



Engaging with
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Webinar series



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Insights from the UK's Commissioning Better Outcomes Evaluation

*Engaging with Evidence Session 13
19 October 2022*

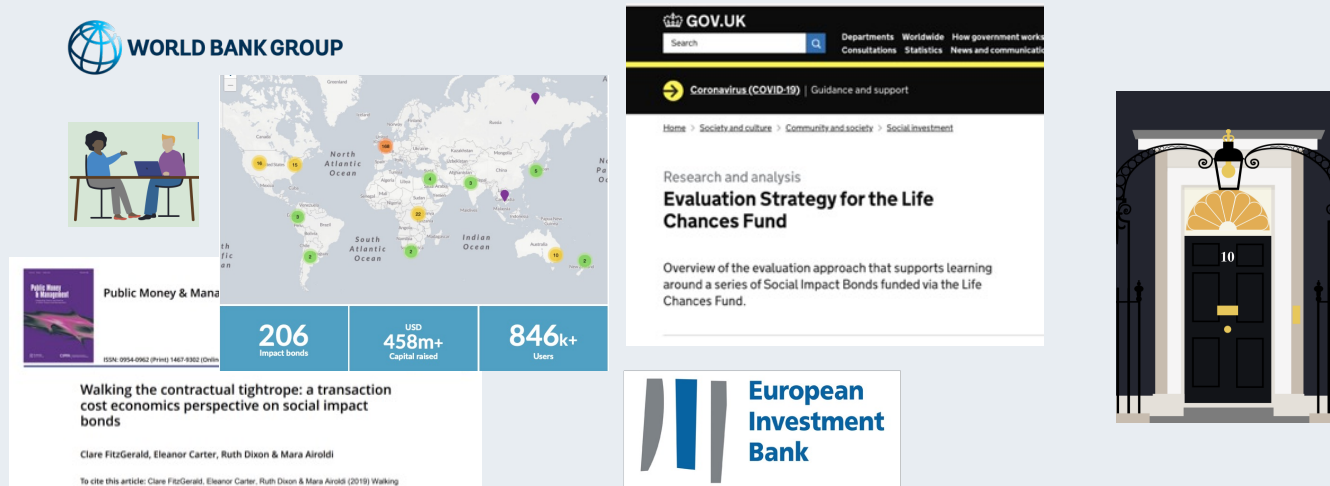


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About the Government Outcomes Lab (GO Lab)



Established in 2016

Partnership between UK Government & University of Oxford

We investigate government's role in unlocking fruitful cross-sector partnerships to improve social outcomes



Welcome to the thirteenth session of the Engaging with Evidence series

An open platform for policymakers, practitioners and researchers around the world to engage with key findings from the latest research and evaluation work in the field

- Distillation of key research findings
- Practical insights from practitioners across different sectors and fields
- Honest and constructive dialogue

For the next edition of Engaging with Evidence

Final Results of the Quality Education India Development Impact Bond

8 December 2022. 1pm - 2.30pm GMT

https://bsg.zoom.us/meeting/register/tJlodOuurzwiH9F4fx_F6HmqzYviah_N3Ny



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Insights from the UK's Commissioning Better Outcomes Evaluation

In today's session:

Part I - Highlights from the Report

Overview of the Commissioning Better Outcomes Fund
The CBO Third Evaluation Report

Part II - Panel discussion

Discussion around three core SIB themes:

1. **Design:** How SIBs can vary in design, and the need to align their design to one's aim.
2. **Delivery:** The factors that influence delivery of SIB projects
3. **Impact:** The emerging evidence on the benefits of using a SIB model

Speakers



Philip Messere
The National Lottery
Community Fund



Chris Drinkwater
Ways to Wellness



James Ronicle
Ecorys



Neil Stanworth
ATQ Consultants



Eleanor Carter
The GO Lab

Moderators



Andreea Anastasiu
The GO Lab



Ernesto Oyarbide-Magaña
The GO Lab



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Our audience this morning



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**Context setting: The Commissioning Better
Outcomes Fund**

**Philip Messere - Funding Manager at the National Lottery
Community Fund**

CBO SIBs (& OBCs)

- £40m lottery funded programme launched in 2013
- England Health, Educ., Environment and charitable
- Test & learn programme – what works/what doesn't
- Aim: to grow the market in SIBs and other OBCs

4 Objectives:

- Commissioner engagement and upskilling
- Early intervention for least able to access services
- New investment to fund (primarily VCSE) delivery
- Impactful Learning by evaluation & shared learning



CBO SIBs (& OBCs)

- 24 full awards to projects
- 271K People engaged in services delivered
- 190 VCSE engaged with 92 paid mainly for delivery
- 54 commissioners have paid for outcomes
- 9 retail investors – main 3: Bridges, C&W, BII
- Policy areas
 - Health (9), Social Care (8), Employment (5), Youth (2)
- Geography
 - London 10, Midlands 4, South West 4, North 4, South East 2



SIBs can serve multiple purposes

- Help VCSEs engage with PbR contracts
- Build cross-sector relationships:
- Reduce financial dependency on TNLCF
- Create learning
- Strengthen VCSE resilience
- Innovation - interventions trialled
- Generate income to all stakeholders where successful



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**Key findings from the Commissioning Better
Outcomes Third Update Report**

James Ronicle - Director at Ecorys UK

Neil Stanworth - Founding Director at ATQ Consultants



Answering
tomorrow's
challenges
today



CBO Evaluation: Update Report 3

James Ronicle & Neil Stanworth
GO Lab Engaging with Evidence Session, 19/10/22



Overview

- Introduction: Commissioning Better Outcomes Fund Evaluation
- Part 1: SIBs – The Metamorphosis: Comparative analysis of nine SIB models
- Part 2: CBO performance 2014-2018
- Part 3: Benefits and disadvantages of SIB model



