

Evaluation of the Essex Multi-Systemic Therapy Social Impact Bond

Interim evaluation report

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Executive Summary

Introduction and methodology

Essex County Council (ECC) Family Operations Service currently provides access to Multi-Systemic Therapy (MST) to defined groups of young people who meet the referral criteria. This service is aimed at supporting young people and their families where there is a risk of a young person entering care (which also includes young people remanded into custody), and has the ultimate intention of keeping the young person within the family home whenever it is safe to do so. This service is being funded via a Social Impact Bond (SIB) and is being delivered by an external provider.

The service has been commissioned for five years and became fully operational in July 2013. In 2013 OPM were commissioned to deliver a three-year independent evaluation of the MST SIB, using funding from Central Government.

The original evaluation aims were to establish the extent to which:

1. MST has been effective in addressing the short term outcome of diverting young people from care or custody
2. MST has been effective in improving longer term outcomes (educational, criminal, and social outcomes)
3. The wider benefits of reducing children in care are achieved (expected longer term outcomes such as health, employment, and possible savings associated with these)
4. The SIB structure impacts on the implementation of MST
5. Delivery of MST through the SIB Payment by Results (PbR) mechanism adds any further significant value in terms of outcomes or performance.

However, **the focus is now primarily on aims four and five**, above, concentrating on generating learning regarding the impact of the SIB, rather than evaluating MST as a technique or service. The shift in focus was fairly informal to begin with, but has now been formalised.

The evaluation will generate:

- A replicable methodology for capturing any value added by the SIB
- Recommendations for improving the delivery of MST through a SIB in Essex
- Recommendations for improved future working of SIBs.

The evaluation involves capturing both qualitative and quantitative data, via a series of stakeholder interviews, an annual stakeholder survey, consultation with an international practice share group, analysis of MST service user outcomes, an ongoing international literature and evidence review, annual 'learning for the future' workshops, and an economic assessment of the Essex MST SIB.

Purpose of this report

This is the first of two interim reports and presents the findings from the first eighteen months of evaluation activities. The evaluation will run until March 2016, culminating in a final summative report.

Emerging findings

How does the SIB structure impact on the implementation of MST?

Findings from the stakeholder survey and interviews indicate that the SIB structure has impacted on many aspects of implementation of MST in Essex. Areas where it has had the most impact include: the referral pathway and processes; project governance and oversight; and the information and monitoring requirements. The SIB structure was felt to have had little impact on the delivery of the programme to service users, largely due to the clear processes outlined by MSC Inc. for provision of MST.

To what extent does delivery of MST through the SIB Payment by Results mechanism add further significant value in terms of outcomes or performance?

Based on the data collected so far we are unable to draw any conclusions on the extent to which the delivery of MST through the SIB adds further significant value in terms of outcomes or performance, as we are still too early in the process to talk with any degree of certainty about outcomes. What the data does give us is descriptive evidence of where the SIB structure has added value to the process of MST delivery, which may in turn lead to improved outcomes. The areas of added value to date are:

- The Evolution Fund as a dynamic and responsive tool to support the achievement of outcomes
- The continual engagement of SIB investors, beyond the initial investment
- The investment of MST Inc in the programme's success, including the rigorous quality assurance and willingness to address challenges flexibly
- The security offered by the SIB funding to MST therapists, alongside the added layer of support from the CSSL Board, including the flexible use of funded to achieve defined outcomes; pragmatic decision making
- A rigorous information and reporting system, focused on outcomes.

Other learning emerging

Other learning emerging from stakeholders' experiences of commissioning and implementing the Essex MST SIB falls under the following categories:

- Commissioning and setting up the SIB: Commissioning the SIB in Essex was a long and complex process, with some uncertainty about the process. It is vital to engage operational stakeholders early in the commissioning process. Introducing an element of coproduction, and having operational leads 'sense check' the contract were recommended to connect the processes with those responsible for making it work. Given the length of time from commissioning the MST SIB to the service being operational, further consideration of the changing local context may have been useful; particularly given the reduced numbers of children going into care in Essex, and the development of other services and interventions.
- Implementing a licenced evidence-based intervention: It took longer than anticipated to develop understanding about the MST inclusion and exclusion criteria, and engagement remains ongoing in the context of staff turnover within children's social work in Essex. Recruiting and retaining MST therapists has been a problem for the MST SIB (as is common in MST teams), with teams operating under capacity during the early stages. Others highlighted potential challenges due to the 'clash of worlds' between the innovative nature of the SIB, versus fidelity to the MST model.
- Maintaining relationships between partners: There have been periods in the set up and implementation of the SIB where there have been conflicting views between partners, most notably during discussions around the referral pathway. However, relationships are now seen to be working effectively. In order to maintain effective relationships, the following were all highlighted as critical: developing a clear understanding of roles and responsibilities; securing senior buy in within each partner organisation; proactivity and personal commitment by key stakeholders; taking the time to build up trust; and continuity of engagement by key individuals.

Conclusions

The programme in Essex has changed since its initial inception, and the extent of change is symptomatic of the importance placed on the need to learn and improve, and to see this programme as being dynamic. Much of the dynamism reflects the clear focus on outcomes. This has meant that there has not been a narrow focus on following prescriptive processes to the letter, apart from the obvious need to maintain the fidelity of the MST itself. Instead stakeholders have been very open to revisiting processes and structures supporting the delivery of the MST, to ensure that it secures the relevant outcomes.

Freed from the constraints of conventional public sector procurement and contract management procedures, the SIB approach has been seen as a valuable opportunity to support the flexible deployment of resources to achieve desired outcomes. There have been numerous examples of

how this has happened in the Essex SIB, with evidence pointing to the fact that such decisions are often driven by a focus on increasing the likelihood of achieving outcomes.

Having said this, it is important to note that attributing observations and changes directly and wholly to the fact that the MST has been procured via a SIB approach is not straightforward. There are a number of confounding factors:

- The Essex SIB was the first of its kind outside the criminal justice sector. The novelty of the Essex SIB is reflected in the time and resource investment, the governance and management structures, and the data and reporting requirements. Hence, some of the findings reported here may not be generalisable across SIBs as a whole.
- MST is a licensed programme, with additional considerations and requirements that not only impact on delivery and behaviours, but also on data.
- The Essex SIB itself contains features that may not be present in other SIBs, therefore limiting the extent to which we can claim that observations and changes have been a result of a SIB approach generally. Most notably, the Essex SIB has an Evolution Fund component. Perhaps more generally, one may say that a SIB approach allows for creative approaches to deploy resources flexibly to meet the demands of unfolding realities.
- An additional challenge confronting any attempt at claiming that observations and changes are due to a SIB approach lies in our analysis here that amongst social investors, even those investing in the same intervention, there can be different patterns of behaviour and engagement. This raises the question of whether some types of impact are because of a SIB approach in general or whether they may be due to the behaviours and approach adopted by certain types of social investors. It appears that there is a possibility that social investors that take a more proactive and engaged role may contribute additional resources (e.g. advice, expertise, etc.) that can enhance the support afforded to the delivery of the intervention, thereby helping to increase the likelihood of achieving desired outcomes. If this is true, then the impact of SIBs may not be due simply to the model of a SIB approach but may also be driven by behaviours of sets of social investors. This raises questions around investor motivation as well as the potential for variable return on investment.

