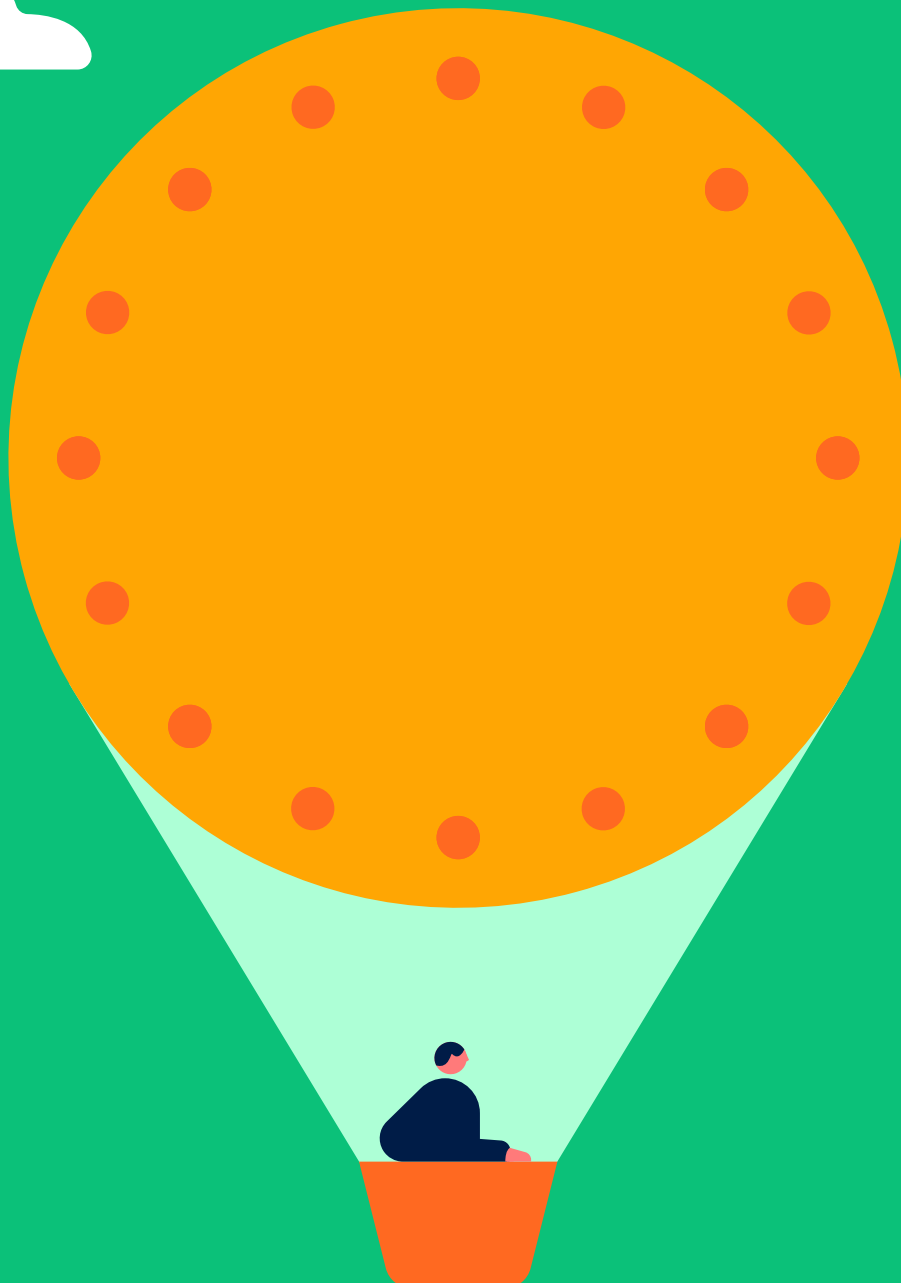
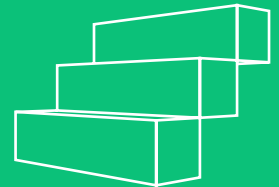




Outcomes Investment Fund Impact Report 2022/23



**‘We will lift
them up,
one by one’**

Mark Lovell
Director, Outcomes
Investment Fund

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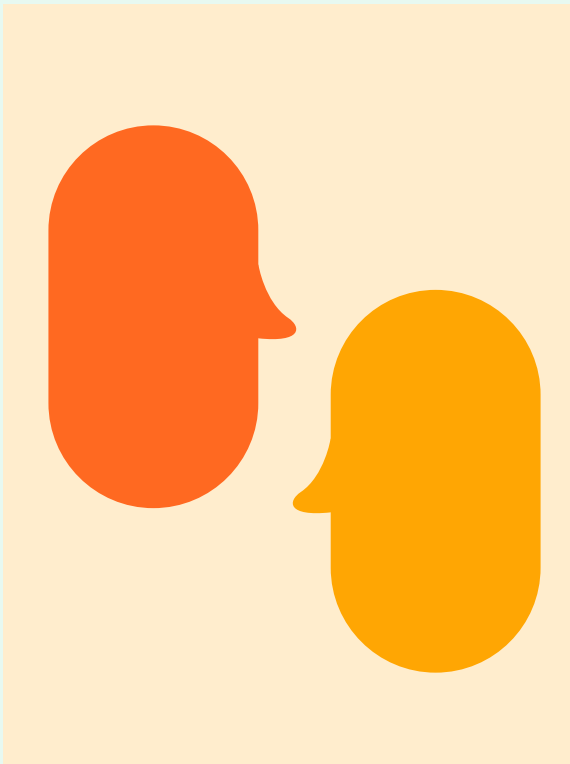
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- The capital of Investors in the Funds is at risk.
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Introduction



The Big Issue Invest Outcome Investment Fund (OIF or the Fund) was **launched in May 2017** with a mission to scale and mainstream preventative and early-stage services to **combat persistent social problems and support individuals with multiple complex needs.**

This pioneering Fund provides the **much-needed working capital** to enable charities and social enterprises to deliver against social outcomes contracts (SOC).

Now in its seventh year, the Fund has supported 21 SOCs with a total outcome value of almost £59 million. In the financial year ending March 2023, five social contracts were concluded, bringing the total number of repaid contracts to nine.

The primary source of the funds to invest in these programmes has been from the dormant accounts, invested in Big Issue Invest by Big Society Capital. Dormant accounts are ordinary people’s money, in banks, building societies and other financial institutions, mostly where people have passed away or the institution can no longer find the owner of the money. We think the people whose money it was would be proud of what has been done with their funds.

We are very grateful to the members of the Investment Advisory Committee, our fund administration

team at NOM Fund Services, the investment team at Big Issue Invest, our Non-Executive Director appointees and, of course, the hard-working and innovative social entrepreneurs of our investees and their teams for all their achievements during the period. We would also like to thank Big Society Capital for their support and funding to make the delivery of this pioneering fund possible.

Danyal Sattar
CEO, Big Issue Invest
August 2023

Outcomes Investing



“Outcomes contracts have been **a great way to address the difficult social issues** whilst providing a more tailored approach compared to traditional contracts. It also brings **new and different delivery partners** together.”

Lars Hagelmann Head of Investments at Big Issue Invest

About Outcomes Investing

Social outcomes are positive results for individuals, for example when a person in long-term unemployment has found a job (the social outcome) after receiving training and support (the service). Typically, the commissioner is a public organisation that assigns and pays for public services (such as education, care, and health) provided by a local social sector delivery organisation.

Service Innovation and Shared Outcome Risk

Outcomes Contracts can be an effective way to address more complex needs: the commissioners pay only once social outcomes have been achieved, rather than for the service whether it was effective or not. The social service delivery organisation has more flexibility in how it designs and runs its services to achieve social outcomes and can be more innovative in its approach. Commissioners can benefit from new service models, and better value-for-money in a SOC compared to traditional contracts. Under SOC, service providers cater to the individual's needs, rather than providing a one-size-fits-all service.

