

Side by Side Social Impact Bond

Annual Investor Report
Period ending 31 December 2022
Issued March 2023



Contents

Foreword	3
Side by Side SIB Overview	4
Side by Side Program	4
SIB overview	5
Program Update	7
School engagement	7
School development	8
Student numbers	9
Student and family engagement	10
Profile of Side by Side Program students	13
Side by Side Program team	14
Outcomes	15
Recorded Days Absent	15
Counterfactual Days Absent	15
Attendance Improvement	16
Contractual Reviews	17
Financial Report	18
Interest payments	18
Coupon payments	18
Early repayment	18
Disclaimer and confidentiality	19

Foreword

Dear Investor,

Social Ventures Australia is pleased to present the second Side by Side Social Impact Bond (**Side by Side SIB**) Investor Report.

The Side by Side Program (**Side by Side** or **Program**) has now established its full complement of 9 partnering schools across three regions in Victoria, and is in the process of finalising the enrolment of the third cohort of students and families.

Over the first two years, the Program has supported 63 students to improve their engagement, attendance and learning outcomes, 84% of the targeted figure. 15 students have exited the Program, including 11 who attended a school that withdrew its participation. These figures reflect the challenges the Program has experienced in establishing operations during a period that was materially disrupted by Covid-19.

Engagement with students and families has improved in the Program's second year of operation, with the removal of Covid-19 related restrictions providing greater opportunity for the Side by Side team to meet with parents and interact with students face to face. Some families have struggled to re-engage with supports following periods of isolation, and the Side by Side team has worked collaboratively with schools to overcome these challenges.

Pleasingly, the individualised support and whole of school training elements of the Program are integrating well, with classroom teachers and Side by Side Teachers working together to deliver culturally sensitive, trauma-aware support in the schools. Implementing the whole of school professional learning has been a challenge as schools have a limited number of development days. Most participating schools have either completed or scheduled their four days of Side by Side training.

As previously communicated, the Intervention Year Attendance Improvement was fixed at the target level of 22% for first two cohorts of enrolled students due to the significant disruptions in school attendance caused by Covid-19. The Monitoring Year Attendance Improvement result for the first cohort was 19.62%, which is slightly below target.

We trust that the stories and information shared in this report will provide useful insights into the Side by Side journey to date.

Kind regards,



A handwritten signature in black ink, appearing to read 'Elyse Sainty'.

Elyse Sainty
Director, Impact Investing,
Social Ventures Australia

Side by Side SIB Overview

The Side by Side SIB funds the delivery of the Side by Side Program in Victoria, which is delivered by Berry Street Victoria Incorporated (**Berry Street**) and the Victorian Aboriginal Child Care Agency Co Op Ltd (**VACCA**), in partnership with the Victorian Department of Education and Training (the **Department**). The Side by Side SIB has a term of 6.25 years and utilises \$5 million of investor capital.

Side by Side Program

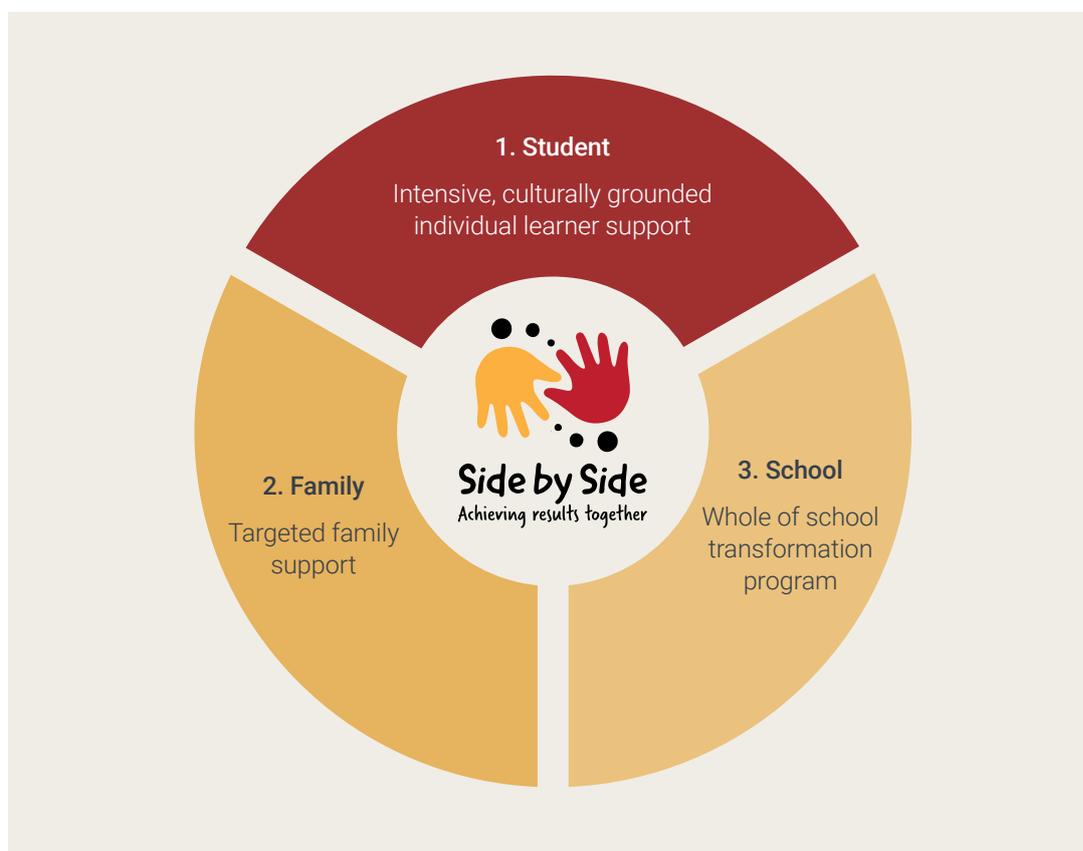
The Side by Side Program aims to support students in early primary school (Years 1 to 4) to increase their attendance and engagement at school, and to address key gaps in their learning. The Program prioritises working with Aboriginal and Torres Strait Islander students, who are primarily supported by Program staff drawn from VACCA.