It is interesting to note that the desire to learn and improve has meant that all key stakeholders are likely to have contributed over and above any agreed financial investments. It is likely that there are a range of 'indirect costs' that have been incurred by the partners.

The procurement of the MST through a SIB has meant that much of the initial focus has been on clarifying the likely effect size of outcomes in order to help inform the technicalities of the financial instrument (e.g. payment schedule, indicators, etc.). The approach towards the MST was therefore forensic in terms of how it approached outcomes and their measurement. It is clear that many of the challenges encountered have been due to the fact that individuals with a role in implementing the intervention on the ground took time to understand what MST was and what types of service users it is appropriate for.

The MST, as an intervention anchored in the need to measure and evidence, has an obvious focus on outcomes. This interacts positively with the SIB approach which, similarly, focuses on outcomes. While some have found the data requirements to be significant, the general sentiment has been that this has been important and is motivated by the right reasons.

There are interesting issues to consider in terms of how MST interacts with the approach of the SIB. As a licensed, evidence-based programme, the MST has strict requirements around fidelity and structure. As an approach that encourages innovation, SIBs offer unique opportunities to support flexible and creative approaches. To date, this has not created significant issues in Essex. Nonetheless, there are emerging signs that the rigidity of the MST model and the flexibility of the SIB may sometimes conflict. This is not to say that these tensions cannot be resolved. It will be important to consider models of interventions and how or whether some may be more or less amenable to a SIB approach in procurement. It will also be important to explore the extent to which these tensions emerge in other MST areas where SIBs are not in place.

Recommendations

Recommendations regarding the use of Social Impact Bonds

- In setting up a SIB, it is important not only to consider the details of the financial instrument, but also the operational aspects of implementing an intervention procured via such an approach. Although a SIB is obviously about a form of payment by results, there needs to be greater appreciation of the fact that certainty around the effect size of outcomes is not the only concern. In addition, implementation risks need to be considered as these will have a direct influence on the likelihood of outcomes being achieved in a specific context.
- It is important to involve frontline staff and relevant stakeholders at an early stage when planning for a SIB. This ensures that relevant insights are levered in from different perspectives to give commissioners, investors and providers a much clearer sense of key issues to be considered.
- It may be important to bring in people with expertise in supporting organisational and/or culture change at an early stage, as the success of a SIB is not merely reliant on financial acumen and the understanding of data and evidence.
- SIBs are not a ‘magic bullet’. Interested parties should consider carefully whether a SIB is the most appropriate method for procuring a service. This requires greater understanding of the processes and implications of planning for and setting up a SIB, as well as an understanding of which types of interventions may be more or less suitable for this form of procurement.
- SIB is an approach that can afford greater flexibility to deploy resources creatively with a clear focus on outcomes. Those interested in setting up SIBs should anticipate the need to work flexibly and responsively to unfolding realities, rather than treat it as a passive upfront financial investment, and to structure SIBs in a way that supports innovation and learning.

- Processes and structures should be dictated by the outcomes sought. While SIBs have a clear focus on outcomes (which link to payments), processes and structures around governance, project management and reporting need to be fit for purpose and proportionate.

Recommendations regarding the MST structure in Essex

- It is unclear whether issues around the recruitment and retention of therapists are unique to Essex or whether these are generic across MSTs. The same phenomenon may well be driven by different underlying factors. It is advisable to explore in some detail the drivers underpinning the recruitment and retention issues experienced in Essex. It is important to note that the role of MST therapist is widely considered to be very intense, and the model is very specific. Some degree of ‘churn’ amongst MST therapists is common to all services¹. Over recent months stakeholders report that the turnover is now broadly in line with that typical of other MST services.
- There are signs that the social investors, being motivated by impact as well as by the return on their investment, have been taking (or at least thinking of taking) actions that may strengthen the impact of the MST. This will have implications for how outcomes may be attributable to MST on its own. It may also have implications on expectations and ways of working that may need to be discussed more openly.

¹ MST Services data 2013 (covering all MST services internationally): ‘A study of the 2,298 MST therapists who provided services to youth in this report showed overall average tenure in the position was 2.3 years, and 16 percent of therapists hired left within six months’.

Introduction

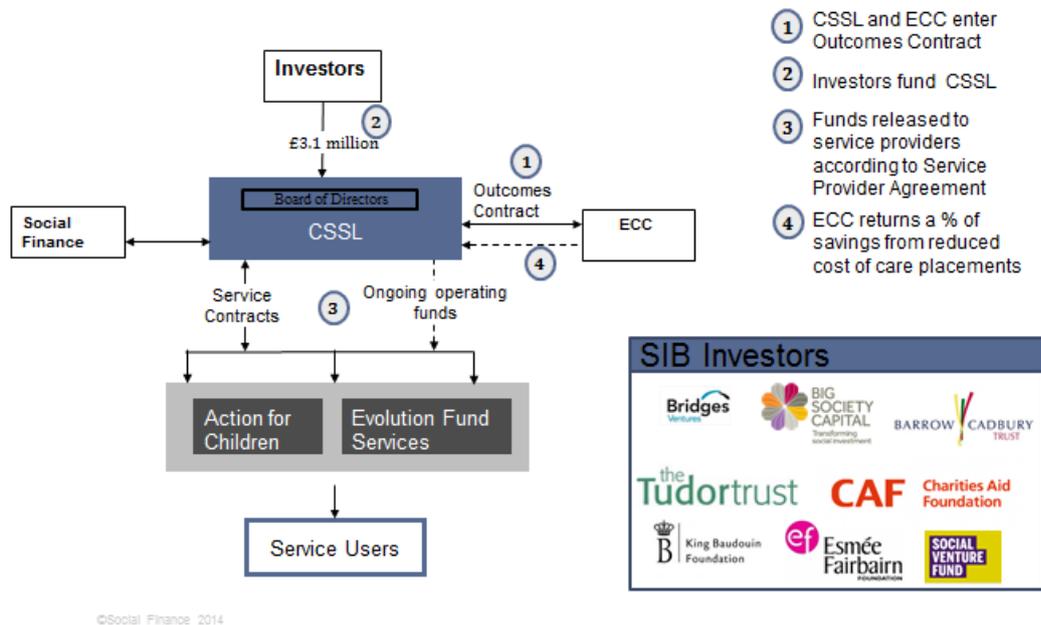
Overview of the Essex Multi-Systemic Therapy Social Impact Bond

Essex County Council (ECC) Family Operations Service currently provides access to Multi-Systemic Therapy (MST) to defined groups of young people who meet the referral criteria. This service is aimed at supporting young people and their families where there is a risk of a young person entering care (which includes young people remanded into custody) and has the ultimate intention of keeping the young person within the family home whenever it is safe to do so. This service is being funded via a Social Impact Bond (SIB) and is being delivered by an external provider.

The decision to commission this service was a response to historically high levels of looked after children in Essex, particularly older children. MST was chosen as an evidenced based intervention providing good opportunity to monitor and measure impact. The use of a SIB approach to procure the service was agreed to explore the potential benefits of using an innovative financing method, which allows the Council to avoid the upfront set up and running costs which would have been incurred from establishing the service internally using conventional procurement approaches.