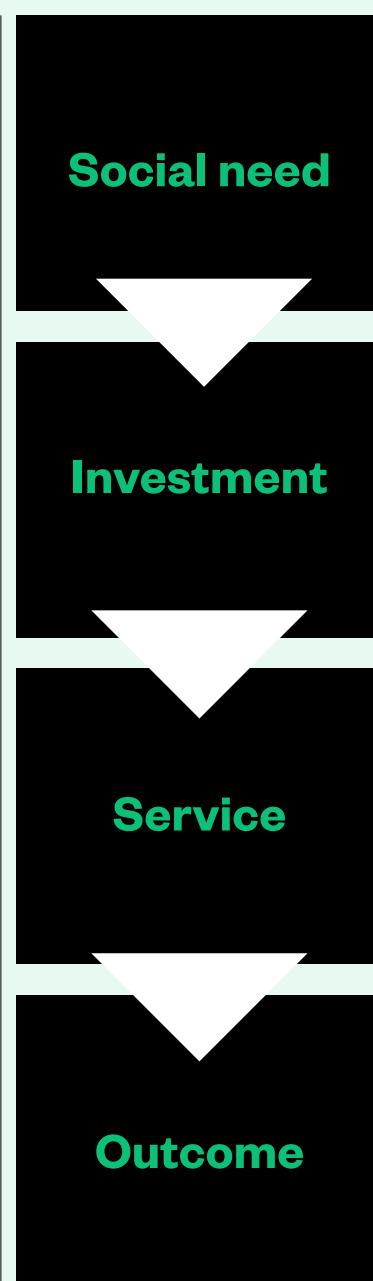
Challenges

Outcomes contracts can be challenging to set up: there are numerous stakeholders, budgets, and targets to decide on. Without

an external investor, these contracts also place significant financial risk on the delivery organisation: they would need to finance the service upfront and would only get paid once they have delivered the pre-agreed outcomes. This can cause serious cashflow issues for smaller and more specialist ventures delivering services.

The Solution

This is where the Outcomes Investment Fund (OIF) comes in, which has been launched by Lars Hagelmann (Head of Investments at BII). The OIF Team works with the various stakeholders to understand the underlying social issue and how it can be addressed with a targeted service. The OIF Team works with the commissioner(s) and delivery partner(s) to design the solution and agree on an outcomes-based contract. OIF finances the contract upfront and takes on the financial risk. As the delivery partner(s) works with the individuals to resolve the social challenges, the OIF Team tracks the data around the social outcomes achieved by the project. The commissioner(s) pays for the social outcomes achieved by the delivery partner(s). Once the delivery partner(s) has covered the costs of the project, it pays back OIF for the upfront funding provided.



What makes OIF unique

1 High impact

Investments have been made in programmes whose **integrity and values have changed people's lives** and pioneered a solution to a deep social problem.

2 Preventing complex social challenges

OIF is built on understanding root causes of social problems and **providing early help to prevent individuals from experiencing more severe life challenges**. It also addresses the high cost of government spending on interventions for when individuals reach a crisis.

3 Designed around individual service users

Services funded by OIF are **designed around individuals**, often with complex needs, that have been left behind.

4 Structured for innovation

OIF investments have been structured to give the delivery partners the time to **innovate and improve their services**.

5 Outcomes-based investment connects social outcomes and financial returns

OIF is committed to demonstrating that this model works for investors as well as **solving complex problems for people** in society too.

Funding life-changing work



The fund
has reached
11,574
individuals with
complex needs.



Each programme funded by OIF supports customers facing unique sets of challenges, including the following demographic groups:

Vulnerable children

invested in four active projects

■ **10,000 children** entered the care system for reasons linked to poverty between 2015 and 2020.¹

■ **86% increase** in registered pupils in England persistently absent from school from 2021/22 – a total of **1.8 million children**.²

OIF's impact

830 children supported to stay with their families or out of local authority care into stable homes.

From its inception, financed by Big Society Capital, the Outcomes Investment Fund set out to invest in projects addressing some of the most complex social problems in the UK, such as support for people with multiple complex needs, the care of vulnerable children and support for prison leavers. The fund has now been investing into life-changing services for the last six years.

For every OIF investment, BII works with the commissioners and service providers to design highly intensive impact services that place service users at the heart. While each investment is catering for specific localities or regions across the UK, they contribute to solving national-level social problems.

People with learning disabilities and other neurodivergence

one investment supporting

■ **Less than 5%** of people with learning disabilities are in paid employment.³

OIF's impact

177 people with learning disabilities supported to gain employment.

People with mental health needs and conditions

invested in five active projects

■ **Only 8%** of people in contact with secondary mental health services are in paid work, despite studies showing 30–50% being capable of work.⁵

OIF's impact

5,037 people with mental or physical health needs supported to improve their health and wellbeing.

People dealing with addiction issues

invested in three active projects

■ The number of **drug-related deaths** in England and Wales **rose 87%** between 2012 and 2021.⁷

OIF's impact

2,530 people or families engaging with services for drug or alcohol misuse.

People living in precarious housing or homeless

invested in one active project and three exited investments

■ **271,000 people** are recorded as homeless in England, including **123,000 children**.

■ Nearly **250,000 are living in temporary accommodation** – most of whom are families.⁴

OIF's impact

449 people were supported to sustain housing for 6 months or more.

Refugees transitioning to life in the UK

one investment supporting

■ There are currently more than **230,000 refugees living in the UK**, with a further 127,000 asylum cases pending.⁶

OIF's impact

More than 1,000 refugees have been supported to integrate into local communities in the UK.

Ex-offenders and prisoners

one investment supporting

■ Almost **1 in 4 offenders** released between January to March 2021 went on to re-offend.⁸

OIF's impact

131 out of 197 young ex-offenders had no re-offending for 12 months.

¹ A peer-reviewed study published in The Lancet in 2022.

² Government data from the 2021/22 academic year.

³ Nuffield Trust, Quality Watch March 2023.

⁴ New research from Shelter.

⁵ Government Outcomes Lab, Mental Health and Employment Partnership evaluation for the Life Changes Fund, January 2023.

⁶ Information from The UN Refugee Agency.

⁷ Office of National Statistics.

⁸ Ministry of Justice, Proven reoffending statistics, 26 January 2023.

Fund Level Summary 2022/23

The Outcomes Investment Fund, financed by Big Society Capital, was launched in May 2017 and has provided investment for twenty-one social outcomes contracts across the UK to date. The Fund made its final investment into the Refugee Transition Outcomes Fund, in March 2022. To date, nine social outcomes contracts have repaid their original loan, with five fully repaying in the fiscal period 2022/23.



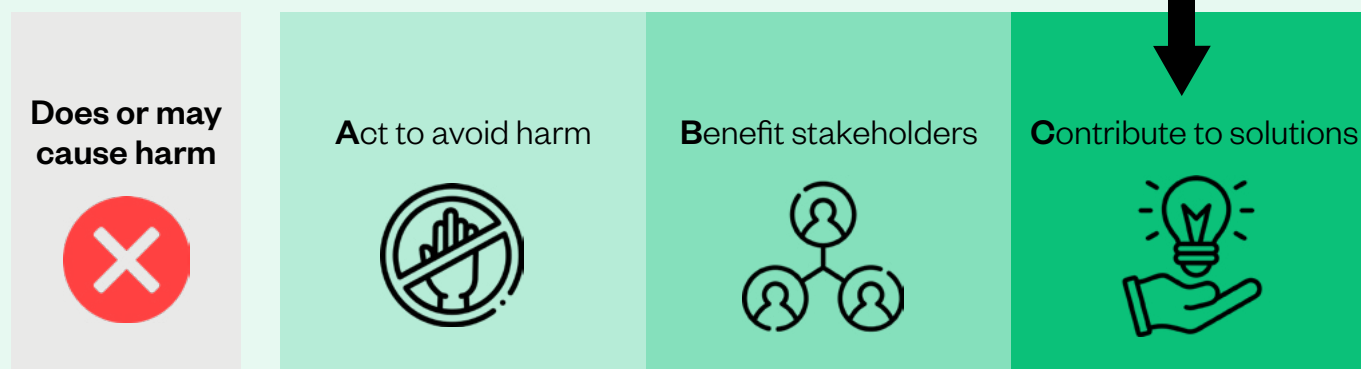
Alignment to United National Sustainable Development Goals

Source: United Nations SDGs



Investment Impact Assessment using Impact Management Norms

All 21 investments rated C



Source: Impact Management Norms

Investment map

The Outcomes investment fund has invested across eight regions in the UK with the majority into:

London (33%)

West Midlands (24%)

Yorkshire and Humber (14%)

