

# Social Impact Bonds and Homelessness: Questions from the Field

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## Introduction

Homelessness has been identified by the South Australian Government as one of four focus areas for Social Impact Bonds (SIBs) in South Australia and Shelter SA has followed the introduction of SIBs with interest. In 2014, Shelter SA hosted an Adelaide University Arts Intern student with a research brief to critically examine what is currently known about SIBs and to identify the opportunities and challenges they present from a community services perspective.

The review findings confirmed that there is no substantial theoretical basis upon which SIBs are premised and there is a lack of objective, high quality evidence to support the development and implementation of the SIB model. The report recommendations also included the commission of a South Australian based intermediary, support and capacity building for smaller organisations to participate in SIBs and the setting of reasonable targets and measurements. The student report is available online<sup>1</sup> and a summary of the key challenges and opportunities identified in the area of SIBs is shown below.

## Shelter SA Sector Consultation: Level of Understanding of SIBs

Shelter SA held a sector consultation in Adelaide on 12 March 2015 to explore SIBs and homelessness. At the beginning of the consultation, participants were asked to self-rate their level of understanding of SIBs. Eighty nine per cent of participants rated their knowledge level as low or very low, indicating the need for capacity building activities and more information about SIBs.



A wide range of questions were raised during the event that demonstrated a general lack of knowledge about SIBs and how they might operate in South Australia. Participants said that there is a lack of clear definitions about the roles and responsibilities of stakeholders; tensions between traditional ways of funding community services and SIBs; and had more questions around attaining good client outcomes and a for-profit model of financing community services.

Participants said that SIBs present a new and potentially exciting source of funding for community services. However, a lack of knowledge and



Adding to the lack of theory behind SIBs, it appears to be a foreign concept that is far removed from traditional community services and quality client outcomes. A consistent theme during the consultation was that the position of clients and the wider community is currently too abstract — the absence of a clear philosophical position and principles to enshrine the identity and rights of citizens in SIBs is a weakness that must be addressed by all stakeholders.

There is no shared understanding or common language between the diverse stakeholder groups required to initiate SIBs — government, investors, community services and intermediaries. The roles and responsibilities of each stakeholder are not clearly enough defined to be well understood by the majority of participants. This deficiency is unsurprising given the range of skills, experiences and objectives of each stakeholder but must not be overlooked to progress SIBs.

Many community service workers require further education, information and opportunities to ask questions and discuss issues with peers, government and other stakeholders in order to fully embrace SIBs.

### Conclusion

Shelter SA acknowledges the contribution of all participants in the SIB consultation and looks forward to receiving feedback from a wide range of stakeholders to inform next steps in this important area for the community services sector and state government. Shelter SA will seek to engage all stakeholders, including the state government, to progress the issues, questions and advice raised to date, utilising a collaborative approach.

#### Endnote

1. Via the Shelter SA website at  
<http://www.sheltersa.asn.au/wp-content/uploads/C-Edwards-SIB-REPORT-POSTERCOMBINED.pdf>