The MST Service is being delivered by Action for Children under contract to Children Support Services Limited (CSSL). CSSL is a company formed specifically for the purposes of delivering the Social Impact Bond. The organisation Social Finance (an agent of CSSL) played a key role in scoping the business case and payment schedule for the SIB. CSSL is commissioned by ECC to organise and operate the SIB which finances the delivery of the MST Service.

Payments for this service are calculated by determining the costs saved by ECC through the diversion of young people from care as a result of the MST; an agreed payment mechanism is in place to support this. Payments are made by ECC to CSSL. CSSL separately pays the service provider to deliver the service and is responsible for managing the performance of the service; there is no direct relationship between ECC and the service provider. The structure of the contract in Essex is shown in diagram 1, below.

Diagram 1: Essex MST SIB Structure²

The service has been commissioned for five years and began delivery in April 2013 with one MST team out of the two planned; the service became fully operational when the second team was established in July 2013.

Initial development work in respect of the SIB and MST began in 2010. Early stage work was undertaken by the commissioning team of the then Schools, Children and Families (SCF) directorate of ECC³. The project was managed by the Council's Transformation Support Unit up until the implementation of the Service.

Activity between 2010 and mid-2012 was primarily focused on establishing the SIB, including understanding local authority powers to set up and finance services through this means, identifying a partner to deliver the SIB and tendering for a provider to deliver the MST Service. ECC took the decision to open the tender only to organisations from the community and voluntary sector.

Activity from summer 2012 to spring 2013, once the provider had been commissioned, was focused on mobilising the service to start delivery. Although mobilisation of the service was primarily the responsibility of the MST service provider working under contract to the SIB provider, ECC had a role to play in this. For example: working with the provider to ensure accessibility of IT systems, to establish links with ECC operational teams and to agree recording expectations. ECC also participated in the recruitment of staff for the MST teams. As the focus of the project changed from

² Image produced by Social Finance 2014

³ Essex County Council underwent a structural transformation in November 2013 during which the Schools, Children and Families directorate was disbanded. The operational aspects of this directorate transferred into the Family Operations service; the remaining strategic / commissioning teams were distributed into either the People Commissioning Service or the Strategy, Transformation and Commissioning Support Service (STC).

establishing the SIB to establishing the MST service itself, involvement from ECC SCF shifted from the commissioning team to the operational teams.

During the set up and mobilisation phase of the project there were a range of challenges to overcome which included:

- Legalities and technicalities in establishing a SIB
- Undertaking tender processes for the SIB provider and service provider
- Recruitment of staff and personnel changes
- Securing premises
- IT connectivity
- Agreeing recording processes
- Establishing a payment mechanism and other governance processes.

Due to the innovative nature of this project there has been a high level of interaction with national government departments who have supported the development and taken an interest in relation to progress and outcomes; including through funding this evaluation.

Structure

There are two MST teams operating in Essex, one covering the North and Mid areas and one covering the South and West of the county. Each team is headed by a MST Supervisor and there are four MST therapists in each team. The CSSL Board have been keen to explore creative staffing approaches that would help mitigate the disruptive effect on the service when a therapist resigns. As a result, a 'therapist in waiting' has recently been appointed by Action for Children and will commence in January 2015. This therapist will undertake supporting non-therapeutic duties and step into a MST therapist role when one of the existing group of eight therapists resigns.

MST teams operate alongside a range of other service provision in Essex across the spectrum of need. Other services also work with similar groups of young people to MST where there is a risk of entering care or custody. Certain characteristics will make a young person either more suited to intervention by D-BIT or to MST as opposed to other services. A lot of initial activity focused on clarifying what these characteristics are, ensuring that young people are channelled towards the appropriate service and that D-BIT and MST and other provision established a good, mutually supportive working relationship.

Referral criteria

MST in Essex operates a single source referral process – referrals are only taken from ECC Children's Social Care or Youth Offending Service. Referrals are accepted for young people identified as being 'on the edge of care' and in accordance with standard suitability criteria for MST. Cases referred to MST are subject to a suitability process which will determine whether or not the

case is allocated to a therapist. Cases not deemed suitable are referred back to ECC to determine an alternative course of action. Referrals are channelled through ECC Family Operations quadrant panels.

Governance structure

MST in Essex is overseen by a quarterly Project Board which has senior representation from ECC, CSSL, Social Finance and Action for Children. Sitting underneath the Board there is an Operational Steering Group (OSG) with representation from CSSL, the MST Service, Essex Social Care and other services such as Education and CAMHS. The OSG is responsible for overseeing practical issues in relation to the service: establishing and improving the referral process, monitoring referrals and undertaking stakeholder engagement activity. This group initially met monthly but now meets quarterly; regular interaction between MST and ECC social care teams is maintained in addition to OSG meetings.

The contract between ECC and CSSL is subject to quarterly contract monitoring meetings led by ECC Procurement. These meetings are also used to reconcile and agree the data which feeds into the payment mechanism across all parties and agree the payments due.

Action for Children as a licenced MST provider is subject to an external quality assurance programme operated by MST Inc (the US based MST parent company); the purpose of this is to ensure fidelity to and compliance with the MST methodology.

OPM (the Office for Public Management) was commissioned to conduct an evaluation, initially, of both the outcomes emerging from the MST Service in Essex and the impact of using a SIB over alternative financing methods. Since the evaluation's inception the focus has shifted to focus primarily on the impact of using a SIB. A Steering Group oversees this evaluation; the outcomes of which will be reported to the MST Project Board and a number of Central Government departments who are financing this activity.

Introduction to the evaluation

In 2013 OPM was commissioned to deliver an independent evaluation of the MST SIB, using funding from Central Government (including the Department for Work and Pensions, Department of Health, Department for Education and The Cabinet Office). The evaluation will run for a three year period (2013-2016).

The original evaluation aims were to establish the extent to which:

1. MST has been effective in addressing the short term outcome of diverting young people from care or custody
2. MST has been effective in improving longer term outcomes (educational, criminal, and social outcomes)

3. The wider benefits of reducing children in care are achieved (expected longer term outcomes such as health, employment, and possible savings associated with these)
4. The SIB structure impacts on the implementation of MST
5. Delivery of MST through the SIB Payment by Results (PbR) mechanism adds any further significant value in terms of outcomes or performance.

However, **the focus is now primarily on aims four and five**, above, concentrating on generating learning regarding the impact of the SIB, rather than evaluating MST as a technique or service. The shift in focus was fairly informal to begin with, but has now been formalised. The implications are that the methods and emphases of earlier evaluation activities and outputs may in some cases no longer be appropriate, and this has implications for what is contained within this report. Readers should read this output with an understanding of this shift.

The evaluation will generate:

- A replicable methodology for capturing any value added by the SIB
- Recommendations for improving the delivery of MST through a SIB in Essex
- Recommendations for improved future working of SIBs.

Purpose of this report

This is the first of two interim reports and presents the findings from the first eighteen months of evaluation activities.