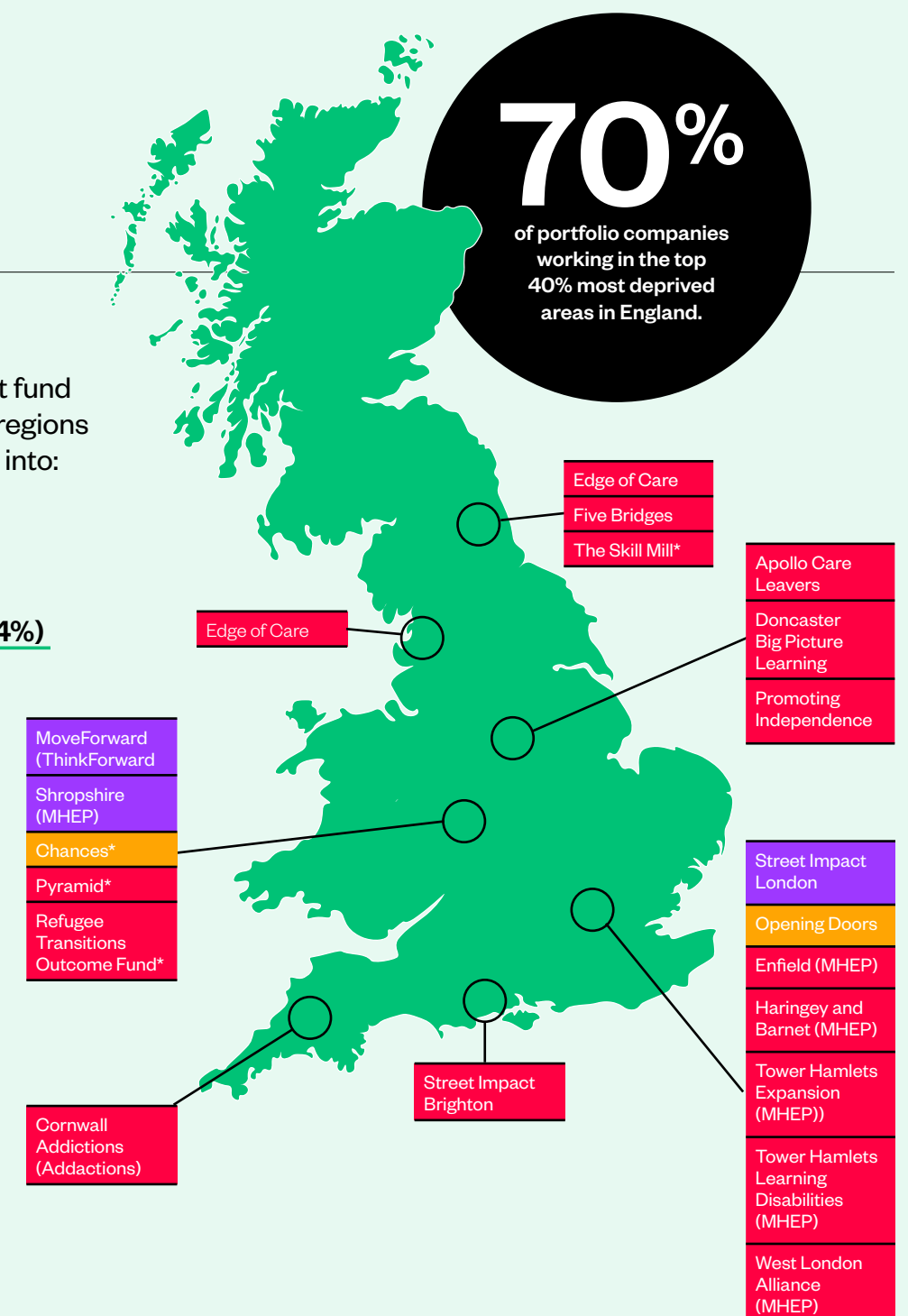
North East (14%)

Map Key: Index of Multiple Deprivation

Upper Middle and Upper Decile 7–10

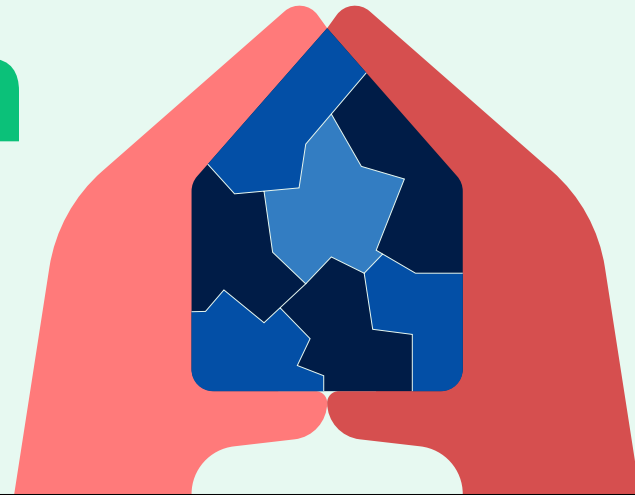
Middle Decile 5–6

Poorest Decile 1–4



Region	number of	Total value of investment
West Midlands	5	£4,445,272
London	7	£2,006,000
Yorkshire and the Humber	3	£1,775,000
North East	3	£689,688
North West	1	£225,000
South East	1	£155,000
South West	1	£100,000

Action for prevention



Big Fostering Partnership

Location: West Midlands

More than 80,000 children are in care away from home on any one day in England. Foster care is the most common placement for a looked-after child, however, 13,000 children are in residential settings, such as children's homes, semi-independent living accommodation or secure units.¹

For some children, residential care can be the best setting to meet their needs. For others, however, it may be the only remaining option if a fostering family was not available or the placement with a fostering family broke down. Often children in residential settings have had much more instability in their lives: 16.7% of children placed in a children's home as their first placement had at least two placement moves during 2018/19. This is over three times higher than for children in long-term fostering (5%), and 50% higher than for children in other foster placements (11%).² For these children being in foster families with a stable home life can help them achieve more and develop stronger attachments and better relationships, leading to better life outcomes such as improved health and well-being, academic attainment and work prospects.

The Big Fostering Partnership (BFP) aims to help children who have been in residential care to find stable placements with foster families through the Bridge to Foster support. The partnership was jointly commissioned by Staffordshire

County Council and Dudley Metropolitan Borough Council and the work is delivered by the National Fostering Agency. OIF has committed an investment of £1.15 million to fund upfront working capital and outcome risk.

Who BFP works with

Many of the children that the Partnership works with have experienced numerous disruptions through their childhood and have needed the expertise of a children's home to help them make sense of these experiences and stabilise things. These young people will have lived in several different places before living in a children's home and may have experienced trauma and therefore struggle to form relationships. They may have been

placed in foster families but due to different factors, these placements may have not worked, and the children would have spent extended periods in residential care. As a result, they will sometimes struggle to trust adults and need the right type of foster carer to help them feel part of a family.

How BFP works

In comparison to the process that takes place with fostering, this approach is a lot more intensive and takes a much longer time:

1. Selecting foster families that have the right level of experience and are the best to provide stability for children who may have experienced trauma and other challenges. The selection process takes place over longer timescales to ensure the right fit.
2. There is a lot of information sharing to make sure the foster family and the child is prepared for the change in care.
3. Support and empowerment of foster families is very important. Big Fostering Partnership provides specialist training to its foster families, as well as high levels of support and guidance. There is also clinical input to support the families and children.

Outcomes Achieved

BFP launched during the pandemic and has helped 13 children settle out of residential care and into foster families.

The service and intervention funded by OIF focus on **tackling 'high-cost crisis spend' and/or early intervention**. By understanding and supporting those most at risk of experiencing social disadvantage, OIF aims to **tackle the root of poverty and social inequality**.

❓ DID YOU KNOW

80,000

the number of children that are in care away from home on any one day in England.

13,000

children are in residential settings, such as children's homes, semi-independent living accommodation or secure units.

J's story

J is a 14-year-old boy from Staffordshire who moved into the care of the Local Authority due to significant concerns that he had suffered emotionally and physically when in the care of his parents.

When he was in foster care J could display violence towards others such as pinching, throwing things and pushing, and could upset people and deliberately cause arguments. This resulted in two foster placements breaking down and, in turn, J being placed into a residential setting.

J was more settled in a residential setting. Engagement in school improved, and overall, he made good progress, responding well to the structure this setting provided. The Local Authority felt J would benefit from having the experience of living in a family setting with the right support and firm boundaries for him to continue to thrive and do well.

Big Fostering Partnership, through its delivery partner National Fostering Group, completed a family finding search, identifying a foster carer locally to J's current residential setting. This allowed him to continue to attend his current school giving him consistency in an educational environment where he was progressing well. J was matched with an experienced carer who has previously cared for a teenage boy who would not engage in education or with other professionals but would communicate with and confide in her. This carer has a calm, laid-back approach and remains like this even when those around are seeming to be experiencing chaos in their lives. This approach has certainly given J the grounding and stability that he needs.

The foster carer received regular clinical consultations from a psychologist to support her to deliver the care and support that J needed as well as additional input from a Family Support Worker and the Supervising Social Worker providing wraparound support for her and J adjusting flexibly as required.

J has spoken about feeling 'at home' and enjoying living with his carer and seeing their relationship as being, 'like a mother and son'. He described feeling that he has more freedom to do 'normal things' now that he is living with her.

'J has spoken about feeling 'at home' and enjoying living with his carer and seeing their relationship as being, 'like a mother and son.'



¹National Statistics, Children's social care in England 2022, 7 July 2022.

²UK Parliament, Educational poverty: how children in residential care have been let down and what to do about it, 8 July 2022.

