

SUMMARY

Stay safe - Learning outcomes of the Social Impact Bond 'Work after Detention'

This report describes the results of a final evaluation of the Social Impact Bond 'Work after Detention'. A Social Impact Bond is a form of public-private partnership in which private investors pre-finance an approach to a social problem by an independent executive party. If the approach is successful, the government repays the investment with a previously agreed return. If the approach does not succeed, or is unsatisfactory, the investors lose (part of) their investment.

In 2016, the (then) Ministry of Security and Justice started the Social Impact Bond 'Work after Detention' (hereafter: SIB) with three investors (ABN AMRO Social Impact Fund, Start Foundation and Oranjefonds), a 'matchmaker' (Society Impact) and the executive consortium 'Work Wise Direct' (Stichting 180, Stichting Exodus Midden-Nederland and USG Restart).

At the same time, commissioned by the Ministry, a process evaluation started for the intended duration of the SIB (two years), conducted by research agency Impact R&D. The report was published in November 2018. The duration of the SIB was extended and continued until August 2019. In addition to the process evaluation, an impact evaluation is also commissioned, conducted by research agency Panteia, a draft report of which appeared in August 2021. Another evaluation, on own behalf, by an investor (Start Foundation) appeared in April 2019 and Stichting 180 made an evaluation in February 2020. Stichting 180 also published a book with seven portraits of SIB participants in October 2020.

Purpose of the study

Commissioned by the Scientific Research and Documentation Centre (WODC), EMMA - Experts in Media and Society started a final evaluation of the SIB 'Work after Detention' in April 2021. Purpose of the study is described as follows:

Gaining insight into the lessons and learning experiences of the Social Impact Bond 'Work after Detention'.

The aim is to look back over the period 2016-2021 and to take stock of the lessons and learning experiences relating to content and process, to examine the underlying mechanisms and to assess the extent to which a SIB is suitable as a financing structure for public-private partnerships in tackling a social problem in the judicial domain.

Approach to the study

First of all, thankful use was made of all the research material that was already available. In addition to the available evaluations, a great deal of internal, unpublished documentation was used. Interviews were also held with representatives of almost all parties involved in the SIB, namely members of the steering committee, central government and municipal civil servants, staff of the executive party and of the Custodial Institutions Agency. The participants reviewed the course of the entire project and reflected on the significance of the process and the effects achieved for the way in which SIB as a structure and SIB in execution relate to each other. In addition, a focus group was

organised to explore the future of SIBs for the central government and the Ministry of Justice and Security in particular.

For the purpose of the evaluation, a start was made with an (inter)national literature study into what is known about the advantages and disadvantages of Social Impact Bonds. The results of this exercise were presented to a team of experts familiar with the current practice of social entrepreneurship, in order to provide a certain pragmatic counterweight to the more theoretical insights.

Results of the study

Based on the literature review, it soon became apparent that a useful distinction can be made from which Social Impact Bonds can be viewed. We distinguish between the SIB as a (financing) construction, the implementation of the SIB (the approach to the social problem) and the SIB-in-context, or the way in which SIBs fit into the national political and social landscape.

In the past, when the first SIBs came into being after 2010, particularly in the United Kingdom and the United States, the political and socio-political climate at the time was a fertile breeding ground for the privatisation of government tasks and thus for the emergence of new forms of public-private partnership. This involved a fairly strict division between public and private roles and interests. This separation was reflected in the way SIBs were constructed. Namely, with often extensive and complex contracts in which the agreements between the client, investor and executing party are laid down. The contracts and agreements in turn impose strict rules on the way in which the social problem must be tackled. The approach must have a good chance of success and be innovative, and the effects to be achieved must be properly measurable.

Implementation of the SIB 'Work after Detention' - Insights and learning outcomes

With the SIB 'Work after Detention' an attempt was made to implement the SIB 'according to the rules of the game'. An extensive business case was drawn up, in which clear agreements were made about the target group to be treated, the desired inflow, the intervention, the manner of measuring the effect and the height of the related amounts of money to be paid by the government to the investors.