Caveats to the findings

Readers should note the following caveats to the findings:

- Findings are still emerging; this report is based on less than eighteen months' worth of data and insights, and is provided at an interim point in the evaluation. Within that eighteen month period, some aspects of the MST service set up and delivery were subject to delays, meaning the evidence is even more emergent than this timescale may imply.
- This report is intended to generate internal learning regarding the MST SIB set up and early implementation, rather than being focussed primary on directly answering the evaluation questions at this stage. It is not intended to provide benchmarking or robust comparison of the Essex SIB or MST service with other areas.
- There has been a shift in evaluation focus towards learning regarding the SIB and its impact. However, data collection to date has included focus on objectives 1, 2 and 3 of the original evaluation brief.

Methodology

Principles underpinning the evaluation approach

The evaluation has been designed and is being undertaken based on the following principles:

- Proportionality and minimising burden on stakeholders
- Flexibility and responsiveness
- Providing formative learning and ongoing dialogue with Evaluation Steering Group members
- Drawing on both qualitative and quantitative data to provide insights
- Engaging with experts outside of the Essex programme to capture wider insights and share learning
- Drawing on existing data captured by partners Social Finance as part of their monitoring of the SIB
- Non-contamination of the MST intervention, which means not having direct access to children and families receiving MST or other interventions in Essex.

The evaluation methodology in detail

The evaluation involves the integration of a range of methods and data sources across the measures set out in the original evaluation framework. This section provides a short description of the methods employed to date.

Primary research methods

Interviews with MST SIB stakeholders

OPM carried out 8 telephone scoping interviews (conducted July- September 2013) and 17 face to face and telephone interviews (conducted in July- September 2014) with key MST SIB stakeholders. We spoke to a mix of strategic and operational stakeholders, including frontline staff involved in the MST and SIB investors.

Interviews sought to understand experiences of implementation in terms of structures, processes and activities, and compare these to team expectations and anticipated outcomes. As far as possible, interviewees were asked to focus their answers on the SIB, rather than just the MST service.

Online survey of MST SIB stakeholders

In January 2013 we conducted an online survey of MST SIB stakeholders. The survey was sent to 16 stakeholders including members of the MST SIB steering groups, representatives from the MST teams, and key staff that work with the MST service. Twelve stakeholders completed the survey⁴. Findings were shared with the Evaluation Steering Group in February 2014.

Consultation with the ‘Practice Share’ group

To inform the ongoing evaluation activities and capture insights from elsewhere we are engaging with an international ‘practice share’ group of experts. In line with the shifting focus for the evaluation, we changed the composition of group members to include more people with a SIB interest/perspective. The group have met twice to date, in November 2013 and June 2014. These annual meetings are held virtually (although people are invited to attend in person as well) and aim to share and validate emerging findings from the evaluation. The group is also engaged via email on an ad hoc basis, to inform evaluation activities and share learning emerging.

Secondary research methods

Analysis of MST service user outcomes

At an aggregate level we obtained data from CSSL on a range of secondary outcomes (educational, criminal, social) in April 2014. This included quantitative scoring data on psychological wellbeing, behaviours of young people and family stability. Qualitative feedback on individual cases from parents and therapists was also provided.

The data were analysed and reported against the original evaluation measures, and shared with the Evaluation Steering Group and Practice Share Group in June 2014.

Ongoing literature review

A ‘sweep’ of relevant literature was conducted in August 2013 and again in August 2014. This will continue on an annual basis to ensure that the evaluation incorporates emerging evidence concerning MST and SIB. The review will inform the following evaluation measures: experiences of implementing the MST SIB compared to other MST services; evidence of ‘added value’ brought by SIB; and, levels of confidence in commissioning via SIB.

Next steps

We will undertake a review of the original evaluation framework to ensure that our methodology going forward reflects the recent change in evaluation focus. We anticipate that future evaluation activities will include, but not be limited to the following:

⁴ . We employed a survey method for such a small sample because we anticipated that the types of stakeholder groups will change and grow through time, and we wanted a method that will generate some forms of evidence consistently throughout the duration of the evaluation.

Annual ‘Learning for the Future workshops’

We will hold a formal workshop to share learning from the evaluation with key stakeholders to inform and improve future service development once annually. The first workshop will take place in early November 2014, and attendees include commissioners, policy managers and strategy leads from ECC. The invite was also issued to the MST Board, Operational Steering Group and the Evaluation Steering Group. OPM and Social Finance will present at the first workshop.

Ongoing primary data collection

We will continue to capture the experiences and insights from key stakeholders with a focus on identifying the impacts and ‘added value’ of the SIB. Stakeholders will include:

- Strategic and operational stakeholders involved in the MST SIB
- Investors in the MST SIB
- Stakeholders from other MST areas, to explore the requirements associated with MST, as opposed to those incurred in Essex specifically as a result of the SIB.

Economic assessment

We will use OPM’s Economic Assessment Tool (EAT) to assess the costs of the MST SIB service and financial benefits (including the primary outcome and wider benefits where monetisable). This will occur after the service has been ‘live’ for 15 months, allowing us to align with the payment mechanism of the SIB.

EAT involves a four-stage process with different strands of activity: we would work to engage MST SIB stakeholders to gather information about the direct and indirect costs of the programme as incurred by different stakeholders, as well as use secondary sources of evidence (including programme documents and wider literature).

Emerging findings

Introduction

This section presents findings from the evaluation activities undertaken to date. It draws on the following data sources:

- Scoping phase interviews with key stakeholders
- Survey of stakeholders
- First phase interviews with key stakeholders

As agreed with ECC, the findings are presented thematically addressing the specific evaluation objectives under the following headings:

- How does the SIB structure impact on the implementation of MST?
- To what extent does delivery of MST through the SIB PbR mechanism add further significant value in terms outcomes or performance?
- Details of other learning emerging which does not fall under the questions outlined above (as appropriate).

Addressing the evaluation questions

How does the SIB structure impact on the implementation of MST?

Findings from the stakeholder survey and interviews indicate that the SIB structure has impacted on many of the aspects of implementation of MST in Essex. Areas where it has had the most impact include: the referral pathway and processes; project governance and oversight; and the information and monitoring requirements. The SIB structure was felt to have had little impact on the delivery of the programme to service users, largely due to the clear processes outlined by MSC Inc.

Impact on referral pathway and process

Although now felt to be largely resolved, in the early period of programme implementation a **poor referral flow** was affecting the number of cases taken on. For some stakeholders the early numbers of referrals were far lower than they had anticipated in the programme planning. For others (typically those more experienced in service implementation), this was seen as fairly usual for any new service embedding within an existing system.

The MST service within Essex is sited within the wider Children's Services department and arrangements. An initial lack of understanding among referrers and other stakeholders over **what constituted an appropriate referral to MST**, as opposed other interventions, was cited as one of

the primary reasons for the early poor referral volumes. The importance of establishing a **shared understanding of the service** and how it fits within the particular service system prior to implementation is detailed later in this report under other learning emerging around the implementation of the SIB.