Individuals at the heart of the service



Big Picture Doncaster (BPI Ltd)

Location: Doncaster, Yorkshire and The Humber

■ 1.8 million children are regularly absent from school – that's 22.3% of registered pupils in England in 2023. This statistic has risen 86% in the last year and 117% compared to the pre-pandemic 2018–19 school year. Poverty is one of the main contributing factors: 37.9% of children eligible for free school meals were persistently absent, compared to 16.7% for pupils not eligible.^{1&2}

It is vital to reengage these young people as it significantly affects their lives in the long term: children who are regularly absent from school are missing out on education, affecting their academic attainment, prospects for work and further education. It is also highly detrimental to the child's mental health, as children are more likely to feel social isolation and anxiety by being distanced from their peers. For the more vulnerable children in our society, there is a greater risk of domestic abuse when they miss school.

Big Picture Doncaster (BPD) has developed an innovative approach to working with young people at Key Stage 2 (pupils aged 7 to 11 years old) and Key Stage 3 (pupils aged between 11 and 14) to bring them back into mainstream education. Their model is based on understanding and working with the needs and interests of individual learners at a level that isn't feasible in schools, where the focus is on the class as a whole.

Most of the projects that OIF has invested in are using **the black box approach** – where the commissioner does not specify what the intervention should be, but agrees to pay for the outcomes. This gives BII, commissioners and delivery partners the **opportunity to co-design the services around the individual's needs** and is particularly effective for those with complex challenges.

Big Issue Invest's Outcomes Investment Fund made a £750,000 investment into the Doncaster Big Picture Learning project in December 2018, providing upfront cash flow and initial set-up costs for the project. The contract is between Doncaster Council and Big Picture Invest SPV, with the Life Chances Fund (LOF) providing part payments on outcomes achieved.

Who BPD works with

BPD works with children at Key Stage 2 who are identified as needing support to make the transition to Secondary School and Key Stage 3 learning.

BPD also work with Key Stage 3 (pupils aged between 11 and 14)

❓ DID YOU KNOW

1,800,000

children are regularly absent from school

This statistic has risen
86%
in the last year

who have experienced one or multiple exclusions, helping them settle in new schools, or those with persistent absenteeism, working on reintegration back into traditional education.

How Big Picture Doncaster works

BPD helps support children by focusing on what interests them most as well as setting strong but respectful boundaries that nurture independence. Work can also focus on addressing the habits and beliefs that children have developed while not in school to get them back in the correct mindset for full-time institutional schooling.

As well as supporting children, BPD also works to build strong relationships with the families of children. BPD understand that children who are living in a supportive household will have a strong foundation for success in education. BPD can also act as a facilitator to rebuild relationships between families and schools where communication may have previously broken down.

Outcomes Achieved

Big Picture Doncaster have worked with 300 learners across Key Stage 2 and 3, and of those that have completed placements approximately 85% have been deemed as making appropriate progress by the local authority.

E's story

E was first referred to Big Picture Doncaster (BPD) in May 2022, as she struggled to remain focused and was easily distracted by other students. She was unable to recognise how others cared for her and that had led to low self-esteem. She could be hurtful and aggressive to other learners and struggled to take responsibility for her behaviour towards other learners and adults.

■ Initially, E was reluctant to talk or share details about herself. She struggled to sit still and maintain a conversation, but at BPD as she was able to move around and talk, allowing her to manage anxiety about the new situation. She was therefore able to open up and share her views on family and her aspirations.

Through continued conversations and support, BPD could see that E was very self-aware but realised that a significant number of her barriers to learning centred around self-esteem issues. E felt she had missed too much learning to catch up. As a result, she found it easier to find ways to avoid the learning she perceived to be difficult. However, BPD could see that her self-awareness was a strength that could be the foundation for the progress she had the potential to make. For example, BOD was drawing on her self-awareness around the choices she makes in school and the resulting outcomes.

A lot of work was done around 'how' E speaks to adults – her tone and volume. E stated how much she disliked being shouted at, from there she learnt that nobody likes being shouted at. This meant she became better at talking to adults both at school and at home when she got angry or frustrated. E recognised that she needed to amend her behaviours and that the adults at school wanted to help her to be successful.

Once E's time with BPD was close to its end, she requested for her BPD advisor to support her reintegration into school. E later explained that having time to re-focus with a trusted person in her school setting helped her link the expected behaviour shown at BPD to school.

BPD has been in contact with the school, and they have expressed how well E is doing. She is better at managing accusations and conflicts in school with her peers, and people in authority.

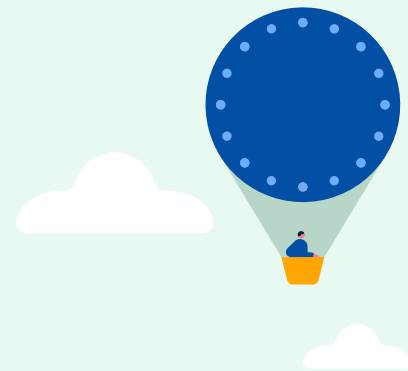
The school has commented on her maturity and clarity in expressing herself which would not have happened before her time at BPD.



¹Department for Education, Pupil attendance in schools, 14 August 2023.

²Department for Education, Persistent absence for unauthorised other reasons: who is at risk? May 2023.

Room for innovation



The pay-for-results contract model gives the delivery partners the freedom to design their services that best achieve the pre-agreed outcomes. They then get compensated for the outcomes achieved. OIF expands this window of innovation even more by delaying the repayment of its investment until the project has enough turnover to cover its costs.

In other words, the organisations can innovate with no pressure of repayment of OIF investment, with more time to pilot and test different approaches in its services, and more time to engage the service users and personalise the service around them. It has also been critical when unpredictable events such as Covid-19 hit the delivery of projects.

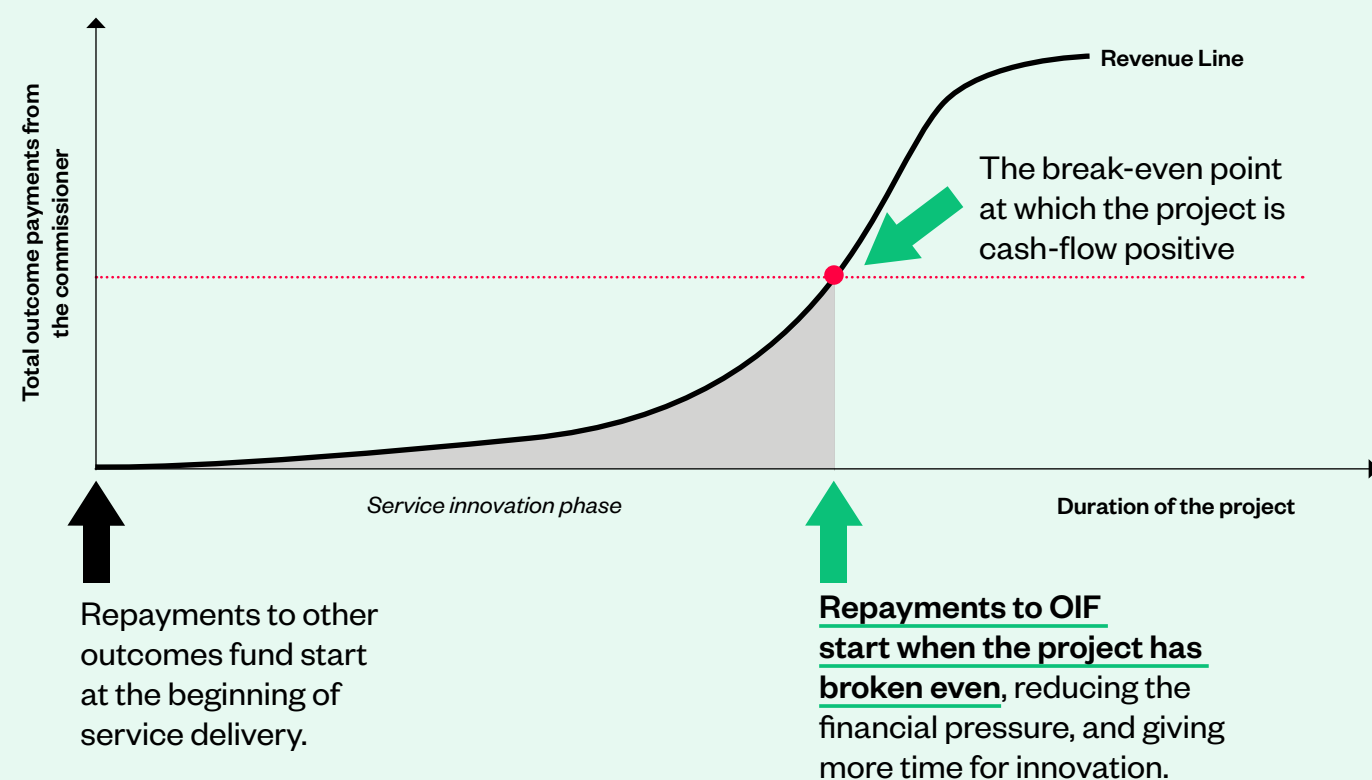
? DID YOU KNOW

Nearly 90 social outcomes contracts have been launched in the UK – more than in any other country.