The SIB 'Work after Detention' did not have the measurable effect that those who devised it had hoped for. Not 60% of the people who signed a participation form were successfully guided to sustainable employment, but only 19%, and neither a reduction of recidivism nor a reduced use of benefits could be established.

A number of elements in the process can be identified that seem to underlie this rather disappointing result. Some of these findings can also be found in Impact R&D's process evaluation.

Intervention not unambiguous and/or not carried out according to plan

In practice, the intervention was interpreted and implemented very differently from what had been thought about and agreed upon beforehand. The focus was not always on acquiring sufficient skills to find paid work, but actual help was offered to put basic conditions, 'leefgebieden' or 'practical matters', as Work Wise Direct itself calls them, in order. For some ex-prisoners, job placement was not an option, for example due to an addiction or a 'very large distance to the labour market'. Sometimes the choice was made to look for day care, for example. Sometimes, too, job counselling was not necessary at all because the participant was able to arrange it on his or her own.

Target group not defined properly and definition of 'participant' not clear

The inclusion and exclusion criteria are clearly defined in the Business Case. During the course of the SIB, however, a number of inclusion and exclusion criteria ('contra-indications') were abandoned, making the already 'difficult' (read: difficult to treat or mediate) target group even more difficult. People with serious addiction and/or psychiatric problems, but who initially seemed motivated, were admitted to the treatment group.

Impact R&D's process evaluation and Panteia's effect evaluation consistently refer to 119 'participants'. However, 23 of these 119 'participants' never started the intervention at all (96 people did) (Beute & Van der Veen, 2020). Therefore, it is better to speak of 119 contractors and 96 participants. 16 persons were offered 'a preliminary assistance programme'. Another 15 people could only start later because they were too addicted or had serious psychiatric problems. In other words, only 65 participants were able to start the intended support immediately (Beute, 2020). And in fact, only 81 participants met the predefined selection criteria.

Intervention-effect relationship not established

The purported effects of the intervention were not measured after the intervention was committed, as would be desirable in a properly conducted quasi-experimental design, but in the period *after release*, whereas the intervention could last up to 16 months after release (or longer). Participants thus have different starting positions. They have been free longer or shorter and have participated in the intervention for a longer or shorter period, while it is not clear how long or short that is. Therefore, it is not clear whether any effects (including recidivism reduction) can be attributed to the intervention or not.

A further difficulty is that it was already clear in advance that any reoffending reduction to be measured could not be statistically significant and could therefore be based on chance fluctuations. The (intended) number of participants was too low for this.

Finally, it did not help that the control group was composed afterwards and matched with the treatment group on a number of criteria. This led to less comparability between the treatment group and the control group than would have been possible using a randomised controlled trial.

The most important insight is that the SIB 'Work after Detention' never actually had a chance of succeeding, or perhaps better put, that the implementation of the SIB 'Work after Detention' quickly ran into a backlog that could not be repaired. Due to the loss of time at the start, the disappointing influx, the difficulty of the target group, the apparent need for customisation and the sequential and accumulative nature of these shortcomings, the execution of the programme as it was intended, soon became impossible.

The most important learning outcome is that the SIB 'Work after Detention' can better be characterised as a preliminary study for a possible adapted version to be executed in the future, rather than as a well-executed experiment in itself. The conditions for this were not sufficiently met: think of timeliness, influx, target group, et cetera, but especially of the feasibility of the criteria that apply to programme integrity (Wartna, 2009).

With the knowledge gained from the SIB 'Work after Detention' definitions (of target group, intervention) and parameters (number of participants, intended effects) can be better aligned and the feasibility of any subsequent SIB can be better assessed in advance.

Construction of the SIB 'Work after detention' - insights and learning effects

Looking at the SIB 'Work after Detention' as a construction, we are mainly concerned with the organisation of the SIB, the cooperation between the (many) parties involved and their various tasks.

Organisation

In organising the SIB 'Work after Detention' and drawing up the business case, insufficient use was made of existing knowledge. This concerned knowledge of the target group, the potential effectiveness of the intended intervention, the goals set for its effectiveness and the intermediate critical insights that Impact R&D gained during the process evaluation.