It could be interpreted that poor referral volumes are an effect of implementing MST as a new service, rather than as a consequence of it being funded via a SIB. However, there was a view among some stakeholders that the **SIB may have contributed to the confusion** during the initial stages of implementation around what constituted an appropriate referral. As the payment is made on care days avoided, this may have driven the perception that MST was most suited to families deemed ‘on the edge’ of care. Following a period of analysis, it is now better understood that MST is more appropriately introduced at an earlier point of intervention:

“It’s not young people on the edge of care; it’s more about dealing with behaviours and attitudes of carers and how they respond to children. If that situation at home has broken down, [MST may usefully] want to get involved earlier.”

It is important to note however that it is likely that many factors contributed to the low referral rates.

The SIB structure was the key driver behind the partners’ response to the referral challenge. Case numbers are closely monitored as part of the SIB because payments are only realised if the MST team maintain work at a certain level of throughput. This was identified as a period of heightened anxiety among stakeholders (in particular, social investors), with the **pressure to increase referrals felt across all partners**, at all levels.

“There was a lot of pressure coming in a lot of different directions on the teams.”

The SIB gave CSSL the leverage to increase pressure on ECC and Action for Children to address the referral issue. The **external scrutiny on the MST SIB and reputational risk** for all involved was an additional **motivating factor**. Had the MST been funded directly by ECC, some respondents felt that referral volumes would not have elicited such a swift response.

“If we had commissioned internally we wouldn’t have been very worried [about referral numbers] and would have given it nine months before we started to panic.”

A **collaborative effort** was made on all sides to increase referral flow. A range of initiatives were implemented, in summary they included: adapting the referral pathway; MST supervisors attending quadrant panel meetings to facilitate better decision making; MST supervisors engaging with social workers including outreach work with social work teams; and greater partnership working between the MST service and other services to increase the number of appropriate referrals.

“The SIB does drive things along in terms of wanting to keep the volumes up; both teams have had staffing problems but the pressure is still up to take new cases on.”

Suitability criteria

Stakeholders report that balancing the pressure for increased referrals against the MST suitability criteria remains an ongoing issue. However, it should be noted that no one thought that the SIB structure had resulted in any inappropriate referrals being made to the service:

“The pressure to take on cases is high and the supervisors feel that, but we are turning down referrals as well so I would say we are on the right side of that line.”

Impact on programme management and governance

It is some respondents' perception that the MST service in Essex has **tighter programme management and governance arrangements** in place as a result of the SIB structure. These arrangements provide robust oversight of the programme delivery with a strong focus on performance. Whilst outcomes based commissioning and tight performance management may be common across MST services, the set-up of the programme in Essex (including as a transformation project) is seen as focusing on these 'over and above' what might have otherwise occurred had the SIB not been in place.

The SIB has created some challenging aspects for those delivering MST, operating in an environment where many key players (and their organisational agendas) have a stake in service development. **The need to convey information to multiple stakeholders** reportedly added an additional layer of bureaucracy, particularly during the early days after implementation.

“I would have identical conversations with different people which was frustrating. I started to copy everyone in to emails.”

Another distinguishing feature of the MST SIB governance is the **high level of senior involvement required across all partners**. Stakeholders reported a higher escalation of small concerns and a level of senior involvement in day to day operational issues that was unusual for a service such as MST.

“I've never worked in a service where senior managers will talk about an individual case. That's new to me.”

The programme governance has a strong focus on monitoring progress and overcoming barriers. The Operations Group and Programme Board are constantly reviewing the service, checking performance and identifying issues emerging. This is resource intensive at all levels and requires more frequent meetings, catch up calls and data reporting. For example, Board meetings are held on a quarterly basis, whereas it was one stakeholder's perception that in other instances these might normally be held as and when performance issues arise.

Nevertheless, there was broad agreement that the people involved are at the right level, and that these processes are necessary for maintaining stability within such a complex programme:

“Because it was a painful start we all got involved at a senior level, and “Now we won’t do anything different because we want to keep it working.”

Impact on information and reporting arrangements

The MST SIB structure requires a high level of information reporting into different organisational databases such as MST Inc, ECC and CSSL. As a licenced programme, MST requirements are different to a generic intervention’s and come with a defined line of reporting to MST Inc. The SIB is viewed by some as adding an **additional level of scrutiny** and reporting requirements.

Reporting is a fundamental element of the SIB structure, with accurate data capture being essential not only for the payment mechanism, but to monitor performance and secondary outcomes at Board level and for investors.

“It is the crux of the SIB; the discipline of collecting the data, identifying what the important data is, where it comes from and to use it as part of the payment calculator.”

The **information and reporting requirements of the SIB have felt onerous** for all partners but particularly for Action for Children, for whom the realities of the resource required exceeded their initial expectations about what it may involve. When inputting they must ensure that no data has been missed or reported inaccurately as doing so would incur a high cost to all.

A further challenge is that CSSL monitoring and reporting requirements have not always aligned well with **the realities of their work with chaotic families**. For example, the SIB structure requires the inputting of sequential dates in the referral pathway in order to track the referral flow. These include: the referral form submission; agreement at panel; parental consent; and MST start date. However, there are instances where it is more appropriate to undertake these steps in a different order, such as when it is practical to gain family consent before a referral form has been formally submitted.

There is a high level of accountability in any MST service, and the SIB management and governance arrangements compound this, with reports of a culture where therapists record all details so that their actions can stand up to **any potential external scrutiny and challenge**. This is particularly important for therapists because the KPIs imposed by the SIB are not always felt to adequately account for the flexibility required when working with some families. A key learning point to emerge is the importance of capturing both outcome and input data regarding the service.

This has prompted some critique that the **monitoring requirements may be drawing practitioner attention away** from more impactful activities such as face to face engagement with social care partners:

“We need to make sure we are not recording just for the sake of evidence, but that we are having real conversations about how to improve the service.”

The SIB monitoring requirements also affect the volume and type of information received by ECC, which is notably more frequent and detailed than for other services. It was suggested that this makes it challenging to take a higher level overview of how the service is progressing:

“We had to work to get more manageable information that was about current cases and just for our quadrant. I want to know referrals, but not [case by case]... I want the basic data split by gender and age.”

Since implementation, collaborative efforts have been made to streamline the processes and reduce the burden on the MST delivery teams. These **systems have become more stable**. Early challenges around referrals were understood by some to prompt a change in the frequency and types of information requested by the SIB:

“There have been many changes which I’ve had to manage; requests for different information and things they want to track.”

Stakeholders noted that the systems have become **less burdensome as they embedded into daily practice** and are inputted with greater efficiency. In alternatively funded models it might be expected for monitoring to become more light touch over time. However the MST SIB stakeholders **did not anticipate that reporting requirements will lessen** from where they are now, with all current lines of reporting viewed as essential to the model:

“It all serves different purposes; the data is what drives MST, client data and team data and the investors use that same data in different way. I don’t know how you could simplify that.”

However, at this stage we do not have insights from other MST services elsewhere to be able to assess the extent to which the SIB impacts on the information and reporting arrangements over and above what might otherwise be expected.

Impact on programme delivery

Reflecting on the first year of programme implementation, stakeholders were in broad agreement that **the SIB structure has not impacted on the nature of the direct delivery** of the MST service itself to service users.