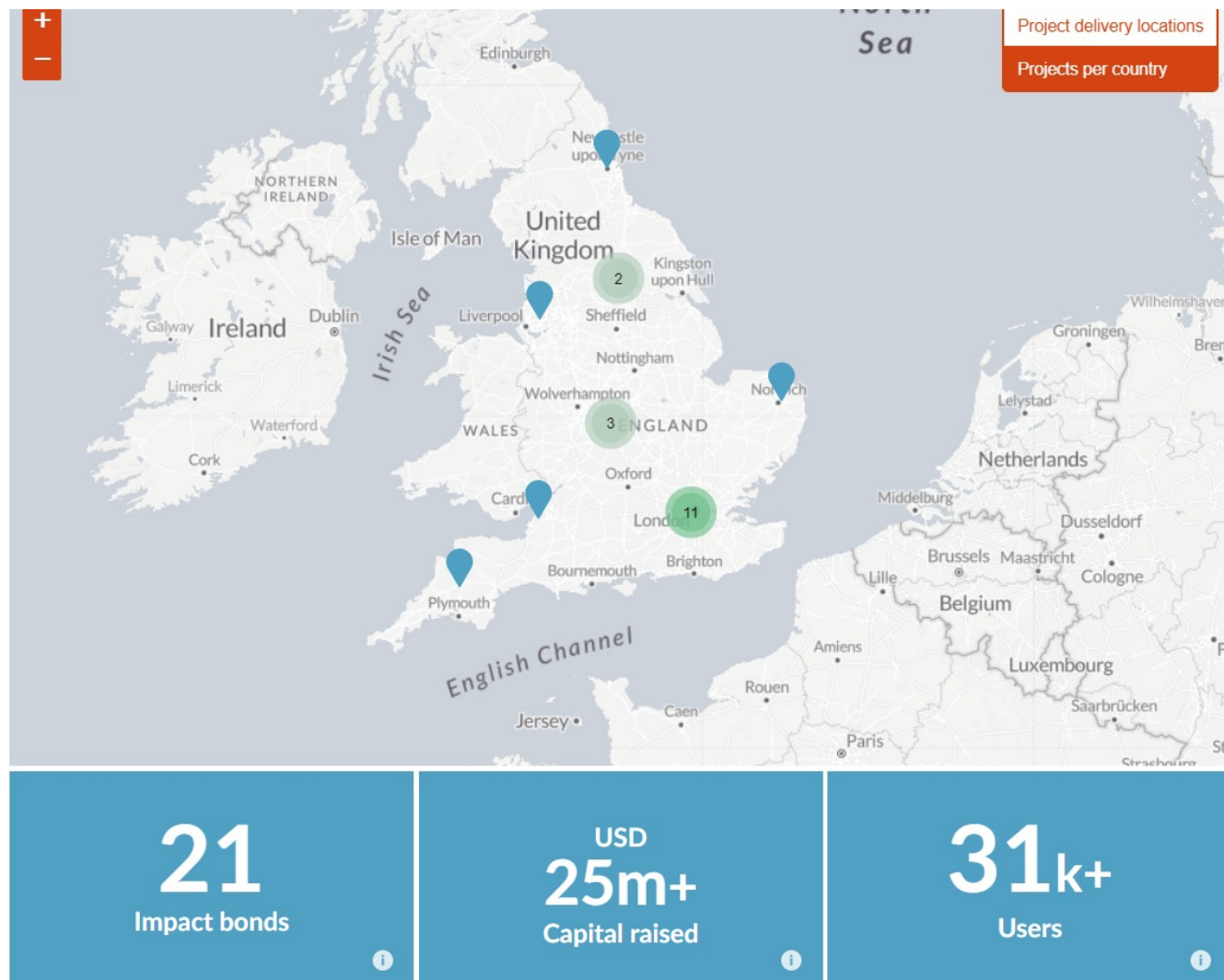
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Introduction: Commissioning Better Outcomes Evaluation

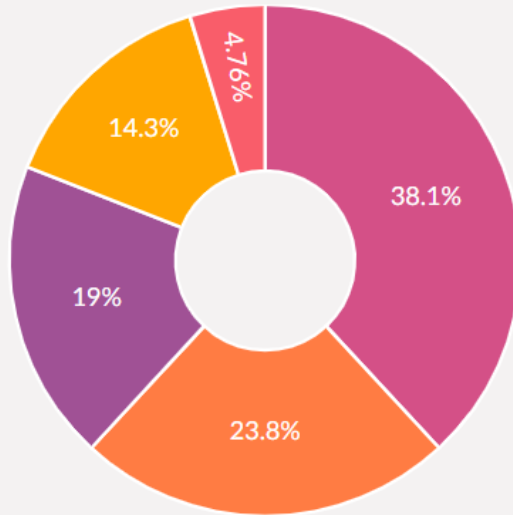
Commissioning Better Outcomes Programme

- Funded by The National Lottery Community Fund
- **Outcomes Fund:** Provides up to £40m to provide ‘top up’ outcome payments to locally-commissioned SIBs & other outcomes-based contracts
- Funding from 2013 - 2024
- Funded 21 projects



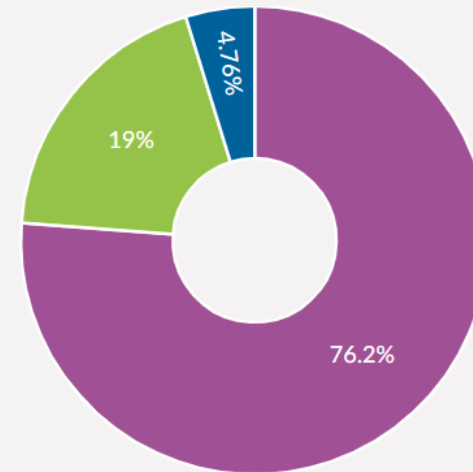
Commissioning Better Outcomes Programme

Policy sector



- Health
- Child and family welfare
- Education
- Employment and training
- Homelessness

