the care system.

The investment will enable VAAs to increase the supply of adoptive parents by addressing some of the barriers to adopting harder to place children. It also seeks to invert the adoption process such that families are sought for children rather than parents seeking children. The VAAs will use the investment to deliver a range of interventions geared to supporting adoptive parents, from training before a placement, tailored to the specific needs of the child, to continuous support in the first two years after taking a child home.

The Adoption SIB helps incentivise and support entrepreneurial VAAs to collaborate and address the specific challenges in finding adoptive families for harder to place children. It also develops an investor prospect that is more aligned with general debt investments, and is expected to appeal to a wider audience than some other SIBs.

### **4 Children FSE's Social Impact Accelerator Fund**

We have invested in FSE's Social Impact Accelerator Fund, has provided a £700,000 loan to 4Children to scale up its work across the UK. 4Children was established in 1983 as a charity to shape policy and campaign in the area of early-years development and family services. Over its lifetime, 4Children has expanded which included setting up a commercial social enterprise to deliver services directly to families through taking over or creating Sure Start nurseries and Children's Centres across the UK.

4Children currently supports 100,000 families a year at 170 locations which include children's centres, nurseries and schools in some of the UK's most disadvantaged communities. The investment will enable 4Children to support an extra 50,000 families a year.

The loan will enable 4Children to take on at up to 50 new children's centres and nurseries over the next three years and support an additional 50,000 families.



**The information and opinions in this report were prepared by Marcus Hulme, Social Impact Director, and Francesca Sanderson, Investment Director, on behalf of Big Society Capital.**

### **Titles available in the Social Investment Insights Series**

Growing Social Enterprise Through the Holding Company Model: Groupe SOS (June 2014)

Social Impact Bonds: Lessons Learned (June 2014)

Growing the Market for Charity Bonds (July 2014)

Housing and Social Investment (August 2014)

Health and Social Care (December 2014)

Financial Inclusion and Social Investment (December 2014)

Long-Term Unemployment and Social Investment (December 2014)

The Criminal Justice System, Those It Affects and Social Investment (January 2015)

Social Investment in Education (February 2015)

Communities and Social Investment (March 2015)

Social Investment for Families, Friends and Relationships (March 2015)

Arts, Heritage and Sports and Social Investment (coming soon)