Stakeholders described a degree of separateness between the SIB structure and programme delivery; with the latter explained by one interviewee as being **‘completely protected’ from the influence of the SIB**. This was echoed by the front line delivery team who recognised the significance of the SIB for the programme overall, but felt it did not influence their day to day work with families. It was emphasised that MST Inc’s close monitoring of model fidelity leaves little scope for therapists to adapt how MST is delivered. It is important to acknowledge therefore that **when looking at the SIB approach, it is unusual in this instance because it is used on a licenced programme**. For other types of programmes, we may not be able to say this.

Furthermore, there was no evidence to suggest that delivering MST via a SIB affected families' engagement and progress with MST, which has been highly individual to each family:

“So long as it's the right intervention delivered by skilled and effective practitioners to the right families, I don't think families would care how it's provided or funded.”

To what extent does delivery of MST through the SIB Payment by Results mechanism add further significant value in terms outcomes or performance?

Based on the data collected so far we are unable to draw any conclusions on the extent to which the delivery of MST through the SIB adds further significant value in terms of outcomes or performance, as we are still too early in the process to talk with any degree of certainty about outcomes. What the data does give us is descriptive evidence of where the SIB structure has added value to the *process* of MST delivery, which may in turn lead to improved outcomes.

Sustaining outcomes for families

The Essex MST SIB has the attached Evolution Fund that can be used flexibly to fund activities to support and sustain the outcomes of MST. The fund is additional to the original MST model and enables the Board to address barriers in an innovative and solutions-focused way.

The Evolution Fund is a clear example of where the Essex SIB has added value for families receiving MST. Although the impact of the fund on outcomes cannot as yet be evidenced, stakeholders perceive the **Fund to be working well as a dynamic and responsive tool**. The Evolution Fund has two streams. One is the 'flexible fund' which is used to offer families the opportunity to make small purchases to support the MST work in progress and help to sustain outcomes. Example purchases are camping kit for the family to go on a holiday, or sports kit to encourage a young person to continue attending education.

The second part of the Evolution Fund finances a sustainability project worker. This role is currently being defined, but is expected to ensure that families are maintaining their positive changes and using their sustainability plans. The sustainability project worker will do this by making contact with families identified during sustainability planning as potentially at risk of struggling to maintain their positive changes. The project worker will identify risk areas and draw other professionals (for example from school, Family Operations or mental health services) in to work with families as required. The sustainability project worker will not provide MST therapy nor develop an ongoing relationship with the family.

In addition, this role will provide information, liaison and training to Essex staff regarding sustainability planning and the potential needs of families following MST treatment. This is aimed at further strengthening the cooperative relationship between MST and ECC staff while MST treatment is underway and as it is drawing to a close. This second function will be both in general and in regards to individual families.

Future evaluation activities will focus on evidencing the value added by the Evolution Fund.

Engagement of stakeholders and staff

“When the referrals were low we understood that was a problem for the whole system, so we all tried to work to improve that.”

The MST SIB benefits from the wide range of stakeholders with a strong investment in the programme’s success. Each partner brings their own expertise to the table; for example, Social Finance is expert in data analysis, while Action for Children brings a strong understanding of programme implementation. When addressing a challenge such as referral volumes they are able to pull together their knowledge of the backstory and the numbers to develop practical solutions.

SIB investors

The continual engagement of the SIB investors has brought an added value to the programme above and beyond their initial financial investment. Particular investors have continued to be heavily involved with the programme and invest time and resources to support its success. This has included leveraging in additional expertise and advice (both internally and externally) when needed (e.g. to address employee contracting issues). It is important to note that some investors have adopted a more proactive approach to engaging with the programme than others, suggesting that the added value of a SIB structure may depend not only on the initial financial investment from social investors per se, but also on the **level of ongoing commitment and support provided by individual investors** over and above the equity investment. This raises interesting questions about potentially variable levels of return on investment amongst different social investors.

MST Inc

MST Inc has taken an active interest in the progress of the Essex SIB. MST Inc. is invested in the success of the programme; if financing MST via a SIB proves to be a viable model it has positive implications for the sustainability of MST and potential of scaling up to other sites via this model.

Some stakeholders perceived MST Inc’s support to be **going ‘over and above’** what they would typically provide to an MST service. During early challenges around referrals and therapist turnover, MST Inc was active in working with the other partners to problem solve around these issues. They have showed **willingness to address challenges flexibly**, for example by developing creative solutions to manage challenges arising from staff turnover rates. Anecdotally, it was also suggested that the teams may be subject to more **rigorous quality assurance** by MST Inc as a result of the added external scrutiny on the outcomes of the programme brought about by the SIB. Going forward, our evaluation will need to engage MST Inc and other MST stakeholders to verify whether they have, as suggested, invested more in the ECC MST programme than other MST sites.

MST therapists

Some stakeholders suggested that the SIB may positively affect therapist engagement, which is significant given the challenges of recruiting and retaining MST staff. The longevity of the SIB contract offers greater programme security than may be offered by alternative commissioning arrangements:

“We feel secure with the funding and that might trickle down into feeling ‘I have a job for a number of years’; that might mean something to the team.”

Furthermore, supervisors reported experiencing an added layer of support from the CSSL Board, described as having been “immensely acknowledging” of the challenges they face. This was particularly important during the early stages of implementation, where the Social Finance lead played a key role in facilitating relationships between the teams and local partners.

“I found them really supportive in the early days... it has felt great to have someone on our side in terms of building the service.”

The CSSL Board's support for therapist retention is evident from the subsequent investments they have made in their professional development. Two therapists have been financed by the Board to undertake MST training in the US so they can begin practice sooner than if they waited for UK training, and criteria for staff to undertake additional professional training (paid for by CSSL) is being developed, to offer motivation and reward for high performing therapists. **The SIB approach allowed investors to use funds flexibly to achieve defined outcomes**; unlike conventional local authority funding, SIB funding is not tied to a specific financial year or with agreed spends.

Pragmatic decision making

The MST SIB structure enables the CSSL Board to **respond pragmatically to delivery challenges** in a way that may not be possible within traditional public sector delivery. As issues arise, the Board advise on potential solutions and have the leverage to influence rapid change.

More recently conversations have centred on the nature of Action for Children's contract with MST therapists. The Board wants to improve programme performance by introducing a **more flexible approach to the employment contract**. This will enable them to recruit and retain therapists in line with the needs of the programme, but would mark a significant shift in Action for Children's traditional delivery model.

Implementing rigorous information and reporting systems

Existing literature on SIBs claims that the model can bring ‘added value’ to a public service through the rigour imposed on monitoring systems, necessitated by its strong outcomes focus.

In Essex, though the reporting requirements are perceived by some to be onerous and complex, the strong focus on outcomes for young people and families is applauded:

“Well [the SIB] put rigour into it. It was hard to get my head around at the start, but it’s a good thing.”

There is felt to be added value in embedding systematic monitoring, and using this to inform ongoing service delivery. To date this has focused primarily on improving the referral flow into MST. However, as the service develops it is intended that the **focus of monitoring will shift towards outcomes**. The two year tracking of families after MST will be central to generating learning around the sustainability of the programme. This is seen as a critical added value emerging from the SIB:

“Two year tracking is very unique for a service and only the SIB has enabled us to do that.”