It has been used by **180** commissioners and involved 220 social sector delivery partners.

The Window of Innovation



Design journey Doncaster Big Picture Learning



This partnership took the Big Picture Learning approach from the US and put it into practice in the UK, for the first time. It focuses on the personal interests of the students to help them become more engaged with education through connecting to the individual and customising their learning around their interests.

In practice, the service was hit by setbacks from the beginning. Early on the building to be used for delivery was broken into and as a result was not ready for use. While the overarching principle of “one student at a time” Big Picture Learning was promising, the approach itself grouped children of different ages and challenges making its educational offer unsuitable in the UK. The OIF team then worked with the commissioners and service providers to redesign and break up the offer to provide differentiated services and outcomes that targeted different age groups:

Without OIF’s window of innovation, the entire Doncaster Big Picture Learning contract could have failed as a service.

Big Picture Learning service offering

Transition from Primary School to secondary school for vulnerable children



Reintegration of children and young people who have been excluded

(service delivered by Big Picture Doncaster, see case study on page 13)

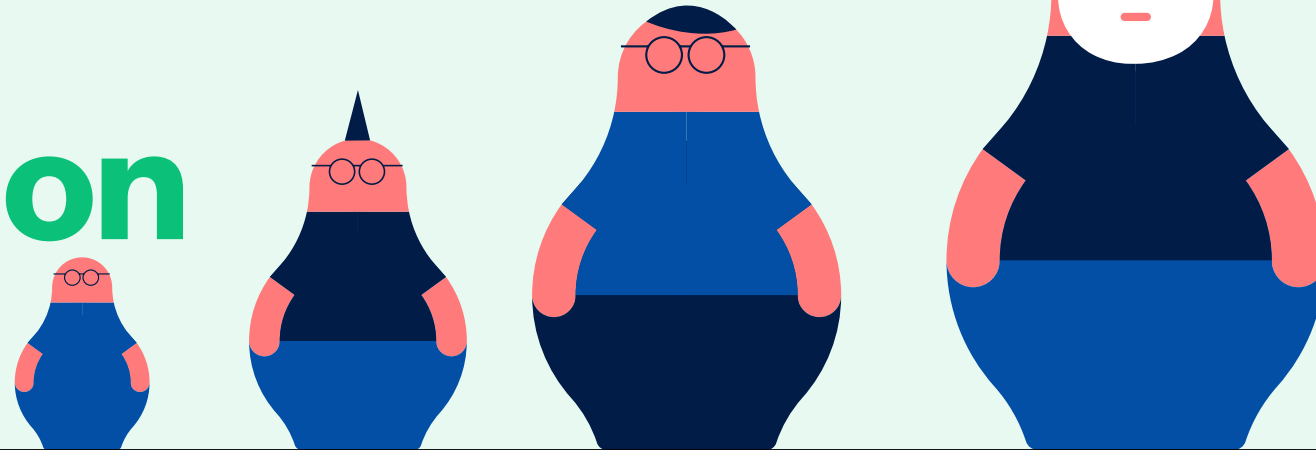


Key Stage 4 learning and skills with post-16 year old pathways into work

(see Vega college case study on page 17)



Empowering the next generation



Vega College (BPI Ltd)

Location: Doncaster, Yorkshire and The Humber

At the end of 2022, there were over 788,000 16 to 24-year-olds not in education, employment or training (NEET) – equivalent to 1 in 10 young people.¹ Two-thirds of the young people classified as NEET are without any A* – C grades at GCSE.²

Vega College is delivering an innovative service in Doncaster to support KS4 learners (pupils aged 14 to 16 years old) who are at risk of gaining no qualifications, due to exclusions and absenteeism, and becoming NEET post-sixteen. It was designed as part of the service development innovation of the Doncaster Big Picture Learning contract.

Who Vega College works with

Like the other service delivery providers under the Doncaster

Big Picture Learning contract, Vega College focuses its support on learners who have experienced behavioural issues in school which have often led to permanent exclusion. Vega College also works with long-term non-attendees on supporting them back into education and gain qualifications, then preparing them to move into apprenticeships and employment post-sixteen.

From its dedicated building in the heart of Doncaster, Vega College can work with 25 learners each academic year.

How Vega College works

Vega College works with learners on a three days-a-week basis, with the remaining two days per week attended at mainstream school. While at Vega College,

learners focus on English, Maths and Science learning during morning sessions which help them prepare for sitting GCSEs in those subjects. During afternoon sessions, learners can focus on the things that interest them most. That could be construction specialities such as bricklaying, plumbing or electrics, or hair and beauty. In the case of one learner, this speciality focus was training racehorses at the Doncaster Racecourse. Vega College aims to create an environment where learners feel welcome and comfortable, removing many of the barriers that have previously led to disengagement and absenteeism.

Outcomes Achieved

In June 2022, 11 Year-11 students from Vega College sat their GCSEs and all achieved the results they needed to move onto post-sixteen pathways. These were all students who, before engaging with Vega College, had low prospects of even sitting their GCSEs.

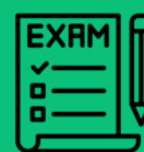
Learners at Vega College also focus on pastoral projects and in the 2022/23 academic year learners worked towards ASDAN and AQA qualifications on 73 courses in total, including animal care, construction and hair & beauty, health & social care, horse care and forensic psychology.

Across all investments, the **OIF team aims to understand** the root causes of social problems and redesign public services to **prevent social issues** in the future.

🔍 DID YOU KNOW

788,000

16–24 year olds were not in education, employment or training (NEET)



In June 2022, eleven year-11 students from Vega College sat their GCSEs and all achieved the results they needed to move onto post-sixteen pathways.

D's story

D was first referred to Vega College in 2021 and started her journey with the college in September of the 2021/22 school year.

Early on it was clear that D could be defensive and very verbally aggressive; as D spent more time at Vega College and became somewhat more settled, staff could see how anxious she was and that she used verbal aggression to keep others at a distance. At other times D would distance herself by shutting herself away in dark rooms to avoid speaking to others.

Over the school year, Vega College took several different approaches to support D in addressing her behaviours and becoming more engaged with her learning. They recognised and accepted that D needed time away from others to feel settled and safe. They found ways to allow D to be involved in activities, such as inviting D on walks with

staff and other learners and regularly asking if she would like to talk. Staff from Vega College attended school days with D to help her build better relationships.

By following this consistent approach, D displayed notable improvement across the year and by July 2022 she was able to work in a classroom with her peers, something she could not do when she first started.

On one occasion, after being supported by a staff member to reintegrate into school, D made the gesture of making a drink for that member of staff and sharing a hug with her. Although this gesture may have seemed small to others, this was a huge step for D as she had previously avoided physical contact with others.

“On one occasion, after being supported by a staff member to reintegrate into school, D made the gesture of making a drink for that member of staff and sharing a hug with her.”