The Side by Side Program provides:

- 12 months of individualised family and student support and tuition (with an additional year of monitoring and follow-up support), aimed at supporting parent and family engagement and building the motivation and capacity of individual students to engage and learn at school; and
- a whole of school development and transformation program, aimed at helping schools to understand and apply a culturally sensitive, trauma-aware model of education.

The Program is designed to support students across their home and school life in an integrated and coordinated way.

Figure 1 Side by Side Program integrated model of support



SIB overview

The Side by Side SIB is underpinned by an outcomes-based contract between the Department and Berry Street. Payments will be made to Berry Street by the Department based upon the level of improvement in participating students' school attendance over two years, measured relative to their attendance in the year prior to enrolment in the Program.

To fund the Side by Side Program prior to the receipt of the outcome-linked payments, Berry Street borrowed \$5 million from the Side by Side SIB Trust¹, which in turn raised capital from investors through the issue of Notes.

Investor returns

Investors will receive a 1.5% per annum Fixed Interest Payment over the first 5.25 years of the bond, and a Performance Interest Payment at maturity which is determined by the level of improvement in attendance, as is the proportion of principal repaid on maturity.

Under the assumptions set out in the [Side by Side SIB Information Memorandum](#) dated 22 October 2020, investor returns vary with the level of program performance as illustrated in Table 1.

Table 1 Side by Side SIB Noteholder returns under initial assumptions

	Underperform	Below Target	Target	Above Target	Outperform
Overall Attendance Improvement²	10%	16%	22%	28%	>30%
IRR (% per annum)	-1.6%	2.5%	6.0%	9.0%	9.9%
Performance Interest Rate	-	7.5%	30%	52.5%	60%
Principal Returned	85%	100%	100%	100%	100%

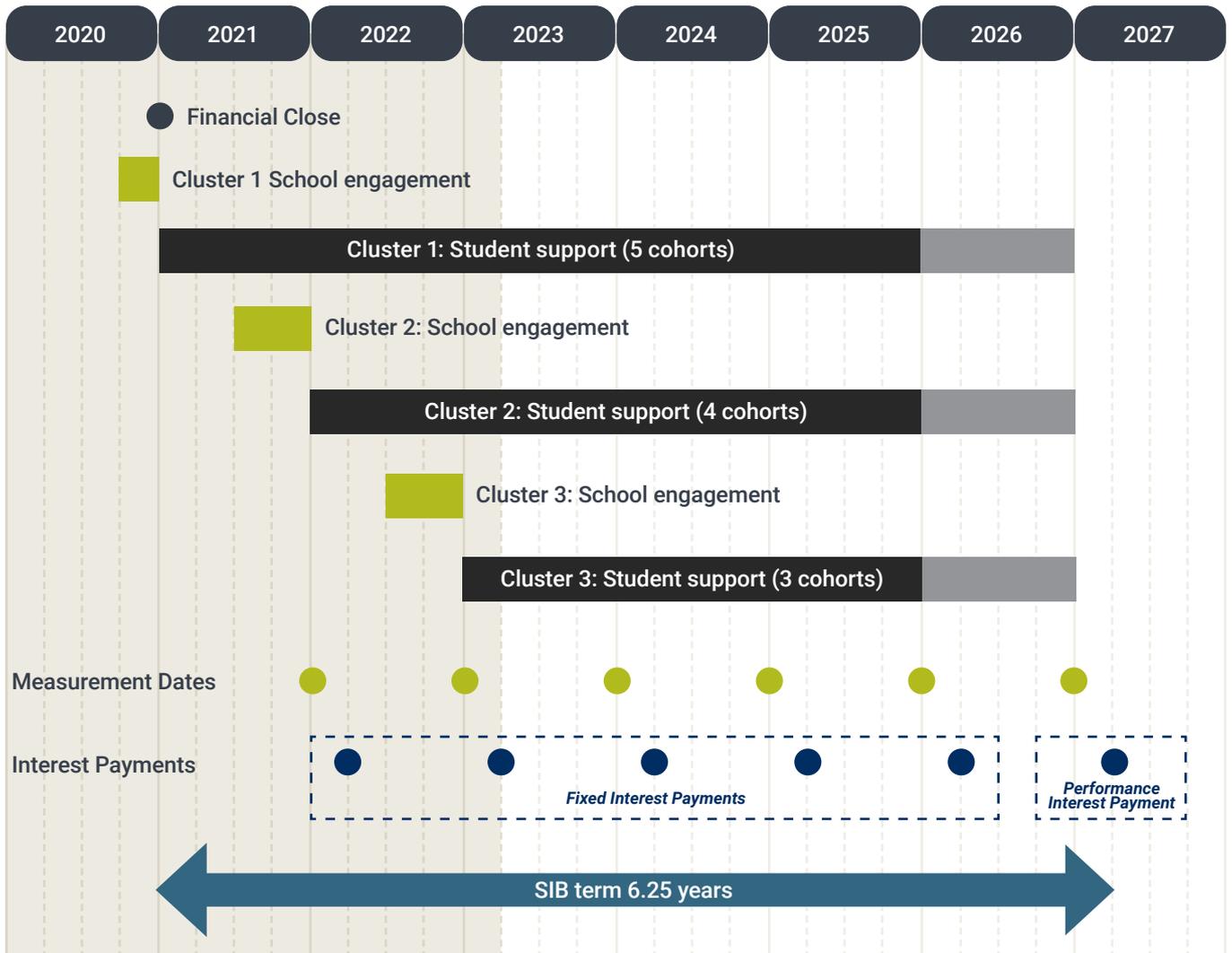
If performance is tracking well below target, an Early Termination may eventuate. The minimum proportion of investor principal which would be repaid in that circumstance is 70%.



1. The Side by Side SIB Trust (being SVA Nominees Pty Ltd as the trustee of the Side by Side SIB Trust) is the issuer of the Side by Side SIB, and is managed by Social Ventures Australia Limited.
2. Overall Attendance Improvement is the weighted average of attendance improvement for the Intervention Year (60% weight) and the Monitoring Year (40% weight), each of which measure the improvement in absenteeism for participating children relative to the year prior to their enrolment, adjusted for historical attendance patterns.