Other stakeholders are more sceptical that the SIB has improved monitoring systems, and highlighted that the processes for other services in Essex are felt to be equally rigorous. Furthermore, it was highlighted that MST, as a licenced intervention, requires systematic monitoring and reporting of all programmes. Several interviewees described ECC as being particularly effective with regards to data management, and suggested that introducing SIB systems may be more impactful elsewhere, particularly where data management systems are not as well developed.

Other learning emerging

Other learning emerging from stakeholders’ experiences of commissioning and implementing the Essex MST SIB falls under the following categories:

- Commissioning and setting up the SIB
- Implementing a licenced evidence-based intervention
- Maintaining relationships between partners.

This section includes additional considerations to be taken into account when considering the development of future SIBs or the potential to scale up the Essex MST SIB.

Commissioning the SIB and set up

Commissioning the Essex SIB was a long and complex process for the partners involved, taking nearly two years of preparation prior to the service commencing. This period of set up should be understood within the context of ECC being the first to take on a SIB outside of the criminal justice sector (i.e. the Peterborough SIB). The partners were operating in ‘unknown territory’ and there was some initial uncertainty from ECC around how to proceed with procurement. There was also a high level of interest from Government departments, which contributed to this.

The decision to award the contract to Action for Children was reached via a competitive tendering process. The SIB procurement involved a competitive process; however it was unusual because Social Finance was the only bidder that passed the PQQ. A robust process was followed to ensure that value for money and compliance with EU procurement regulations could be demonstrated. The

process was felt by some to act as a barrier to open communication at a time when all parties were under huge time pressure to deliver:

“There needs to be a much more simple, open and honest way of arriving at a SIB which I think [is possible], but requires honest dialogue about what everyone wants.”

The importance of engaging operational stakeholders earlier in the commissioning process was continually highlighted. Stakeholders suggest that this would have enabled a smoother and faster transition into service mobilisation, particularly in terms of outlining appropriate referral routes and facilitating the dialogue between MST and other services in Essex.

Monitoring changes in the local context

Given the length of time between the commissioning of the MST SIB and service mobilisation, it was felt to be appropriate that further consideration be given to the **changing local context within Essex**. Some significant changes had occurred in the landscape around children in care and Family Operations in ECC. Essex has improved the quality of their practice around the edge of care and seen a large reduction in the numbers of young people entering care.

Other service provision had also been established in Essex which, while not in competition with MST, has a certain degree of overlap in their client base and has therefore required more careful negotiations around the referral processes than anticipated.

With hindsight, some stakeholders reflected that the point of service mobilisation would have been a good time to **pause and take stock** of these developments to assess the implications for the MST SIB. This would enable them to check that the service that was originally commissioned was still needed, and that the assumptions underpinning the SIB payments were still viable:

“We’d reduced child in care numbers, we’d introduced [other services] and so it had changed. With a stock take, you could have really looked at the criteria of the cases that are escalating and what was needed.”

Embedding MST into existing services

Questions were raised by some stakeholders around the choice of **MST as the most suitable intervention model for ECC**. The experience of implementing the MST SIB has demonstrated the need for a consistent understanding early on in the process about exactly what is being implemented and how it should be embedded and aligned within existing services.

One of the key pieces of learning that stakeholders have taken from their experience is the **importance of anticipating and modelling for challenges** in the planning of the SIB. This could include further engagement work upfront; working with frontline staff to let them know that MST will be arriving, and education around how and when to refer into the service.

Implementing an evidenced based intervention

In line with the change in evaluation focus, learning around implementing an evidenced based intervention is included here because of its relevance to the SIB. Previous learning around SIBs supports the use of an evidenced based intervention as the foundation for any SIB, because it minimises the risk of failing to achieve the agreed outcomes.

In Essex the quality assurance role provided by MST Inc is highly valued by the investors. However, there are implementation issues associated with MST that have stilted or slowed delivery and therefore have consequences for its use in a SIB.

Recruiting and retaining MST therapists remains a problem for the MST SIB, which has resulted in times when both MST teams were operating under capacity. As noted earlier in this report, turnover of MST therapists is a problem in many MST services, and is not unique to the Essex model. Capacity and turnover problems have created added pressure for the team when any member takes vacation or goes on sickness absence. Furthermore, whenever a new therapist is employed it takes time for them to learn the MST model. They are **eased into practice with a lower case load**, and tend to take longer to close their cases than more experienced practitioners.

Therapist turnover can also affect the quality of MST delivery as new MST therapists' adherence scores tend to be lower. As a consequence the **average adherence score across the whole team drops whenever a new therapist is introduced**, as is the case across the board with MST and is not unique to Essex.

These issues need to be adequately accounted for during the contracting stage of the SIB set up.

A further consideration for SIB investors is the potential '**clash of worlds**' between the SIB, which is designed to facilitate innovative approaches to achieving outcomes, and the fidelity of the MST model. For example, the CSSL Board have agreed to fund additional specialist professional development for one of the therapists as a means to support and retain them in their role. However, MST Inc requires a say in what training a therapist can undertake alongside their practice to ensure it does not conflict with their model.

Maintaining relationships between partners

There have been periods in the set up and implementation of the SIB where there have been conflicting views amongst partners, most notably during discussions around the referral pathway. However, by the second wave of interviews undertaken stakeholders described having turned a corner and **relationships are seen to be working effectively**:

“Everybody is committed to making it work and we realise we are all in for the long haul. Relationships are respectful and solid.”

Reflecting on their experiences, stakeholders emphasised the following key enablers for maintaining positive relationships through the process:

- **Having a clear understanding of roles and responsibilities:** In the multi-agency environment of the MST SIB there were times of confusion and overlap in roles and responsibilities. Capacity challenges also resulted in certain stakeholders having taken on more than their role during early implementation.
- **Securing senior buy-in within each organisation:** Having senior involvement at Board level was seen as an effective way to secure engagement across all parties. Securing the support of senior leaders in Essex proved essential for embedding the service and addressing the early challenges around referrals.
- **The involvement of proactive and committed individuals:** Social Finance has been credited for their proactive leadership and ability to bring the right people around the table at crucial moments. Stakeholders also emphasised the importance of having passionate individuals who are willing to ‘muck in’ over and above their role to address early operational challenges.
- **Taking the time to build up trust:** This was cited as a key enabler for overcoming the challenges around the referral pathway, facilitated by open and honest dialogue between partners:

“You can talk in theory and abstract but until you build trust between the parties it is difficult to achieve that.”

- **Continuity of key individuals:** Having continuity of people involved from the development to implementation stages was felt to be important for building a consistent understanding around what had been agreed in the planning stages.

Conclusions and recommendations

Conclusions

As we explained in the Introduction, it is important to appreciate that not only have the MST SIB and associated processes and structures supporting it evolved since inception, the focus of the evaluation has also shifted through time in significant ways. These have implications for the findings contained within this report, and readers are reminded of the need to contextualise the interpretation of the content against this backdrop.

The extent of change is symptomatic of the importance placed by different stakeholders on the need to learn and improve, and to see this programme as being dynamic. What has been striking is that much of the dynamism reflects a clear focus on outcomes. This has meant that, in terms of delivery, there has not been a narrow focus on following prescriptive processes to the letter, apart from the obvious need to maintain the fidelity of the MST itself. Instead it is very clear that the various stakeholders (i.e. ECC, CSSL, Action for Children etc.) have been very open to revisiting processes and structures supporting the delivery of the MST, to ensure that it secures the relevant outcomes (e.g. refining the referral pathway, developing consensus around the definitions of key terminology and outcomes).