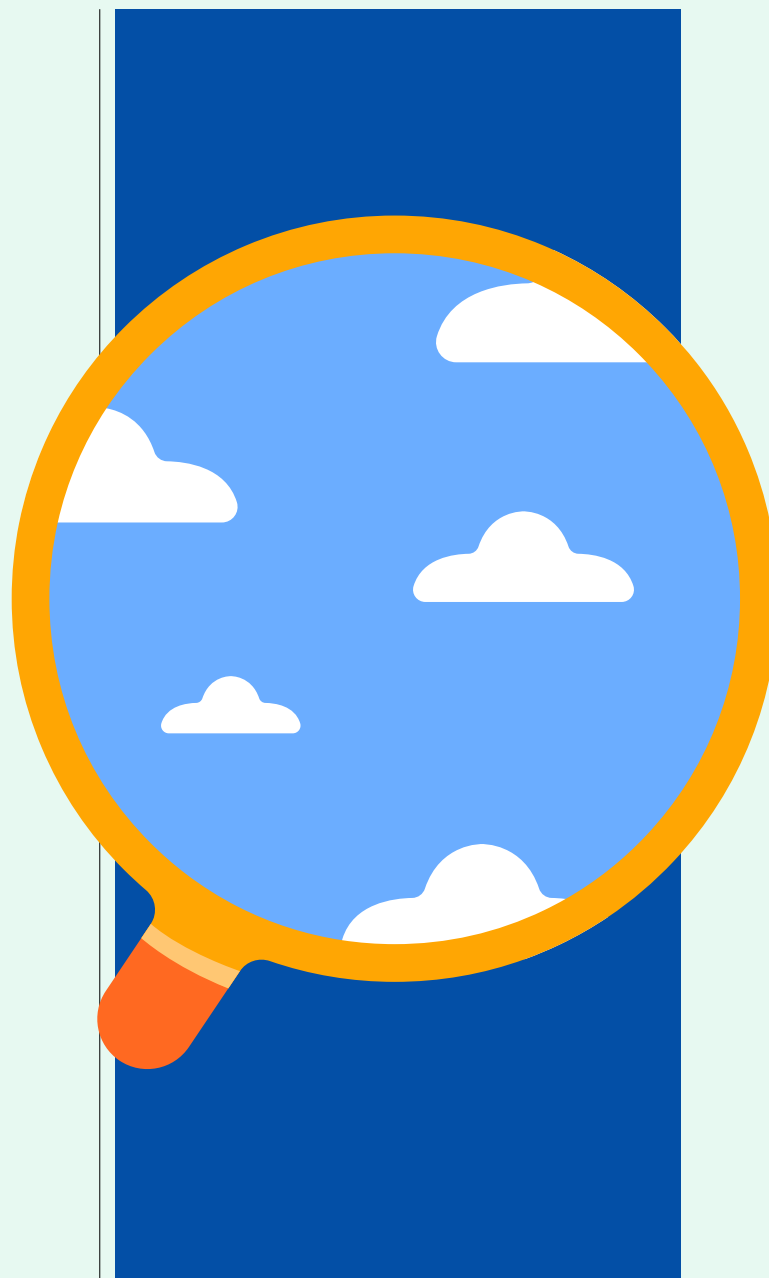
Reflections for the future



Mark Lovell is the Head of the Outcomes Investment Fund. He has been involved in the development of the social investment sector since 2007 and running OIF since 2018.

Mark also has more than 20 years' of experience as a CEO, executive chairman and non-executive director of organisations involved in the delivery of public services both in the UK and internationally. He launched his first outcome contract in 1993.

Here he shares his key reflections on the Outcomes Investment Fund and the evolution of outcomes-based investment in the future.



1 Walk towards the difficult issues

OIF works with some of the most disadvantaged people in society to tackle persistent social issues. The philosophy of the Fund is to walk towards the difficult: look for ways to transform public services so that they support those people that have fallen through gaps or been left behind by the system. Every investment is looking to address complex challenges and find different and/or innovative solutions. Investments are often trialling new approaches to test 'what works'.

This makes OIF a more complex fund to manage, but in the long run, it has more potential for system change.

2 Operational independence to build sustainable and long-term partnerships

We want the OIF to be a catalyst for longer-term collaboration, that enables services to continue after the investment has been repaid. For this reason, we do not run the service delivery in-house. Our value is in creating the partnerships between delivery partners, commissioners, and local authorities, as well as providing guidance and experience in innovation and service design. We believe that by creating these mini communities we can ensure the projects become embedded in the current systems and continue to generate positive outcomes in the longer term.

3 Service adaptation and iteration

To find an effective solution, we need to create an outcome contract that enables change and adaptation based on learning and evidence from delivery. Attempting to define everything in the operating model up-front simply does not generate high quality outcomes. An example

of this was applying the Big Picture Learning from the US into the UK education system with little success. Very early in the contract we had to go back to the drawing board and reconfigure the service around different age groups and revised outcomes. We considered what issues were being faced by the children and their families, the priorities for Doncaster Council and designed the programme around them. Similarly, replicating and scaling successful programmes across the UK will require further refinement around the needs of individuals and places.

4 Super-outcomes to create the right incentives

One of the challenges with outcomes contracts is creating the right type of structure to incentivise service providers and commissioners to fund on the optimal results for individuals. The investment into education through the Vega College is a good example. The outcomes are linked to educational achievement and wider employability outcomes, as well as attendance and progression. The strategy for the investment was to support students aged 14–16 into positive 'post-16 destinations'. The first year's operation showed how those students sitting GCSEs – all of whom had been out of education for 2 or 3 years and were expected to achieve no qualifications – were positively supported in college and apprentice positions post 16. However, there is no 'outcome' payment for this in the contract which is the most important indicator of impact. This may lead to service providers being disincentivised from providing the best possible results for the student and instead focus only on the outcomes within the contract. Learning from this, we are developing "Super-outcomes" in contracts. Where the result may not be the agreed outcome for the intervention in the contract but it is hugely positive for the service user and is really valued by the commissioner.

5 Redesigning capital for public service transformation

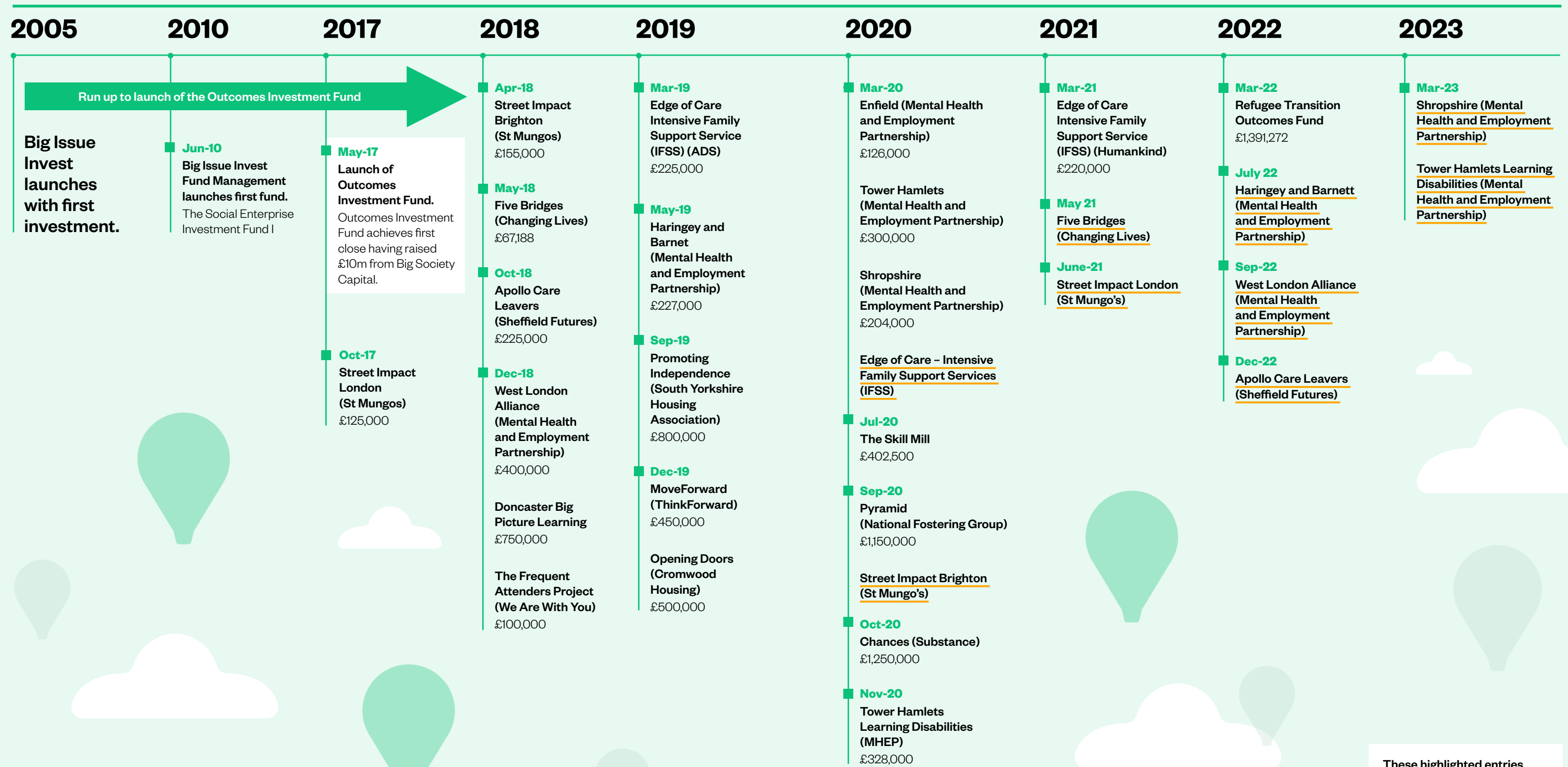
Many public services are under great strain due to reduced public sector budgets, increased build-up in demand post Covid-19, and lack of access to working capital/funding to try new approaches. Service users often have complex problems that require support from multiple delivery partners. Reduced spending in one area can put greater pressure on other services: for example, in one investment, reduced spending on drug and alcohol services for adults over many years had a knock-on effect in higher numbers of children moving into looked after care. Children were being removed from families who did not receive addiction support and thus could not provide a safe environment. Staffordshire Council commissioned a service to provide earlier intervention to prevent children at risk being taken into looked after care/residential settings. Lack of early intervention results in more people receiving help at crisis point, which costs more for the public services.