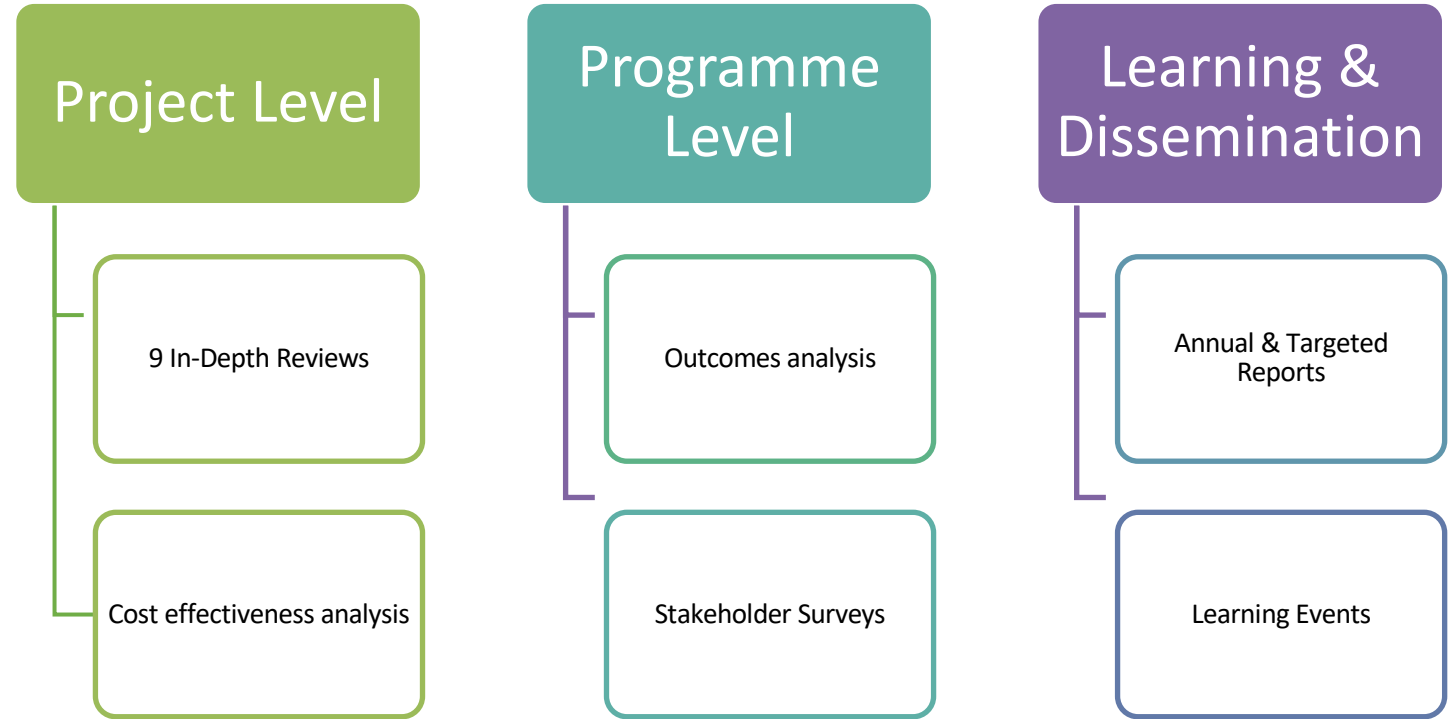
Stage of development



- Implementation
- Complete
- Service delivery complete

CBO Evaluation

- ▶ **Advantages and disadvantages of commissioning a service through a SIB model;** the overall added value of using a SIB model; and how this varies in different contexts
- ▶ **Challenges in developing SIBs** and how these could be overcome
- ▶ The extent to which **CBO has met its aim of growing the SIB market** in order to enable more people, particularly those most in need, to lead fulfilling lives, in enriching places and as part of successful communities. It also explores what more The Community Fund and other stakeholders could do to meet this aim.





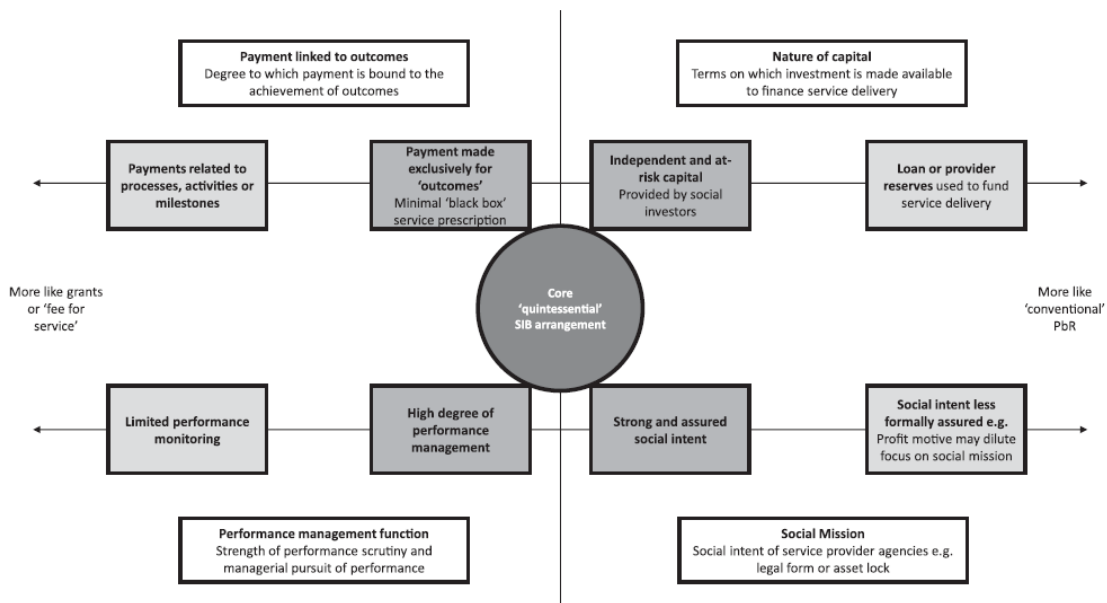
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Part 1: SIBs – The Metamorphosis: Comparative analysis of nine SIB models

Aim

- To objectively ‘map’ different SIB models, and compare their development against their original conception
- 2 frameworks as starting point:
 - GO Lab SIB dimensions
 - SIB original concept (Fraser et al)



