

For immediate release

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Social Impact Bond Launched

Prisons Minister Crispin Blunt visited Kalyx's HMP Peterborough on Friday 10 September to launch the Social Impact Bond (SIB) pilot.

The Social Finance run SIB pilot is the first scheme in the world that has used new funding from investors outside government to reduce reoffending with offenders. Investors will only receive returns on their investment from the Ministry of Justice if they reduce reoffending by a set amount.

At a time of tight public finances, payment by results models, such as the Social Impact Bond, can tap into new sources of funding to reduce reoffending and provide value for money for the tax payer

Justice Minister Crispin Blunt said:

"Our priorities are to punish offenders, protect the public and provide access to justice. But we want to initiate a more constructive approach to rehabilitation and sentencing, and re-think whether putting more and more people into custody really does make people safer.

"We want to actively involve individuals and voluntary and community organisations - not just in tackling crime and re-offending but in helping to keep people out of the criminal justice system in the first place. This payment by results pilot is both innovative and imaginative. I am delighted to be launching it at HMP Peterborough today."

The six-year SIB pilot scheme in HMP Peterborough prison, run by Social Finance, will prepare around 3,000 short term prisoners for their lives post-release and will work with them to prevent a return to a life of crime

If these services are successful and re-offending drops by more than 7.5 per cent within six years, investors receive a payment representing a proportion of the cost of re-offending. The payment will increase based on the reduction in re-offending with the total cost of the project capped at £8m.

Secretary of State for Justice Kenneth Clarke MP who visited the prison the day before the launch said:

“This Government has a historic opportunity to initiate a more constructive approach to rehabilitation. This means making prisons places of punishment, but also of education, hard work and change. As part of our radical approach to rehabilitation we are considering a range of payment by results schemes like the Social Impact Bond.

“The voluntary and private sectors will be crucial to our success and we want to make far better use of their enthusiasm and expertise to get offenders away from the revolving door of crime and prison.”

Phil Andrew, Kalyx managing director, said:

“We are delighted to be working in partnership with Social Finance. Our work is dedicated to preventing future victims by delivering rehabilitative opportunities to prisoners through work skills, educational qualifications, behaviour programmes, substance misuse interventions, and assistance with accommodation and employment.

“This project will complement our work by supporting ex-offenders through the difficult transition from prison to the community, and it will increase the chances of them avoiding further crime in the future.”

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