Timeline

Figure 2 Side by Side SIB timeline



Program Update

School engagement

Two of the three planned school 'clusters' have commenced the Side by Side Program, and the final cluster was onboarded during 2022.

- **Cluster 1 – Northern Melbourne:** Three schools are currently participating in the Northern Melbourne region, including a replacement for the school which elected not to participate further in the Program, as reported last year. The two original schools have built trusted and valued relationships with the Program, with classroom teachers welcoming the Side by Side team into the classroom and having daily conversations with Program staff regarding communication with students and their families.
- **Cluster 2 – Gippsland:** Engagement with the three schools located in the Gippsland region remained strong in 2022, with each school collaborating closely with the Program and integrating the Program into the school.
- **Cluster 3 – Western Melbourne:** Two schools in the Western Melbourne region were successfully onboarded last year. Each school has welcomed the Program and quickly worked to establish a space in the school for the Side by Side team to base themselves. A third school has been identified and is the final stages of onboarding for the 2023 school year.

"Side by Side has had a big impact on particular students and families in our school community. The team have done a wonderful job working with families to address and remove obstacles which impact school attendance. These include providing learning devices, discussing issues such as student anxiety, helping to navigate issues related to student confidence and integration. They have communicated well with school staff if there are issues or concerns that the parents don't feel able to raise with the school directly. This has had a significant, positive impact on the student's attendance and improved the school's relationship with these families. The in-class support has improved student confidence in their learning" – Assistant Principal

Regular meetings to discuss students and families, as well as morning teas and barbecues to celebrate achievements, have highlighted the trusting and positive working relationship between schools and the Side by Side Program. The Program has also supported some schools to set up a Koorie Club, which is a culturally safe gathering place for students and families within a school environment that also celebrates student achievements.

Schools and the Program are sharing live attendance data and collaborate using school communication systems to inform practice and support school attendance.

All schools have collaboratively engaged with the Side by Side Program team to plan for students commencing the Side by Side Program in 2023.

"I believe the partnership aligns with our values and it has been strong and productive and only getting stronger" – Principal

School development

It is expected that each school will participate in four days of professional learning to support the whole of school transformation process over their first two years of engagement with the Program, in addition to supplementary consultations and masterclasses to implement the training. This includes cultural training which builds schools' capability to provide culturally responsive approaches for students in the school environment.

The Side by Side professional learning requirement equates to half a school's annual curriculum day allocation. This can pose challenges for the Program and schools as each school needs to schedule this training alongside other mandatory requirements for curriculum days (for example, student reports and first aid training). This has required the Side by Side Program to be flexible in the delivery of this training to best meet the needs and constraints of schools.

Cluster	Side by Side training update
Northern Melbourne	The two original schools have completed their four days of professional learning, with one school also completing additional consultations and masterclasses to support their continued whole of school transformation. The replacement school has completed its first day of professional learning.
Gippsland	All schools have completed their first two days of training, with the remaining two days and additional consultations scheduled for 2023.
Western Melbourne	The Side by Side Program is working with the schools to schedule their professional learning days across 2023 and 2024.

In the second year of the Program, it has become more apparent how the individualised support and whole-school training elements of Side by Side integrate to promote school transformation. The foundation of the Side by Side Program is trauma-informed, culturally responsive practice, and this is modelled in the Side by Side team's interactions with students, families and school staff in the school environment. During busy school days, it has become common for classroom teachers to work with the Side by Side team to workshop trauma-informed strategies for students or seek their advice on activities that celebrate their First Nations communities. The Side by Side team have become trusted colleagues within schools who build capability in their daily collaborations with teachers, education support staff and leadership teams.



Student numbers

Enrolments

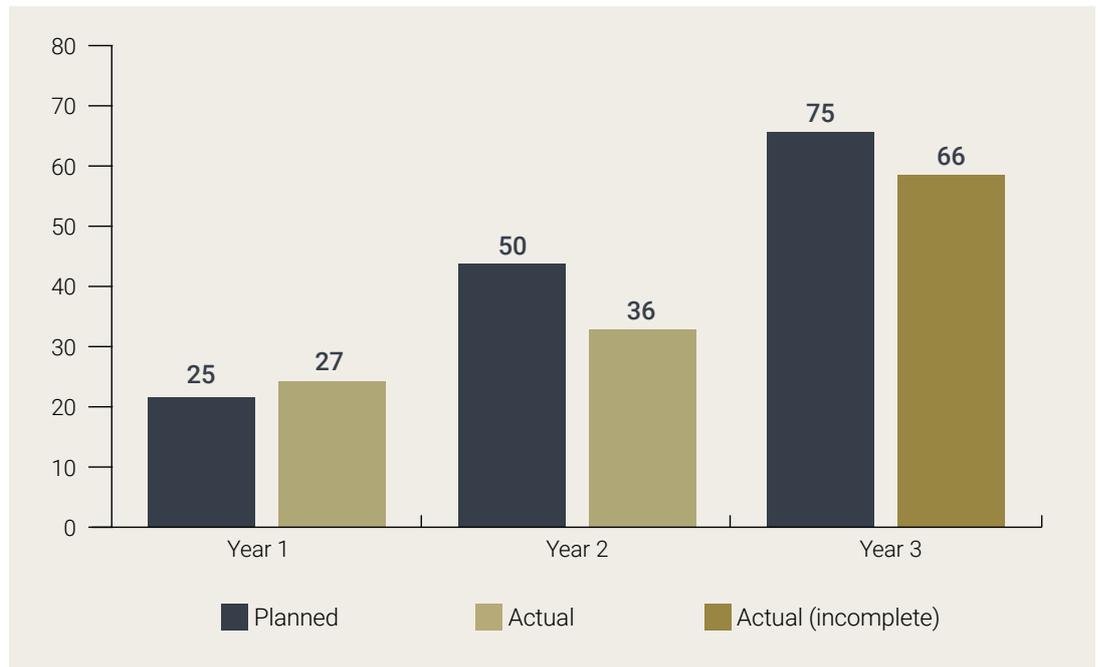
It is planned that each participating cluster of schools will collectively enrol 25 students in the Side by Side Program each year, with approximately 300 students enrolled over five years.