SIB original concept

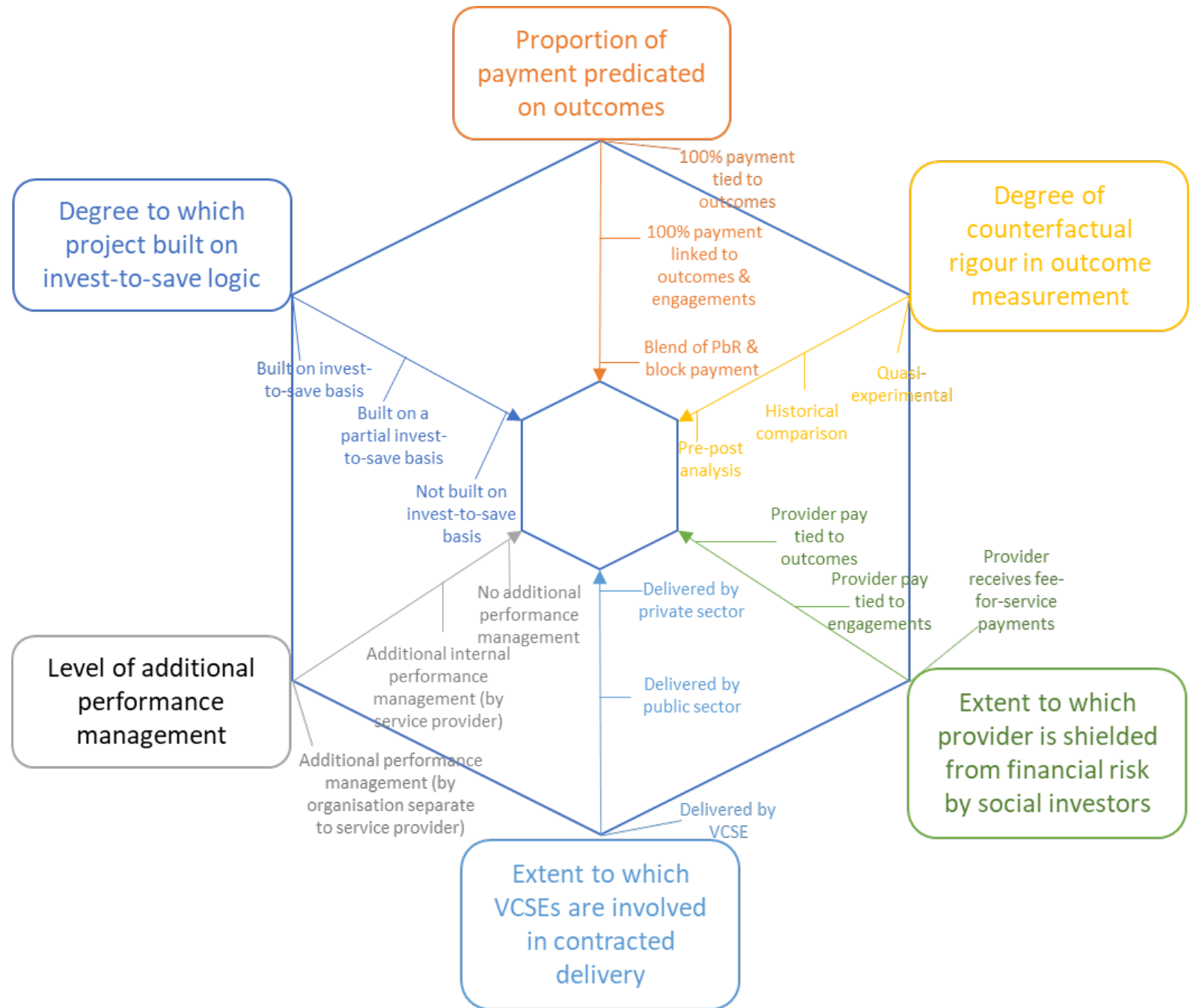
An innovative partnership between private and/or socially minded investors, commissioners and non-profit service providers, often coordinated through SIB specialist organisations, to tackle deeply ingrained social problems

Improved social outcomes for service users and cashable savings for commissioners;

Financial risk transfer from the public sector to investors; rigorous evaluation to ensure that improvements in social outcomes are measured and attributable to the SIB-financed interventions; and

Return on investment to investors dependent on achievement of outcomes.

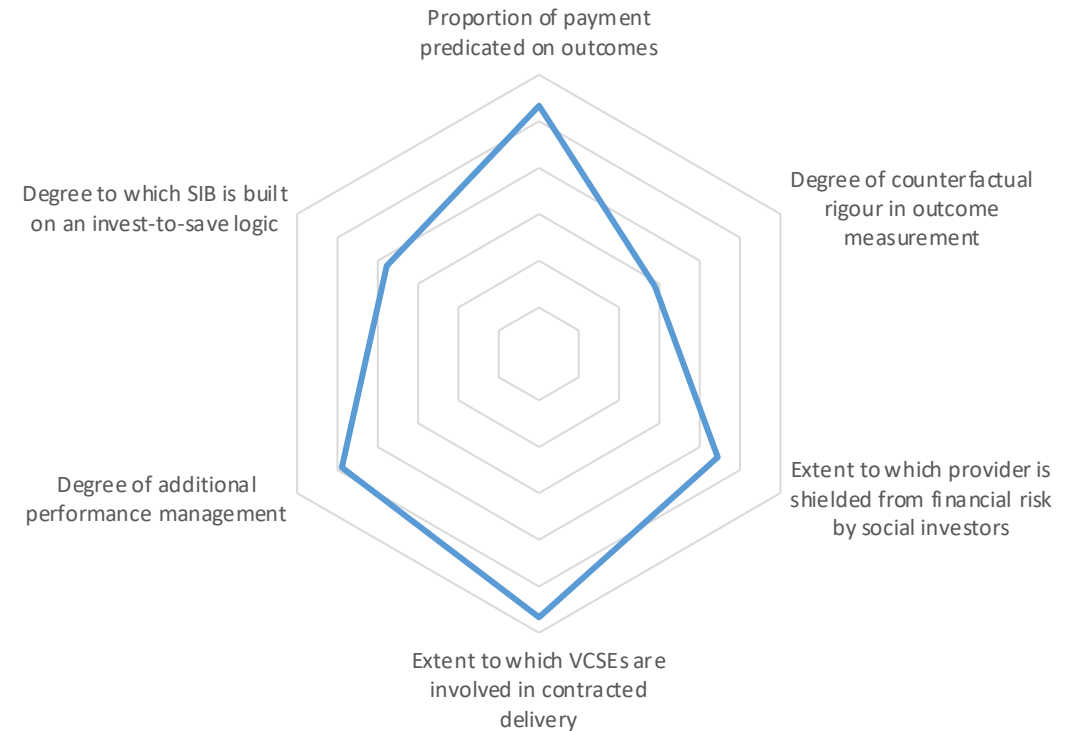
The SIB hexagon



Finding: Some of the original concepts have 'held true', others less so

Average CBO in-depth review family

- **Payment based on outcomes:** Two-thirds of the families attach 100% of payments to outcomes. In 3 commissioners also
- **Validation approach:** Only 3 estimate attribution in payments
- **Shielding provider from financial risk:** In majority (5) provider is fully shielded. Out of other 4, in 3 provider paid on engagements; in 1 have to repay loan if under-performance
- **VCSE delivery:** All in-part had VCSE delivery, though public sector organisations also involved
- **Performance management:** More performance management in all. In most (5) done by external organisation
- **Invest to save:** Most have strong invest-to-save focus, though in only 1/3 is this built into payment model



But they're all different....