We are rethinking how working capital and outcome approaches can be used to in public services for more effective solutions for the worst-off in society. It can also provide ways to reduce costs in the long run. Our strategy for OIF is based on working with commissioners – particularly local authorities – to do this.

Transparency about the pricing of this capital and the operating costs with delivery partners has also been key in building trust and resilience in the partnerships. This transparency, linked to data/evidence of longer term savings and 'price discovery' on new services is central to the positive relationship with commissioning partners.

Future outcomes funding will be most effective in driving long-term change as an open-ended, long-term structure, with blended finance (i.e. including a grant) to fund the creation of the contracts as well as a loss layer for projects that need longer development time to find the right solution.

OIF Investment timeline



These highlighted entries have been repaid. Where the entries sit on the timeline is the point at which they were repaid.

OIF Investment Portfolio

Investee	UN SDG	Primary Customer Group	Committed Capital
Apollo Care Leavers (Sheffield Futures) **	8 – Decent work and economic growth	Vulnerable young people	£225,000
Chances (Substance)	3 – Good health and well-being	Vulnerable children	£1,250,000
Cornwall Addictions (Addaction)	3 – Good health and well-being	Dealing with addiction issues	£100,000
Doncaster Big Picture Learning	4 – Inclusive and quality education	Vulnerable children	£750,000
Staffordshire Addiction Dependency Solutions (ADS)**	3 – Good health and well-being	Dealing with addiction issues	£225,000
Enfield (Mental Health and Employment Partnership)	3 – Good health and well-being	Mental health needs and conditions	£300,000
Five Bridges (Changing Lives) **	11 – Sustainable cities and communities	Living in precarious housing or homeless	£67,188
Haringey and Barnet (Mental Health and Employment Partnership)**	3 – Good health and well-being	Mental health needs and conditions	£227,000
Intensive Family Support Service Humankind (Humankind)	3 – Good health and well-being	Dealing with addiction issues	£220,000
MoveForward (ThinkForward)	8 – Decent work and economic growth	Vulnerable children	£450,000
Opening Doors (Cromwood Housing)	11 – Sustainable cities and communities	Living in precarious housing or homeless	£500,000
Promoting Independence (South Yorkshire Housing Association)	11 – Sustainable cities and communities	Mental health needs and conditions	£800,000
Pyramid (Big Fostering Partnership)	10 – Reduced inequalities	Vulnerable children	£1,150,000
Refugee Transitions Outcome Fund (Big Integration Partnership)	10 – Reduced inequalities	Refugees	£1,391,000
Shropshire (Mental Health and Employment Partnership)**	3 – Good health and well-being	Mental health needs and conditions	£204,000
The Skill Mill	8 – Decent work and economic growth	Ex-offenders and prisoners	£402,500
Street Impact Brighton (St Mungos) **	11 – Sustainable cities and communities	Living in precarious housing or homeless	£155,000
Street Impact London (St Mungos)**	11 – Sustainable cities and communities	Living in precarious housing or homeless	£125,000
Tower Hamlets Expansion (Mental Health and Employment Partnership)	3 – Good health and well-being	Mental health needs and conditions	£126,000
Tower Hamlets Learning Disabilities (Mental Health and Employment Partnership)**	3 – Good health and well-being	Learning disabilities and other neurodivergence	£328,000
West London Alliance (Mental Health and Employment Partnership)**	3 – Good health and well-being	Dealing with addiction issues	£400,000
Total			£9,395,688

OIF Portfolio Annual Outcomes

SOC	Mission	Target Service Users	Target Outcomes	Target Indicators	Target value (2022/23)	Achieved value (2022/23)	Achievement %
West London Alliance (MHEP)**	The Westminster Drug Project's mission is to transform recovery for people with addiction and mental health issues. By delivering free-to-access services in London and Cheshire, the charity aims to curtail the impact that substance misuse has on society at individual, family and economic levels.	Adults with addiction misuse issues, and who are long-term unemployed	Achievement and sustainment of employment	Entering engagement with employment services	39	175	449%
				Entering employment	19	76	400%
				Job sustained 13 weeks	7	71	1014%
			Improvement in physical wellbeing	Number of clients who had improvement in health scores	22	39	177%
Doncaster Big Picture Learning	Big Picture Learning aims to improve educational engagement and attainment for students who are disengaged from mainstream school systems.	Children who have disengaged/ been excluded from the mainstream schooling system	Engagement with the learning process and attending school	Personalised Learning Plans completed	39	78	200%
				No. achieving target attendance	29	85	293%
			Young person receives the support to progress at the expected level as outlined in PLP	Achieving Personalised Learning Plans expected progress	23	37	161%
			Young person is achieving resilience scores showing they are being supported to improve mental toughness and withstand pressure	Increased STEN score by 0.2	n.a.	n.a.	n.a.
The Frequent Attenders Project (We Are With You)	We Are With You delivers expert drug, alcohol, and mental health support to empower people to be successful, to make positive changes and to take back control of their lives.	Frequent attenders of A&E due to drug/alcohol misuse	Engagement with the assertive outreach team to access support and treatment	Sustained engagement with treatment x3 months	147	124	84%
			Reduction in A&E attendances for a drug or alcohol misuse issue	60% Reduction in A&E attendances at 6 months	89	68	76%
				60% Reduction in A&E attendances at 18 months	37	55	149%

OIF Portfolio Annual Outcomes

SOC	Mission	Target Service Users	Target Outcomes	Target Indicators	Target value (2022/23)	Achieved value (2022/23)	Achievement %
Haringey and Barnet (MHEP)**	To assist people with longstanding mental health conditions achieve competitive, paid employment through Individual Placement and Support (IPS) services as an integral part of their treatment.	Adults with severe mental health conditions, and who are long-term unemployed	Achievement and sustainment of employment	Referrals	55	250	455%
				Engagements	192	247	129%
				Entering employment	65	43	66%
				Job sustained 13 weeks	21	21	100%
Promoting Independence (South Yorkshire Housing Association)	SYHA's mission is to provide quality, affordable homes for those in need.	Adults with severe mental health conditions who are in 24/7 residential care	Participant has a secure and suitable place to live in fit condition	Moved into housing	16	14	88%
			Participant has the skills needed to manage and keep a place to live and has a higher level of independence and quality of life	Housing sustained x6 mnths	11	13	118%
				Housing sustained x12 mnths	11	14	127%
MoveForward (ThinkForward)	ThinkForward's mission is to support young people most at risk of leaving school not in employment, education, or training ("NEET") to be ready for the world of work, help them overcome the challenges that keep them from succeeding, facilitate employability activities to broaden their horizons and provide experience of the workplace.	Young people with mild to moderate learning disabilities	Increased number of young people with learning disabilities gain work experience, training and successfully transition into full-time employment	Enrolment	30	85	283%
				Completion of 4 ready for work activities	48	60	125%
				Completion of Qualification	22	61	277%
				Employment	26	31	119%

OIF Portfolio Annual Outcomes

SOC	Mission	Target Service Users	Target Outcomes	Target Indicators	Target value (2022/23)	Achieved value (2022/23)	Achievement %
Opening Doors (Cromwood Housing)	Cromwood Housing aims to provide social housing and deliver homes that meet a range of needs.	Adults in temporary accommodation /at risk of homelessness, and with multiple complex needs	Participant is engaging with the support team	Formal Engagement	The Opening Doors SOC has paused delivery of services as of August 2020.		
				Improvement in wellbeing			
			Participant has the skills needed to manage and keep a place to live and has a higher level of independence and quality of life	Improved wellbeing after 12 months			
				Entering accommodation			
				Housing sustained x3 months			
				Housing sustained x6 months			
				Housing sustained x9 months			
Enfield (MHEP)	To assist people with longstanding mental health conditions achieve competitive, paid employment through Individual Placement and Support (IPS) services as an integral part of their treatment.	Adults with severe mental health conditions, and who are long-term unemployed	Achievement and sustainment of employment	Referrals	21	75	357%
				Engagements	125	79	63%
				Entering employment	33	25	76%
				Job sustained 13 weeks	21	18	86%
Tower Hamlets SMI (MHEP)	To assist people with longstanding mental health conditions achieve competitive, paid employment through Individual Placement and Support (IPS) services as an integral part of their treatment.	Adults with severe mental health conditions, and who are long-term unemployed	Achievement and sustainment of employment	Referrals	168	628	374%
				Engagements	85	304	358%
				Entering employment	184	91	49%
				Job sustained 13 weeks	119	43	36%
Shropshire (MHEP)**	To assist people with longstanding mental health conditions achieve competitive, paid employment through Individual Placement and Support (IPS) services as an integral part of their treatment.	Adults with severe mental health conditions, and who are long-term unemployed	Achievement and sustainment of employment	Referrals	161	189	117%
				Engagements	108	105	97%
				Entering employment	41	47	115%
				Job sustained 13 weeks	28	28	100%