A total of 63 students were enrolled in first two years (84% of plan), with one further student enrolled after the issue of the 2022 Annual Investor Report.

Year 3 enrolments are in the process of being finalised, and as at the end of February 2023 66 students had been enrolled in the Program. The majority were enrolled by the end of 2022. An additional 8 enrolments are expected to be finalised by the end of Term 1 2023.

In total, the number of children enrolled in the Intervention Group is 129, or 86% of plan.

Figure 3 Annual enrolments



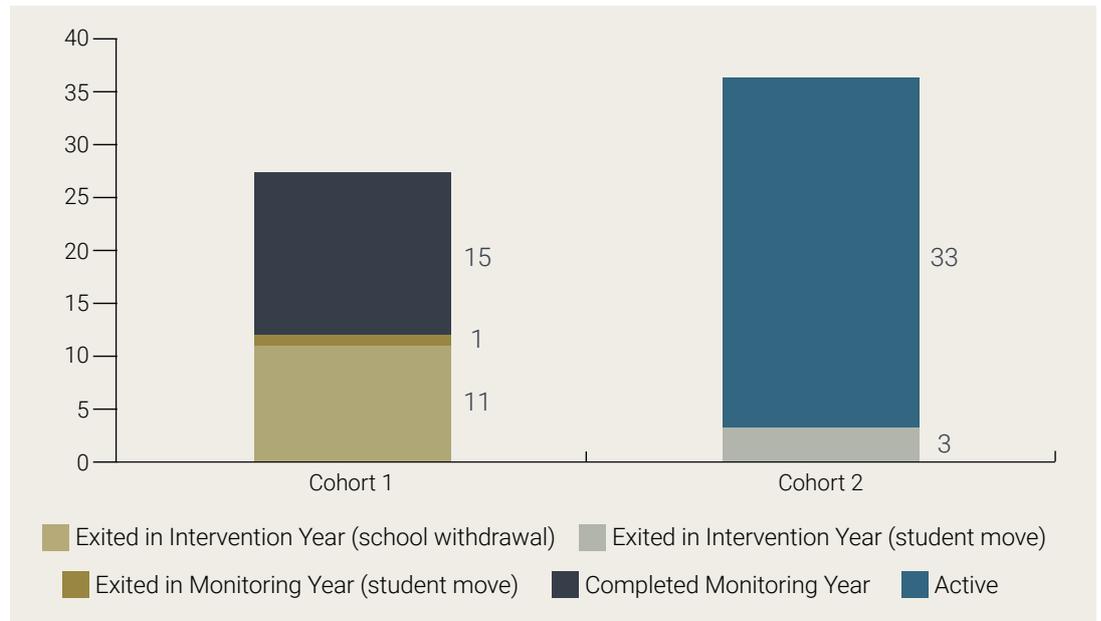
The referral process was modified last year to identify a greater number of eligible students, and reduce administration for schools. A list of eligible students is now provided to each school's leadership and wellbeing team by the Department, from which they create a shortlist of suitable students. There is also a focus on greater collaboration in approaching families about the Side by Side Program. VACCA Family and Education Case Managers engage with some families and schools at this early stage to ensure there is a level of cultural safety for families during initial contacts about the Program. A further example of deepened collaboration is an end of year barbecue with the school community to celebrate the achievements of Side by Side families in 2022 and introduce newly referred families to the Program. The enhancements to the referral process have led to a greater number of enrolments during Term 4 than in previous years.

Exits

Four students exited the Intervention Group during 2022. One student's family relocated overseas and three moved to a school that was not participating in the Side by Side Program. In addition, it was agreed that the 11 students from the Northern Melbourne Cluster school that withdrew from the Program would be exited from the Intervention Group as at the end of their Intervention Year.

In total, 15 students have been exited from the Intervention Group over the first two years of the Program. Excluding the exits due to school withdrawal, this represents an exit rate of 7.7%.

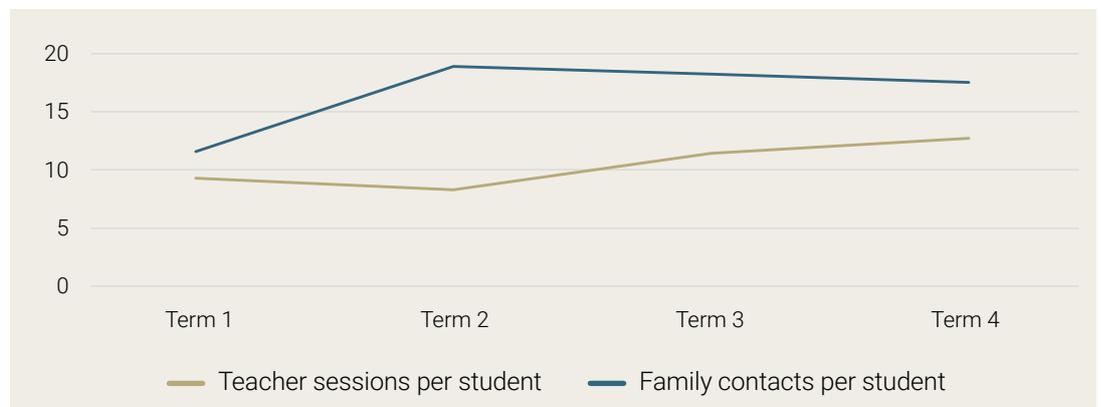
Figure 4 Student status by cohort



Student and family engagement

With students returning to classrooms in 2022, families being permitted on school campuses and face-to-face engagement with families becoming more regular, student and family engagement with the Side by Side Program increased relative to the lockdown disrupted 2021 school year. Average contacts with families increased from 12 contacts per term in 2021 to 16 contacts per term in 2022, and engagement with Side by Side Teachers was tracked consistently (11 sessions per student on average over 2022).