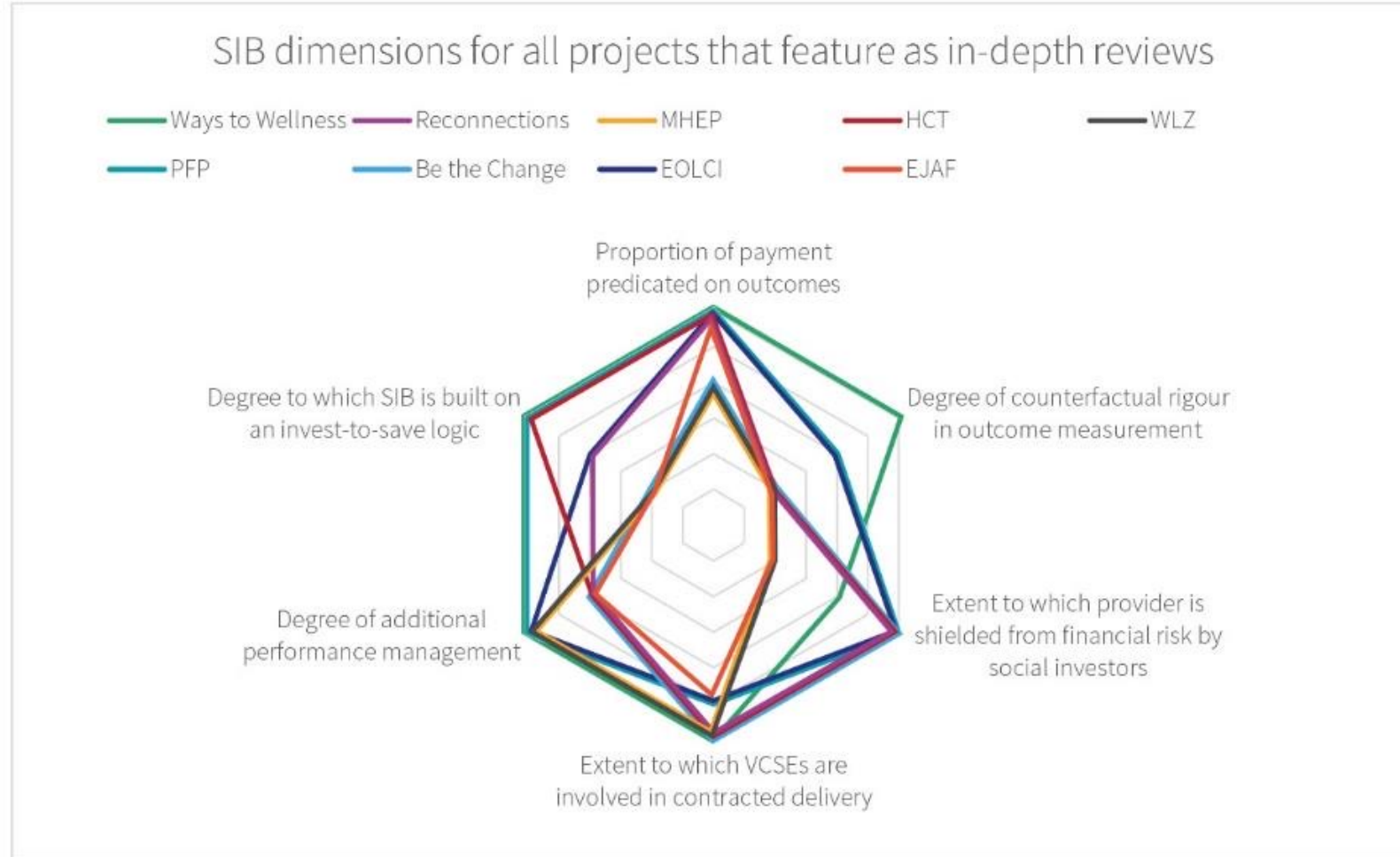
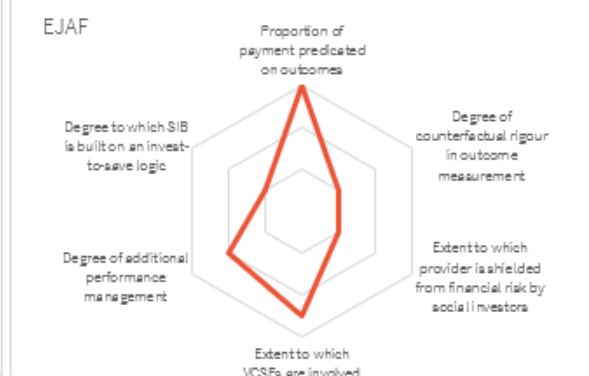
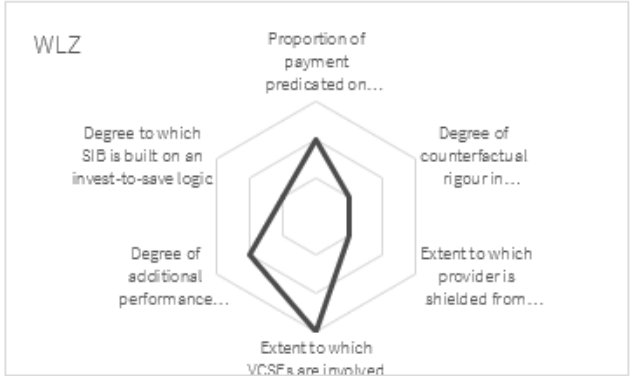
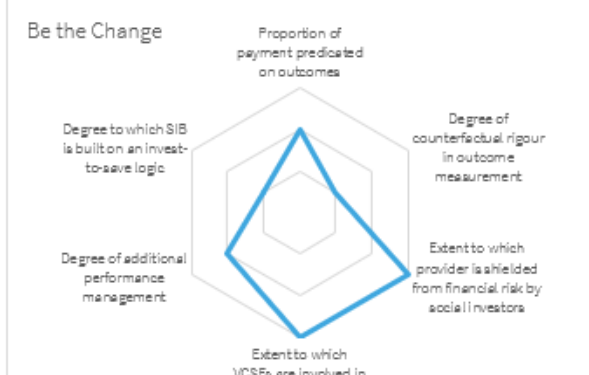
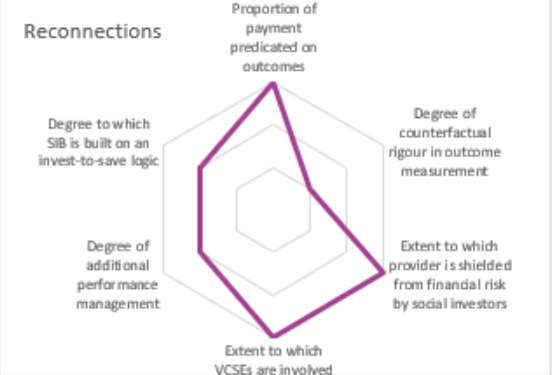
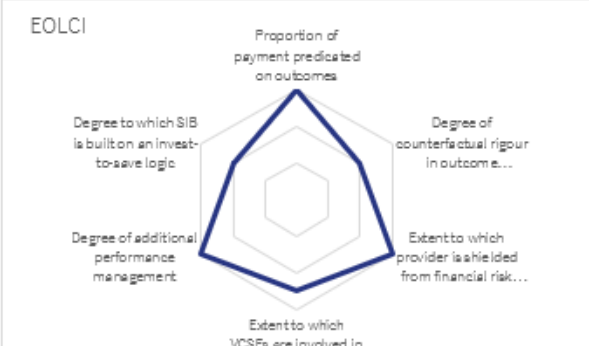
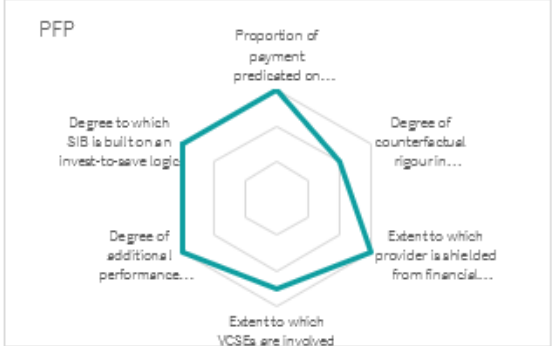
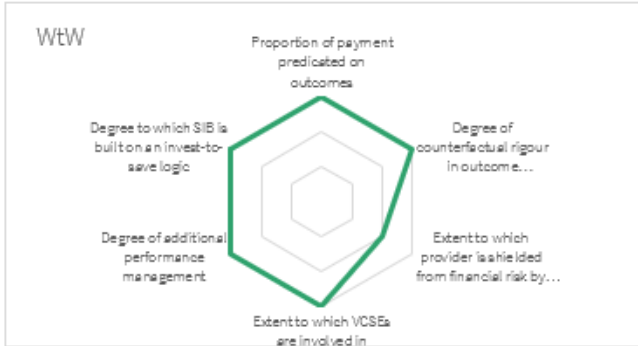