It has been said that the SIB approach is uniquely well-positioned to manage and support such dynamism and fluidity. Freed from the constraints of conventional public sector procurement and contract management procedures, the SIB approach is seen as a valuable opportunity to support the flexible deployment of resources to achieve desired outcomes. For example, spending is not nailed down to the cycles of financial year accounting practiced in the public sector, which can restrict the ability to alter agreed budget lines. There have been numerous examples of how this has happened in the Essex SIB, with evidence pointing to the fact that such decisions are often driven by a clear focus on increasing the likelihood of achieving desired outcomes.

Having said this, it is important to note that attributing observations and changes directly and wholly to the fact that the MST has been procured via a SIB approach is not straightforward. There are a number of confounding factors. First, the Essex SIB was the first of its kind outside the criminal justice sector. The novelty of the Essex SIB is reflected in the time and resource investment, the governance and management structures, and the data and reporting requirements negotiated and put in place. In addition, the keen interest expressed by a number of Central Government departments has contributed to, perhaps, more convoluted processes and negotiations. Hence, some of the findings reported here may not be generalisable across SIBs as a whole and may reflect a 'point in time' set of realities and responses.

Second, the intervention procured via the SIB is itself unusual in the sense that MST is a licensed programme. As such there are additional considerations and requirements that not only impact on

delivery and behaviours, but also on data. Compounding this effect is the observation that, as a new approach for procurement with potential implications for future marketing strategies, it has attracted significant attention from MST Inc and is therefore perhaps not simply regarded as ‘just another’ MST service.

Third, the Essex SIB itself contains features that may not be present in other SIBs, therefore limiting the extent to which we can claim that observations and changes have been a result of a SIB approach generally. Most notably, the Essex SIB has an Evolution Fund component. One may say that a SIB approach allows for creative approaches to deploy resources flexibly to meet the demands of unfolding realities. This may take the form of an Evolution Fund, but is not limited to any specific approach.

Fourth, an additional challenge confronting any attempt at claiming that observations and changes are due to a SIB approach lies in our analysis here that amongst social investors, even those investing in the same intervention, there can be different patterns of behaviour and engagement. This raises the question of whether some types of impact are because of a SIB approach in general or whether they may be due to the behaviours and approach adopted by certain types of social investors. There may thus be different tiers of potential impact that we need to consider. While it is too early to make any concrete claims, there is a possibility that social investors that take a more proactive and engaged role may contribute additional resources (e.g. advice, expertise, etc) that can enhance the support afforded to the delivery of the intervention, thereby helping to increase the likelihood of achieving desired outcomes. If this is true, then the impact of SIBs may not be due simply to the model of a SIB approach but may also be driven by behaviours of sets of social investors. This raises interesting questions around investor motivation as well as the potential for variable return on investment.

It is interesting to note that the desire to learn and improve has meant that all key stakeholders are likely to have contributed over and above any agreed financial investments. It is likely that there are a range of ‘indirect costs’ that have been incurred by ECC, a number of social investors, Action for Children, etc.

Turning our attention to the MST, and looking at it through the lens of the SIB, a number of observations can be made. First, the procurement of the MST through a SIB has meant that much of the initial focus has been on clarifying the likely effect size of outcomes in order to help inform the technicalities of the financial instrument (e.g. payment schedule, indicators, etc.). The approach towards the MST was therefore forensic in terms of how it approached outcomes and their measurement. There has been, until more recently, far less attention on what the MST looks like or means to different groups when it comes to its operationalisation. Just because an intervention has a solid evidential grounding in terms of its impact does not mean that it is clear to those involved how it should be introduced and embedded into complex pre-existing systems and cultures. It is clear from our evaluation that many of the challenges encountered have been due to the fact that individuals with a role in implementing the intervention on the ground took time to understand what MST was and what types of service users it is appropriate for.

Second, MST as an intervention anchored in the need to measure and evidence, has an obvious focus on outcomes. This interacts positively with the SIB approach which, similarly, focuses on outcomes. The net effect has been a clear outcomes-focus across all key stakeholder groups. While some have found the data requirements to be significant, the general sentiment has been that this has been important and has been motivated by the right reasons, with data being put to the right use. At the same time, there has also been an appreciation of the need to rationalise data collection and reporting mechanisms to make sure that they are fit for purpose.

Third, there are interesting issues to consider in terms of how MST interacts with the approach of the SIB. As a licensed programme, the MST has strict requirements around fidelity. As an approach that encourages innovation, SIBs offer unique opportunities to support flexible and creative approaches. To date, this has not created significant issues in Essex. Nonetheless, there are emerging signs that the rigidity of the MST model and the flexibility of the SIB may sometimes conflict. This is not to say that these creative tensions cannot be resolved. It is purely an observation that it will be important to consider models of interventions and how or whether some may be more or less amenable to an SIB approach in procurement.

Recommendations

Recommendations regarding the use of Social Impact Bonds

- In setting up a SIB, it is important not only to consider the details of the financial instrument but also the operational aspects of implementing an intervention procured via such an approach. Although a SIB is obviously about a form of payment by results, there needs to be greater appreciation of the fact that certainty around the effect size of outcomes is not the only concern. In addition, implementation risks need to be considered as these will have a direct influence on the likelihood of outcomes being achieved in a specific context.
- It is important to involve frontline staff and relevant stakeholders at an early stage when planning for a SIB. This ensures that relevant insights are levered in from different perspectives to give commissioners, investors and providers a much clearer sense of key issues to be considered.
- It may be important to bring in people with expertise in supporting organisational and/or culture change at an early stage, as the success of a SIB is not merely reliant on financial acumen and the understanding of data and evidence.
- SIBs are not a ‘magic bullet’. Interested parties should consider carefully whether a SIB is the most appropriate method for procuring a service. This requires greater understanding of the processes and implications of planning for and setting up a SIB, as well as an understanding of which types of interventions may be more or less suitable for this form of procurement.
- Where it is appropriate, SIB is an approach that can afford greater flexibility to deploy resources creatively with a clear focus on outcomes. Those interested in setting up SIBs

should anticipate the need to work flexibly and responsively to unfolding realities, rather than treat it as a passive upfront financial investment, and to structure SIBs in a way that supports innovation and learning.

- Processes and structures should be dictated by the outcomes they are there to support. While SIBs have a clear focus on outcomes (which link to payments), processes and structures around governance, project management and reporting need to be fit for purpose and proportionate.

Recommendations regarding the MST Structure in Essex

- The same phenomenon may well be driven by different underlying factors, and it is advisable to explore in some detail the drivers underpinning the recruitment and retention issues experienced in Essex.
- There are signs that the social investors, being motivated by impact as well as by the return on their investment, have been taking (or at least thinking of taking) actions that may strengthen the outcomes of the MST. It will be important to assess the extent to which investor expectations align with the rigidity of the MST model, and this may have implications for how outcomes can be attributable to MST on its own.

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Appendix A: Pathways to Outcomes model