Figure 5 Average family contacts and Teacher sessions per school term in 2022

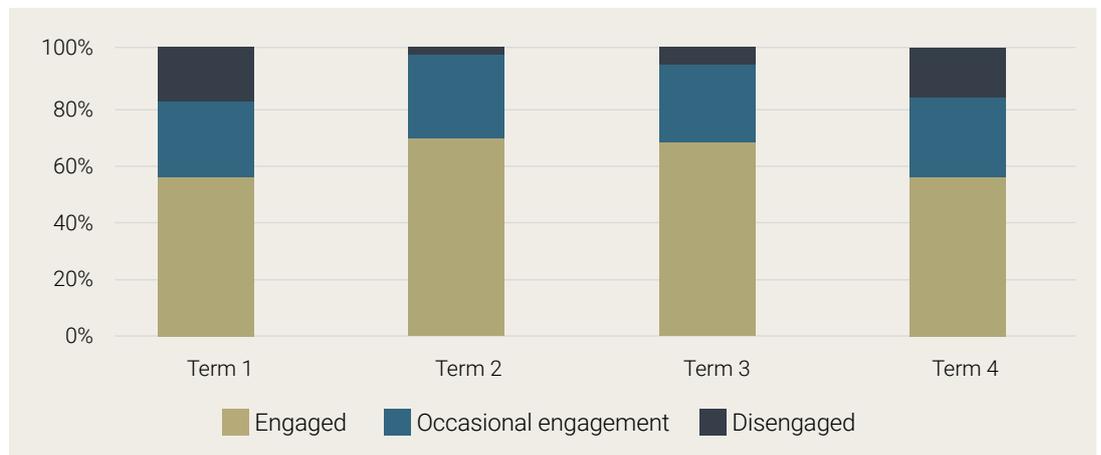


Some families embraced a return to face-to-face interaction, whilst others have found it challenging. Families that embraced the connection expressed that they felt isolated in 2022 and were grateful for Side by Side helping integrate them back into school and community supports. Other families seemed overwhelmed and reluctant to engage, with a larger focus on returning to work, juggling caring responsibilities and managing the pressure of rising costs of living.

“The complexities of some of the families were too challenging for the Side by Side team. This is not a reflection on the program because they worked with the resources available to them, but that of the kind of families they deal with”
 – Principal

Engagement with families varies depending on their support needs throughout the year. Families were considered most engaged during Term 2 and by the end of the year 16% of families were considered disengaged. It was initially anticipated that approximately 10% of students and families enrolled each year would disengage by the end of the school year.

Figure 6 Proportion of families by engagement level each school term in 2022



It should be noted that student contact with Side by Side Teachers continues even if the family is not engaging with the Family and Education Case Manager. It is important that families, and in particular Aboriginal and Torres Strait Islander families, have a sense of self determination and understand that Teacher support is not conditional upon their engagement with a Family and Education Case Manager.

“My experience with Side by Side has been wonderful. The family education support worker has supported us in a number of ways; from helping with morning routines and organisation to taking my kids to school and giving us a heads up with any local cultural events. They have sent activities and information to assist both myself and my girls, which has offered support and cultural connection. I feel that the support worker genuinely cares for both my children’s wellbeing and my own. I would hands down work with them anytime as they feel more like a friend than a worker. My girls are very comfortable with the worker, which means I am 100% happy. I would definitely recommend giving Side by Side a chance to not only help with the children but also to help you. I’m sure you won’t regret the experience.” – Parent Testimonial

Jarrah and Nova's Story³

Jarrah and Nova are 6- and 7-year-old students living in metropolitan Melbourne with their mother and two older siblings. The older siblings often stay up late at night, which disrupts Jarrah and Nova's sleep and morning routines. Jarrah and Nova's mother has a physical disability and has limited capacity as a single carer to organise and resource the home.

When the family was referred to the Side by Side Program, they were identified by the school as non-Indigenous. However, after developing rapport with the Side by Side team, the mother shared with the team that her family is Aboriginal and that she would like to identify as Aboriginal in the school community.

The Family and Education Case Manager helped to provide practical support for the household, walking Jarrah and Nova to school, helping their mother to plan school lunches, connecting the older siblings with learning pathways and purchasing new uniforms for the children. The Family and Education Case Manager facilitated cultural connection and community by helping the family get to cultural events during the school holidays, sharing information about a local Indigenous calisthenics class (which they now regularly attend) and completing a referral to a VACCA family services program.

The Side by Side Teacher and Family and Education Case Manager helped to make Aboriginal culture visible in Jarrah and Nova's learning space which, coupled with the Side by Side whole of school training, encouraged classroom teachers to use cultural resources within their own teaching. The Side by Side team were also able to utilise other VACCA services and resources to ensure there was a level of cultural safety for the family. As the classroom environment became more culturally diverse, Jarrah and Nova began to proudly identify as Aboriginal at school.

Jarrah and Nova's interest in their culture was harnessed to engage them in learning, which included using First Nations readers, supporting Jarrah to create a book week costume of a creator spirit and creating time in the classroom for Nova to Acknowledge Country. Jarrah and Nova's engagement and confidence in their education grew as they felt safer and welcome to express their cultural identity at school.



A First Nations book display

3. The participants' names have been changed to protect their privacy.

Profile of Side by Side Program students

The following charts illustrate some characteristics of Side by Side Program students enrolled in the first two cohorts.