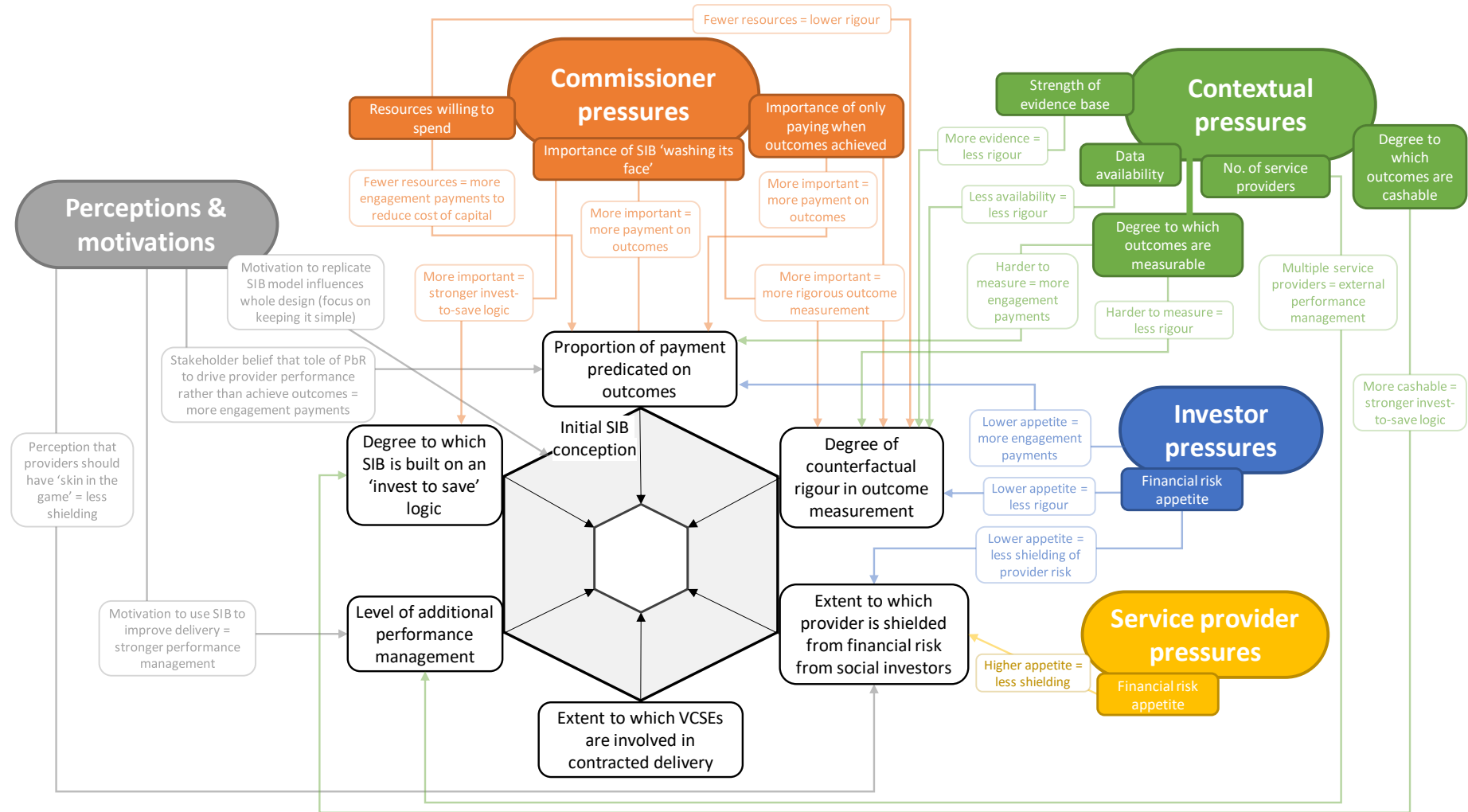
Figure 2.5: SIB dimensions for each of the CBO in-depth review families at launch

But they're all different....



Their 'shape' is affected by a wide range of different factors

It is important to be aware of the different SIB 'shapes', and be sure you are designing your SIB shape to suit your own context



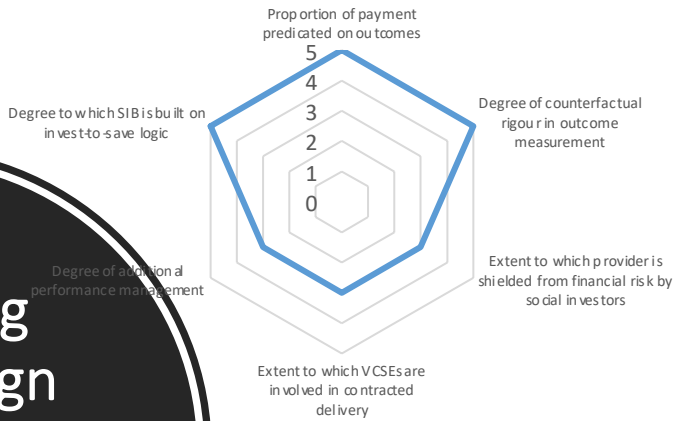
Is this a good or a bad thing?