Partly as a result of the limited use of knowledge in setting up the SIB, organisational problems soon arose in recruiting enough suitable participants. In the end, these participants were spread across so many prisons and municipalities that it became cumbersome for the executors to cope with all this logistically.

All in all, and partly because of this, much time was spent in organising and implementing the SIB, as well as in putting the arrangements in order and complying with them. This incurred a lot of costs, which are not always transparent. In addition, the SIB 'Work after Detention' proved to be loss-making for the investors.

Cooperation and roles

Cooperation at steering committee level was good throughout the project. The parties adopted a constructive and benevolent attitude, although the investors could have done with a bit more entrepreneurial spirit and flexibility, especially at times when the process did not quite go as hoped.

The constructive and benevolent attitude meant that the roles of the various parties involved were not always clear-cut. The Ministry was generous towards investors when the influx of candidates was disappointing. The investors did not put pressure on the contractors to work according to the agreements and were satisfied with a negative business case. The workers, for their part, made use of the room they were given to help the target group put their lives in order after detention as best they could, even if this meant deviating from the intervention as intended.

The most important insight is that the shift in roles came at the expense of the recognisability of the SIB 'Work after Detention' as a Social Impact Bond and of the innovative potential that the SIB 'Work after Detention' had. The knowledge and insights gained, insofar as they have been preserved, cannot be traced back to the social impact created. This is not to say that there would not have been any social impact at all; it is just that it has not been established.

The most important learning outcome is that a complex project like the SIB 'Work after Detention' needs (more) thorough preparation. This means that as much as possible use should be made of available knowledge about the intended target group, the intervention and the expected results.

In line with this, it would probably have been better to build in moments during the process when it would have been possible to consider whether it would be wise to continue the experiment in its present form or whether it might be better to modify or even stop it.

In short, the mechanism behind this is that at some point none of the parties wanted to be a 'game-breaker'. The more parties are involved, the more difficult that becomes. And this applies *a fortiori* if these parties have already invested a great deal. Not only in money, but also in time. With the good

start in mind, people started looking at whether there were possibilities to continue the project, despite disappointing intermediate results and reports (think of the disappointing intake, the negative business case, the critical notions from the process evaluation). This led to a blurring of roles. Investors shifted the focus from financial profit (further) to philanthropy, the government was accommodating and generous towards investors and executive parties, executive parties in turn deviated (further and further) from the original plans, and the effect evaluator also shifted boundaries by looking (increasingly) wider than just the pre-agreed indicators for social return. As a result, the SIB 'Work after Detention' could be a success as a construction, but in the implementation it went wrong in many respects.

Future for the SIB

The execution of the SIB 'Work after Detention' took a fairly long time to complete: it started in 2016 and was fully evaluated by the end of 2021. In the meantime, the political and social climate has changed considerably. There is a growing market for social entrepreneurship, while the neo-liberal market mentality seems to be on its way out. The focus has shifted from output to impact. The *shared value* idea of the Social Impact Bond ('both financial profit and social return') is tilting in more and more areas towards generating (purely) social impact.

In the construction of a future SIB, much more attention should be paid to measuring this social impact. Applied to the SIB 'Work after Detention', it should therefore not only be about measuring employment progression and recidivism, but also about being able to determine increased self-efficacy, job satisfaction and general well-being.

All in all, we can name seven points of attention that should be taken into account in possible future nationwide SIBs:

1. Choose, with sufficient knowledge, a target group for which there is a realistic expectation that the intended intervention will help and ensure innovation, but at the same time take into account 'sufficient' risk for the investors;
2. Set and apply realistic targets through thorough ex-ante research;
3. Make use of a clearly defined intervention and implement it consistently;
4. Keep the momentum so that commitment does not slip away;
5. Avoid organisational difficulties by choosing the right magnitude;
6. Monitor the course of the process by (action) research and, based on this, adjust *the process* where necessary, or restart it;
7. Measure social impact also with other, 'softer', effect indicators, such as self-efficacy and well-being.