Figure 7 Gender

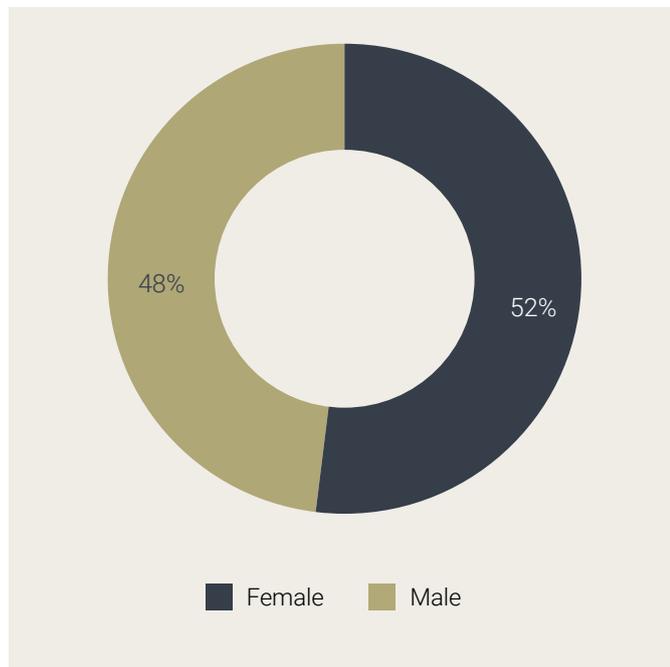


Figure 8 First Nations

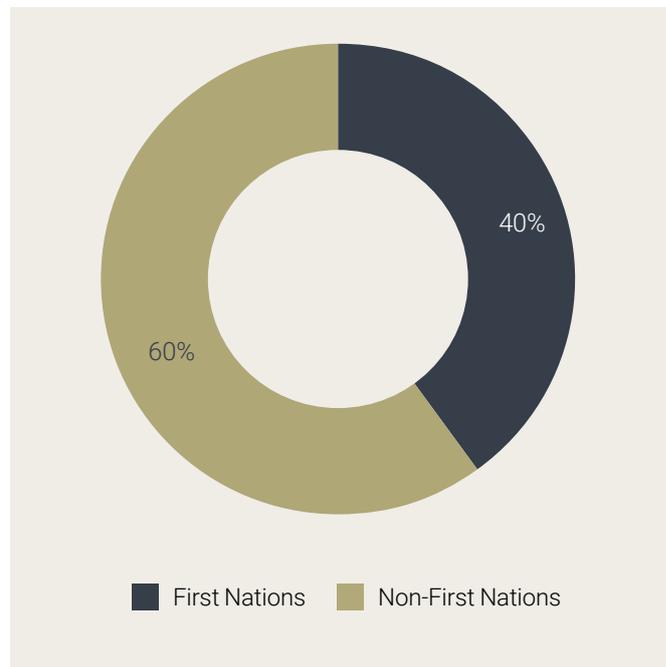


Figure 9 Referral year level

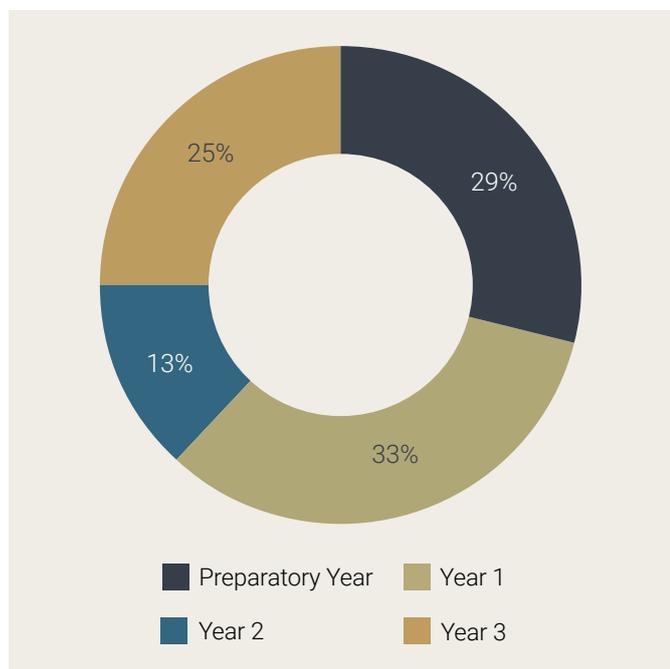
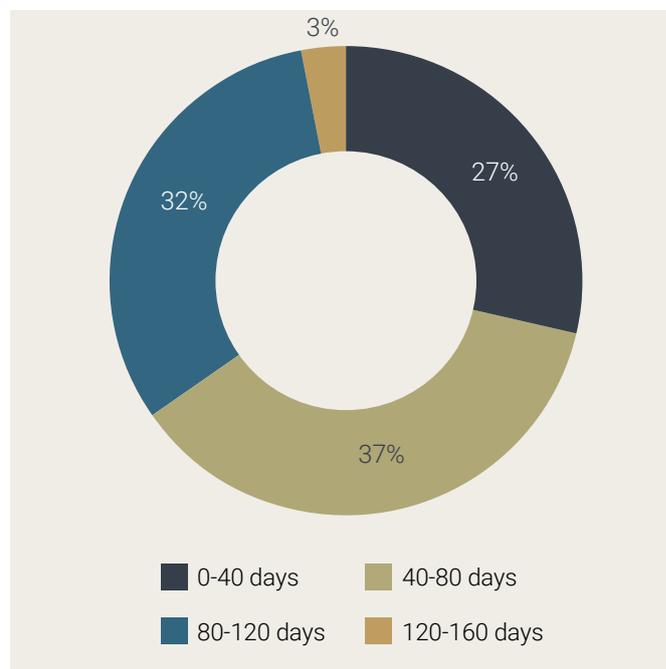


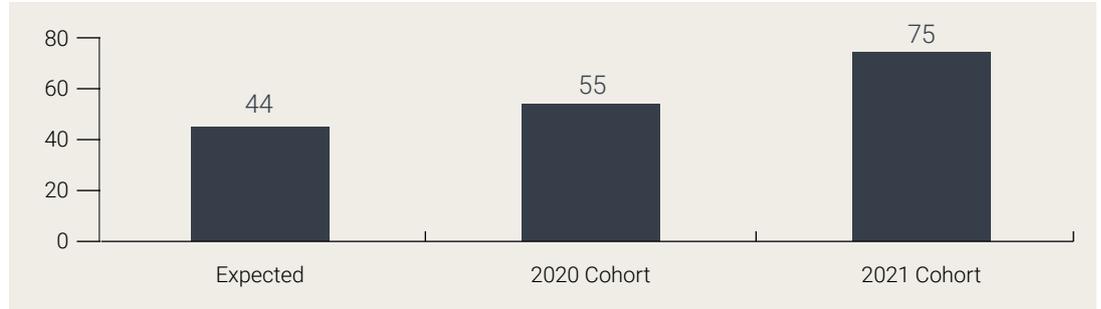
Figure 10 Days absent in Referral Year



The 'Referral Year' is the school year prior to each student's participation in the Side by Side Program. To be eligible for the Program, students must have been absent from school for 21 or more days over the first three terms of their Referral Year, or absent for 14 or more days over the first three terms and assessed as under-attaining.