- We would say good thing: Taking the original concept and adapting it to different contexts
- But important the SIB 'shape' is actively debated and designed to suit stakeholder needs
- Need an update on the SIB narrative: What they are and what they are for

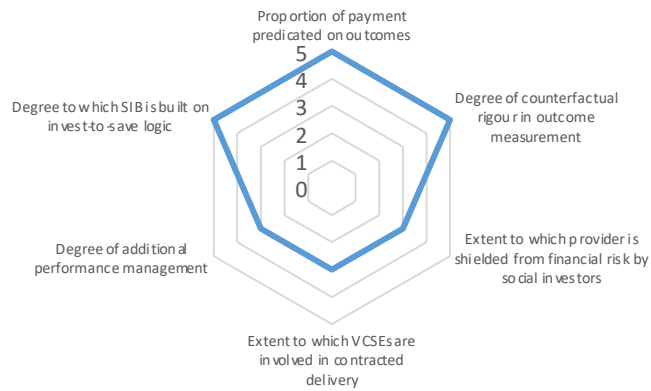
| SIB original concept | SIB reality |
|--|--|
| An innovative partnership between private and/or socially minded investors, commissioners and non-profit service providers, often coordinated through SIB specialist organisations, to tackle deeply ingrained social problems | An innovative partnership between primarily socially-minded investors, commissioners and non-profit organisations, often coordinated through SIB specialist organisations, using their different skillsets and ability to use their funding in different ways to tackle deeply ingrained social problems |
| Improved social outcomes for service users and cashable savings for commissioners | Improved social outcomes for service users, which are likely to reduce future costs to the public sector (though not necessarily the commissioner) and may in some cases produce cashable savings |
| Financial risk transfer from the public sector to investors | A sharing of financial risk between the public sector, voluntary sector and investors |
| Rigorous evaluation to ensure that improvements in social outcomes are measured and attributable to the SIB-financed interventions | Higher standard of outcome measurement than is typically seen in fee-for-service contracts |
| Return on investment to investors dependent on achievement of outcomes | Return on investment to investors dependent on provider performance, including ability to engage service users and achieve outcomes |

Designing SIBs to align with their policy objectives

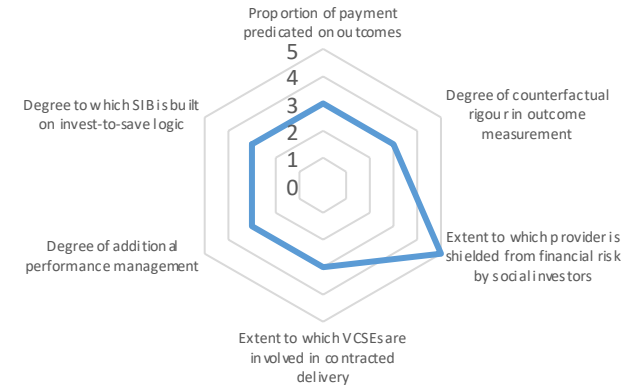
Create preventative service funded through savings



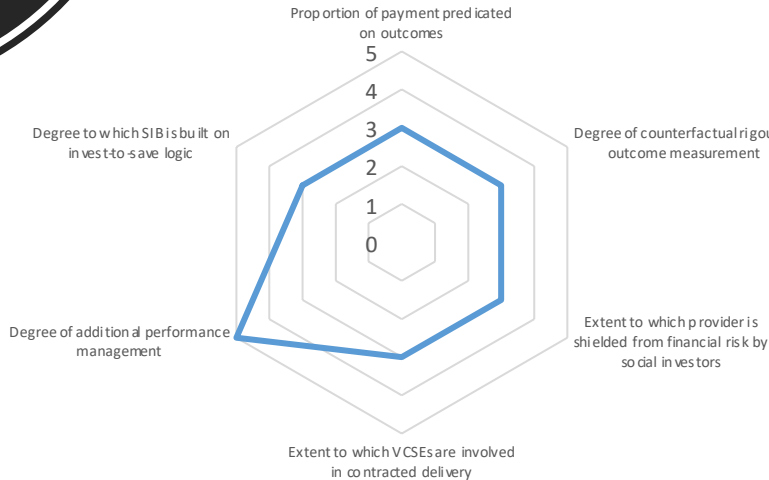
Scale up intervention through releasing funds from savings



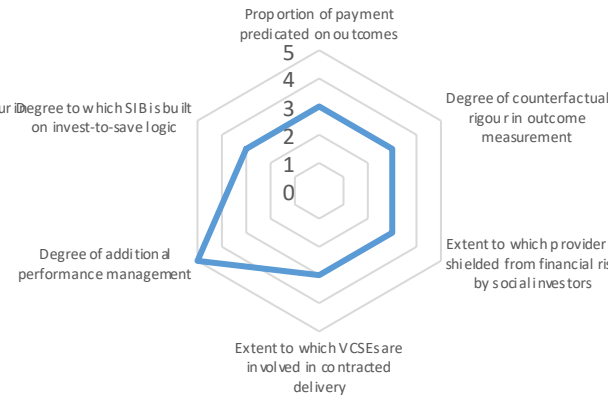
Shift financial risk to the private sector



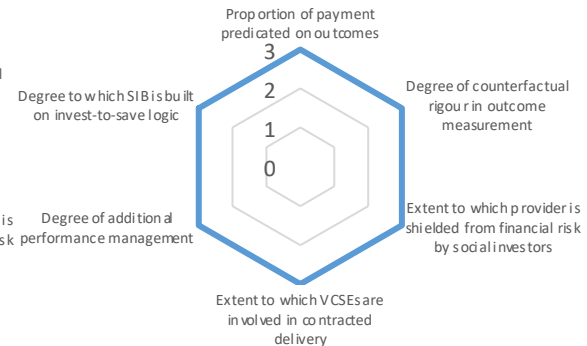
Drive improved performance & accountability



