



Drug and Alcohol Dependency

Why drug and alcohol dependency?

There are four key reasons why the Life Chances Fund is focusing on catalysing Social Impact Bonds (SIBs) to prevent and reduce drug and alcohol dependency.

- **Dependency has a significant impact on public health outcomes** - Public Health England (PHE) statistics indicate that drug and alcohol dependency accounts for 6% of the disability adjusted life years lost in the UK. Alcohol misuse is the third biggest risk factor for illness and death, with 22,481 premature deaths annually in England attributed to alcohol. Dependent drug users are also vulnerable to overdoses, blood-borne viruses and general poor health. (PHE Strategy figures)
- **Dependency directly impacts on the life chances of children and young people** - PHE estimates that in 2011-12 there were between 75,000-125,000 opiate and/or crack users living in households with children. With an estimated 175,000 - 225,000 children likely to be negatively impacted in terms of their life chances. Updated estimates will be available in Autumn 2016. Parental dependence increases the likelihood of children misusing drugs themselves, and taking on inappropriate caring roles for their addicted parents.
- **Drug and alcohol misuse incurs a high cost to society and the tax-payer** - Estimates suggest the annual cost to society of alcohol-related harm is £21 billion (£11bn in crime, £7bn in lost productivity and £3.5bn to the NHS). The social and economic cost of drug supply in England and Wales is estimated to be £10.7bn a year.
- **It provides opportunities to test innovative approaches to prevent substance misuse and support recovery for those with complex needs** - This can build upon the previous successes of the substance misuse treatment system which has a strong track record of measuring and delivering against outcomes

What kind of proposals is the Life Chances Fund looking for?

Drug and alcohol dependency, and wider misuse, is a relatively new area for Social Impact Bonds (SIBs) and there are no active SIBs operating in this space.

We have worked closely with experts from both inside and outside of government to develop some initial guidance around the type of proposals that are likely to fit with the overarching aims of the Life Chances Fund and the SIB model.

What is a Social Impact Bond?

A SIB is a subset of outcomes-based contracts where a social investor, seeking social as well as financial returns, provides the up-front funding required to deliver the service. The outcomes-based contract will therefore involve a commissioner (government), a provider (usually a charity or a social enterprise) and a social investor.

Outcomes

We know that substance misuse often presents as part of a far wider range of issues that an individual is facing. Given the strong interdependencies between these different factors, it is likely that strong proposals will focus on a reduction in substance dependence (and misuse generally) alongside one or more of the following:

- Movement into employment or other meaningful activities including volunteering
- Movement into appropriate accommodation
- Reduction in offending or antisocial behaviour
- Reduction in co-existing mental health problems
- Reduction in family breakdown
- Improved health and wellbeing of users, carers/families
- Improved education outcomes

Cohort

For a SIB to work, there needs to be a clearly identifiable cohort that it seeks to work with (i.e. not just a population wide approach). Based on our analysis, we think there is the potential to develop SIBs to prevent substance misuse and/or reduce dependency among the following groups:

- Vulnerable young adults
- People with a history of unemployment
- Families at risk of having their children taken into care
- People with co-existing mental health and substance misuse problems
- People with complex/multiple needs (homelessness, mental health, offending)
- Rough sleepers/street drinkers
- Frequent hospital attenders
- Looked after children/children at the edge of care and young people leaving care
- Victims of domestic violence
- Offenders and those at risk of offending
- Children at risk of exclusion from school

Intervention

We would like to see bids focused on interventions that are evidence based and scalable but will also consider proposals that are seeking to test an innovative approach. This could include preventative interventions as well as those focused upon a reduction in dependency.

Joint bids from a cluster of local commissioners (e.g. local authorities, clinical commissioning groups and police and crime commissioners) are also encouraged. This could utilise the [footprint areas](#) that were launched in January 2016.

Given the vulnerable nature of the cohorts that dependency SIBs will be working with, the LCF Expert Panel will include a clinical expert who can provide clear guidance on whether proposals fit with clinical guidelines and best practice.

Out of scope

Based on our previous experience with Social Impact Bonds, there are some areas where we believe the SIB model is unlikely to be appropriate:

- Large scale capital projects (e.g. building hostels)
- As an additional revenue stream for existing drug and alcohol services
- Interventions that have very limited or no existing evidence to support them
- Open ended services that lack a clearly defined cohort

We will work with other government departments to ensure that proposals to the LCF do not duplicate or contradict programmes that they are funding.