Based on an analysis of historical attendance rates for the target population, it was initially anticipated that on average each student would have 44 Referral Year Days Absent, whereas the first two cohorts of students were absent for an average of 66 days each. It should be noted that school attendance patterns during 2020 and 2021 (the Referral Years for the two cohorts) were disrupted by Covid-19.

Figure 11 Average days absent per student in Referral Year



Side by Side Program team

Berry Street and VACCA have filled all roles for the Side by Side Program teams. Each cluster team consists of one Team Leader, three Family and Education Case Managers (two from Berry Street and one from VACCA) and two Side by Side Teachers. There have been periods of under-resourcing in each cluster team due to staff resignation, personal leave and challenges recruiting unfilled roles.

Opportunities for connection and collaboration within clusters, roles and organisations have increased with the removal of Covid-19 restrictions in 2022. This has increased familiarity with students, families and schools, and minimised the impact of periods of under-resourcing.



Introducing Claire

Claire Alleway is the Side by Side Program Manager. Claire commenced the role in September 2022, having previously worked as Team Leader in the Northern Melbourne Cluster.

Claire brings 10 years of experience working in the social sector, with most of these years at Berry Street. In social work and leadership roles, Claire has worked with children, young people, their carers and families who are subject to Child Protection orders, are experiencing or at risk of homelessness or have experienced family violence. Most of her career has involved collaborating with young people, families, schools and other professionals to address barriers to education and improve school engagement.

"I feel incredibly privileged to lead the Side by Side Program, I am inspired by the passion and commitment of the multidisciplinary team and external stakeholders to support some of Victoria's most vulnerable kids to connect to learning and their school communities.

I was drawn to Side by Side's commitment to nurturing culturally safe and trauma-informed practice. I see the students, families and schools we work alongside grow in confidence as they are assisted to understand each other, and problem solve together to engage a student in learning; we are imparting skills that make a lasting impact on the accessibility of education."

Outcomes

The outcomes data set out in this section are drawn from BDO's independent certification report for the 31 December 2022 Measurement Date.

Recorded Days Absent

School absenteeism for participating students is measured over two years:

- their Intervention Year (**IY**), which is their first year on the Program; and
- their Monitoring Year (**MY**), which is the following year.

Absences for students who exit the Program prior to 30 June in their Intervention Year are excluded; thereafter they are included up to their exit date.

The cumulative Recorded Days Absent at the second Measurement Date are set out in Table 2 below. Intervention Year figures are in respect of the 63 students enrolled in Years 1 and 2. Monitoring Year figures reflect results for the 16 students enrolled in Year 1 who did not exit prior to their Monitoring Year.

Table 2 Recorded Days Absent

	Aggregate	Average per student ⁴
Recorded Days Absent (IY)	3,873.50	64.6
Recorded Days Absent (MY)	1,016.50	67.1

Counterfactual Days Absent

Absenteeism for the Intervention Group is measured against a baseline, or counterfactual, which is determined by:

- the attendance record for the Intervention Group members in their Referral Year; and
- a 'progression factor' based on historical absentee patterns for the target population. The progression factor is 88% for the Intervention Year and 85% for the Monitoring Year.

As outlined in the [Side by Side SIB Information Memorandum](#) and the [2022 Annual Investor Report](#), the Referral Year Days Absent for the first two cohorts of students is 'deemed' at a level such that their Attendance Improvement (Intervention Year) is equal to the target performance level of 22%. Under this approach, the Aggregate Referral Year Days Absent for the first two cohorts is 5,643.21 days, an average of 94 days per student. This 'deemed' number of days absent in the year prior to enrolment is higher than the actual number recorded, which was 66 days per student as noted earlier. The deeming approach was adopted because absenteeism during 2020 and 2021 was significantly impacted by Covid-19 and therefore cannot be used to provide a reliable indication of the impact of the Side by Side Program.

The cumulative Counterfactual Days Absent at the second Measurement Date are set out in Table 3 on the following page. Intervention Year figures are in respect of the 63 students enrolled in Years 1 and 2. Monitoring Year figures are in respect of the 16 students enrolled in Year 1 who did not exit prior to their Monitoring Year.

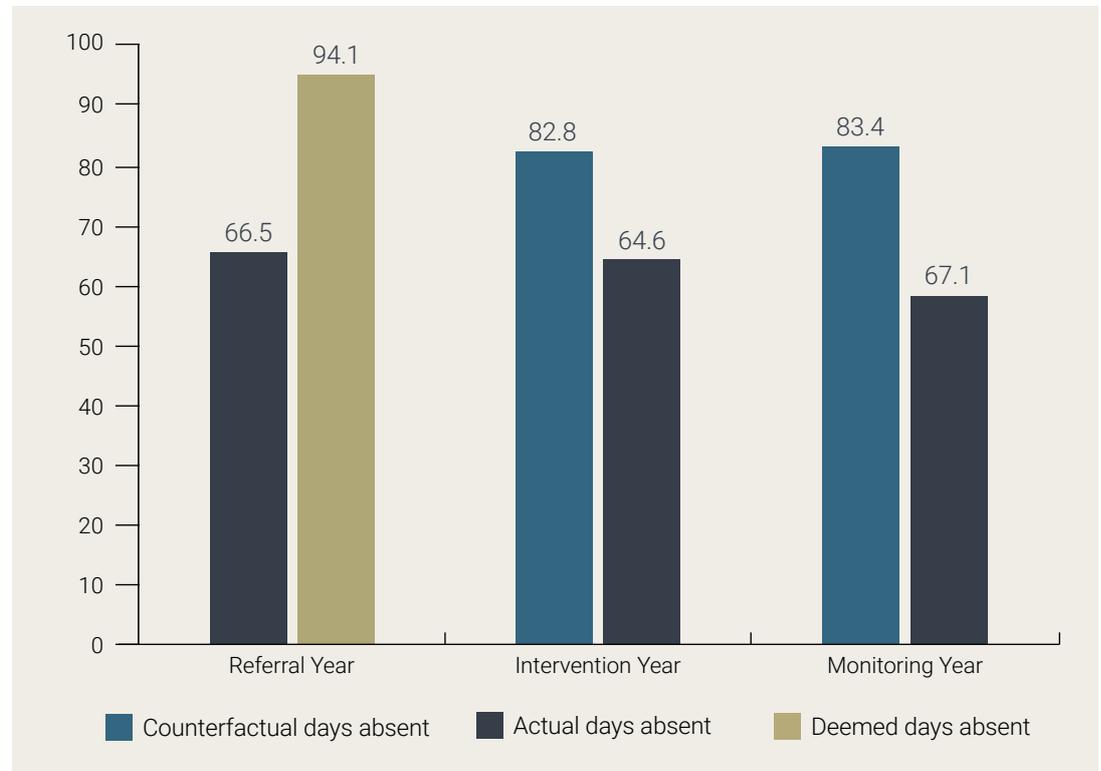
4. Averages reflect the proportion of the year included for exiting students.