OIF Portfolio Annual Outcomes

SOC	Mission	Target Service Users	Target Outcomes	Target Indicators	Target value (2022/23)	Achieved value (2022/23)	Achievement %	
The Skill Mill	Reducing reoffending whilst increasing engagement, participation, employability and educational levels of young ex-offenders to increase their life chances.	Young ex-offenders	Achievement and sustainment of employment, education or training	Recruitment	124	114	92%	
				Induction completed	124	100	81%	
				Qualification achieved	102	90	88%	
				6 months completed	96	77	80%	
				Secured job or further training	40	40	100%	
Pyramid (National Fostering Group)	To move children out of residential care and into stable sustained foster care to improve their life chances.	Vulnerable children in residential local authority care	Children are placed and sustain safe, stable foster homes	Placement in foster care	13	6	46%	
				Sustained foster placement for 6 months	6	-	n/a	
Chances (Substance)	To ensure children and young people stay physically active and reduce the risk of poor health in later life, and to help the most vulnerable young people improve their school attendance, keep them out of the youth justice system and prepare them for employment.	Vulnerable children and young people, including those from low socio-economic backgrounds, a history of the youth justice system, and/ or low school attendance	Improved Health and well-being	Number of young people Involved in the Programme	1,849	1,954	106%	
				Improved physical literacy at mid-point	898	970	108%	
				Improved physical literacy at end point	128	961	751%	
			Improved EET outcomes	Improvements in school or PRU attendance of each 10% over the three full terms following enrolment compared to the full term immediately prior to enrolment	8	57	713%	
				Reduced Re-offending	Achievement of recognised qualification / award, started during any quarter.	355	491	138%
					Completion of a three-month volunteering or work placement (minimum of 30 hs).	10	59	590%
			No further offending over each three-month period following enrolment (achieved up to 4x).		77	150	195%	

OIF Portfolio Annual Outcomes

SOC	Mission	Target Service Users	Target Outcomes	Target Indicators	Target value (2022/23)	Achieved value (2022/23)	Achievement %
Tower Hamlets Learning Disabilities (MHEP)**	To assist people with learning disabilities achieve competitive, paid employment through Individual Placement and Support (IPS) services.	Adults with learning disabilities	Achievement and sustainment of employment	Referrals	4	31	775%
				Engagements	86	54	63%
				Entering employment	45	51	113%
				Job sustained 13 weeks	33	46	139%
Refugee Transitions Outcomes Fund (RTOF)	The Refugee Transitions Outcomes Fund (RTOF) was established to improve employment, housing, health and wellbeing outcomes for newly recognised refugees and to help them tackle the barriers and challenges they face to self-sufficiency.	Refugees	Has a secure and suitable place to live in fit condition	Entry into housing	451	356	79%
				3-month sustainment of housing	151	118	78%
			Improved EET outcomes	Flexible intermediate employment outcome	385	81	21%
				Entry into employment	40	85	213%
				Entry into self-employment	13	3	23%
				Sustainment-3-month	5	44	880%
			Improved integration in the community	Integration plan	1,040	1,041	100%
				6-month improvement	328	224	68%
				12-month improvement	6	22	367%
Intensive Family Support Service Humankind (Humankind)	Humankind creates services and support to meet people's complex health and social needs, helping them to build healthier lives that have meaning and value for themselves and their families. They support local people to create stronger, better-connected communities.	Families with addiction misuse issues and vulnerable children	Families are entering and engaging with addiction and family support	Families engaged with IFSS	90	116	129%
				Families that complete IFSS	75	99	132%
			Children stay out of local authority care	Children out of care x6 months	115	128	111%
			Families are entering and engaging with addiction and family support	Families that engage with IFSS Lite	100	88	88%
			Children stay out of local authority care	Children not escalated through IFSS Lite	150	140	93%

Acknowledgements



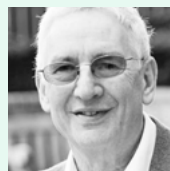
We would like to thank all the delivery partners and commissioners we have worked with over the last year.

Directors of the General Partner



■ Danyal Sattar

Joined Big Issue Invest as CEO in December 2018. He has 30 years' experience in the social and ethical investment, charitable and impact investment sectors, working on social investment for organisations such as the Joseph Rowntree Foundation, Esmée Fairbairn Foundation as well as for social investors Big Society Capital, Charity Bank and Aston Reinvestment Trust.



■ Nigel Kershaw OBE

A leading social entrepreneur and impact investor. Since 1974 Nigel created, built and scaled social enterprises and social investment. He joined The Big Issue in 1994, eventually becoming its CEO and now sits as Group Chair. Alongside Big Issue founder Lord John Bird, Nigel launched Big Issue Invest in 2004. Nigel is also the co-founder of The Big Exchange.



■ Stephen Howard LVO

The chair of Power to Change after retiring as chief executive of Business in the Community after 10 years in post. Stephen brings a wealth of senior management experience acquired in the corporate sector. He has held a number of executive and non-executive roles including chief executive of Cookson Group plc and Novar plc. His other roles include chair of Thames Reach and trustee of Big Society Capital.

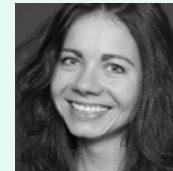
Investment Advisory Committee



■ Tim Farazmand (Chair)

He has spent 30 years in private equity. His last full-time role was as Managing Director at LDC, the private equity arm of Lloyds Bank, where he worked for 12 years. Tim was Chair of the British Venture Capital Association (BVCA) for the 2014–2015 term. He currently chairs

the Palatine Impact Fund, sits on the Advisory Board of Beechbrook Capital and the boards of Estio, The Lakes Distillery, Vinoteca and the Baronsmead Second Venture Trust plc.



■ Daria Kuznetsova

She is an Independent Advisor on strategy and Impact across the private, public and social sectors. Daria was previously executive director for Strategy, Research and Performance at Teach First, a charity tackling educational inequality. Prior to that she was a strategy director at Big Society Capital. Daria has broad experience in the social and public sectors, including at New Local Government Network, NHS England and the Cabinet Office Strategy Unit. She is also a regular outreach volunteer for St Mungo's Broadway.



■ David Holmes

He has been chief executive of the national charity Family Action since 2013 and was previously chief executive of British Association for Adoption and Fostering.

David also Chairs of the charity Children England and Trustee a of Westminster Foundation. He is also the former Chair of both Naomi House and the End Child Poverty Coalition. He was awarded a CBE in 2014 for services to children and families.



■ Georg Stratenwerth

He spent most of his career in private equity, initially with JP Morgan Partners and then Advent International. Prior to that he worked as a management consultant at Mercer Management Consulting and Roland Berger and Partner. Georg currently serves as a member of the Ashoka support network and on the Board of Trustees of ClientEarth, where he heads the Finance and Investment Committee. He also serves on the Board Be Caring and VU X EarthH, both Big Issue Invest investees.



■ Jeremy Rogers

He has over 20 years of experience in the charitable and investment sectors, with over 12 years in impact investing. Jeremy set up and

ran JP Morgan's European High Yield Trading group, growing it to become the market leader. Jeremy has held multiple voluntary and non-executive roles at charities and social enterprises including The Prince's Trust, Ashoka, Big Issue Invest, Pilotlight, and the Rockefeller Foundation. He is a member of the Lankelly Chase Foundation's Investment Committee and Access – The Foundation for Social Investment's Joint Investment Committee.



■ Nick Temple

He is CEO of Social Investment Business. Prior to joining SIB, Nick was deputy CEO at Social Enterprise UK, the membership body for social enterprise, contributing towards the organisation's transition away from core government funding and tripling of membership numbers. Before SEUK, Nick worked at the School for Social Entrepreneurs, helping expand its franchise across the country.



Fund Information

General Partner:

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Directors of the General Partner:

Parveen Bird, Stephen Howard, Danyal Sattar

Manager: Big Issue Invest Fund Management Ltd

113-115 Fonthill Road Finsbury Park,
London, Great Britain, N4 3HH

Directors of the Manager:

Pete Flynn (Chair), Parveen Bird, John Gilligan,
Danyal Sattar, Melanie Tillotson

Limited Partnership Registration Number:

LP017947

Registered Office:

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