5. Illustrative example: if a student is absent for 50 days in their Referral Year, their Counterfactual Days Absent (IY) is 50 x 88%, or 44 days, and their Counterfactual Days Absent (MY) is 50 x 85%, or 42.5 days.

Table 3 Counterfactual Days Absent

	Aggregate	Average per student⁶
Counterfactual Days Absent (IY)	4,966.05	82.8
Counterfactual Days Absent (MY)	1,264.57	83.4

Figure 9 Average days absent per student



Attendance Improvement

The Attendance Improvement is calculated as follows:

$$\frac{\text{Aggregate Counterfactual Days Absent} - \text{Aggregate Recorded Days Absent}}{\text{Aggregate Counterfactual Days Absent}}$$

The Attendance Improvement results at the second Measurement Date are set out in Table 4 on the following page, including the break-down of results for each of the enrolled cohorts to date. Investor returns are determined by the Overall Attendance Improvement, which is a weighted average determined as 60% of the Attendance Improvement (IY) plus 40% of the Attendance Improvement (MY).

6. Averages reflect the proportion of the year included for exiting students.

Table 4 Attendance Improvement

	Attendance Improvement (IY)	Attendance Improvement (MY)	Overall Attendance Improvement
Cohort 1	22.00%	19.62%	21.05%
Cohort 2	22.00%	-	-
Total	22.00%	19.62%	21.05%

The Overall Attendance Improvement of 21.05% is only very slightly below the target figure of 22%, as expected with deeming adjustments made to counteract the impact of Covid-19 on attendance.

Contractual Reviews

As outlined in the Side by [Side SIB Information Memorandum](#), the contract between the Department and Berry Street allows for reviews to be undertaken if performance is deviating materially from that expected. Potential reviews are as follows:

- **Performance Reviews** examine the underlying reasons, and potential remedies, for the underperformance of the Program.
- **Counterfactual Reviews** seek to ascertain whether the counterfactual measures continue to represent a fair and accurate basis for measuring relative performance.
- **Intervention Group Size Reviews** examine the underlying reasons, and potential remedies, for underperformance in referring, enrolling and retaining students.

At each of the next two Measurement Dates (being 31 December 2023 and 31 December 2024), reviews will be triggered if:

- the Attendance Improvement (IY) is less than 12% (Performance Review);
- the Attendance Improvement (IY) is less than 16% or greater than 28% (Counterfactual Review);
- the Attendance Improvement (IY) is less than 16% and the Attendance Improvement (MY) is less than 12% (Performance Review); or
- the cumulative number of students enrolled into the Intervention Group is less than 80% of plan (Intervention Group Size Review).

Financial Report

Interest payments

Under the terms of the Loan Agreement, Berry Street will make Fixed Interest Payments to the Side by Side SIB Trust on or around 31 March each year from 2022 to 2026, and a Performance Interest Payment on or around 31 March 2027.

The Interest Payment paid by Berry Street on Interest Payment Date 2 is calculated as follows:

$$\text{Fixed Interest Payment} = \$5,000,000 \times 1.5\%$$

Accordingly, the Fixed Interest Payment from Berry Street in respect of Interest Payment Date 2 is **\$75,000**.

The Performance Interest Payment (**PIP**) due on or around 31 March 2027 will be determined as:

$$\text{PIP} = \$1,500,000 \times (\text{OAI} - 14\%) / 8\%$$

where:

- OAI is the Overall Attendance Improvement; and
- the PIP is subject to a minimum of nil and a maximum of \$3,000,000.

For illustrative purposes only, if the current Overall Attendance Improvement of 21.05% were to be maintained the PIP would be \$1,321,875 (88% of target).

Coupon payments

Coupon Payments to investors are made following receipt of the Interest Payment from Berry Street. Investors receive a Coupon Payment representing their pro-rata share of the Interest Payment on the relevant date.

Early repayment

If the Side by Side SIB were to terminate for any reason during the year ending 31 December 2023, under the terms of the Loan Agreement investors would be repaid 100% of their principal.

Disclaimer and confidentiality

This document has been prepared by Social Ventures Australia Limited (ACN 100 487 572) (**SVA**) as the Manager of the Side by Side SIB Trust. Please refer to the Information Memorandum, SIB Deed Poll and Purchase Deed for the Side by Side Social Impact Bond dated 22 October 2020 for information on structure and terms. The information contained herein should be considered as indicative only and does not purport to contain all the information that any recipient may desire. SVA does not provide financial advice and recipients should seek independent financial advice. Further, statements in this report are not intended to be tax advice and investors should consult a professional tax adviser, if necessary, for tax advice required in connection with completion of tax returns.

Investors should note that past performance of the Side by Side Program should not be treated as an indication of future performance. This document and all the information contained in it must not be disclosed to any person or replicated in any form without the prior written consent of SVA Nominees Pty Ltd (ACN 616 235 753) in its capacity as trustee of the Side by Side SIB Trust.

Photo captions:

Cover: A display at book week.

Social Ventures Australia

Brisbane | Darwin | Melbourne | Perth | Sydney | ABN 94 100 487 572 | AFSL 428 865

sidebysidesib@socialventures.com.au | socialventures.com.au | @Social_Ventures