Draw on expertise from investors or IFMs



Facilitate collaboration





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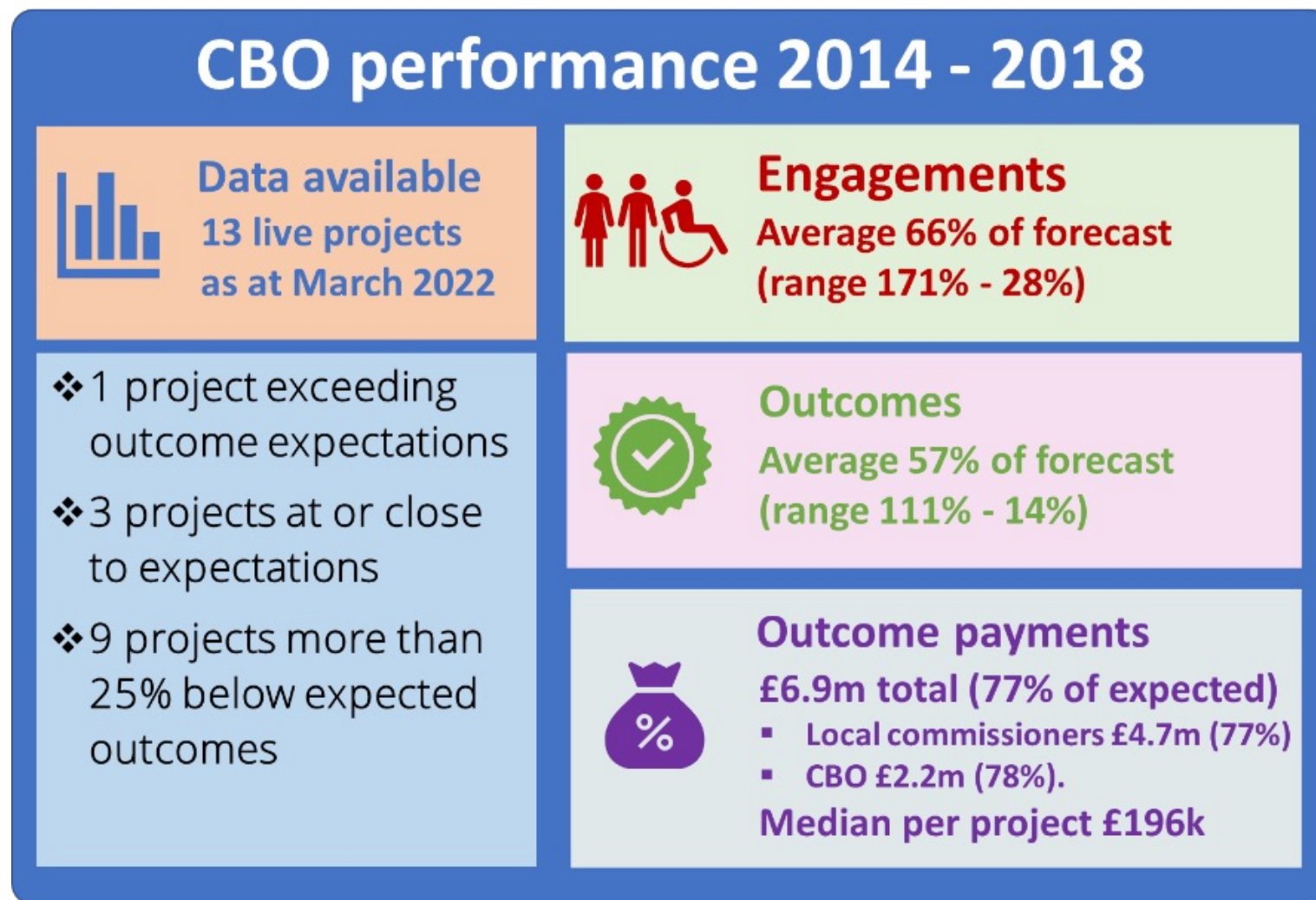


Part 2: CBO performance 2014-2018



CBO performance

- Performance generally lower than originally expected
- Mainly because of lower referrals, which in turn affects outcomes
- Unrealistic forecasting or under-delivery? Most is unrealistic forecasting due to optimism bias





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Part 3: Benefits and disadvantages of SIB Model



Basis of analysis

- Performance and characteristics of projects on which we had completed a second (mid-point) review
- Three published reviews (Ways to Wellness, MHEP, West London Zone)
- Two unpublished reviews where we had completed most or all qualitative fieldwork
- Detailed analysis of issues from process evaluation
- Overall summary in RAG form

Main benefits of SIB/SOC model

- “Better” performance management due to:
 - Specific funding of an enhanced level of performance management
 - The incentive to greater and more regular scrutiny of performance that comes from a focus on outcomes
- Improved application of data and systems
- Flexibility to:
 - adapt delivery to user needs
 - renegotiate and change contract terms
- Outcomes focus and culture among providers
- Greater social impact

Main benefits of SIB/SOC model

Strong evidence

Some evidence

Little/no evidence



| Benefit | W2W | MHEP | WLZ | Project 4 | Project 5 |
|--------------------|-----------------|--------------------|-----------------|--------------------|---------------|
| Funded external PM | Strong evidence | Strong evidence | Some evidence | Strong evidence | Some evidence |
| Data and systems | Strong evidence | Little/no evidence | Strong evidence | Strong evidence | Some evidence |
| Flexibility | Strong evidence | Little/no evidence | Strong evidence | Strong evidence | Some evidence |
| Outcomes culture | Some evidence | Strong evidence | Some evidence | Strong evidence | Some evidence |
| Greater impact | Strong evidence | Little/no evidence | Strong evidence | Little/no evidence | Some evidence |

Main disadvantages of SIB/SOC model

- Underperformance creates tension between stakeholders
 - Especially between investor and provider
- Overestimation of performance in business cases
 - Consistent optimism bias
 - Applies more to referrals/user engagements than outcomes
- Adverse implications of risk-bearing by contract parties
 - For providers whose funding links to outputs or outcomes
 - For commissioners who are asked to pay more or more up front than first promised
- Commissioner engagement challenges
 - From management churn
 - From reorganisation

Main disadvantages of SIB/SOC model

Little/no evidence

Some evidence

Strong evidence



| Benefit | W2W | MHEP | WLZ | Project 4 | Project 5 |
|-------------------------|--------------------|-----------------|--------------------|--------------------|-----------------|
| Tension | Some evidence | Some evidence | Little/no evidence | Little/no evidence | Strong evidence |
| Optimism bias | Some evidence | Strong evidence | Little/no evidence | Strong evidence | Strong evidence |
| Provider risk | Some evidence | Strong evidence | Little/no evidence | Little/no evidence | Some evidence |
| Commissioner risk | Little/no evidence | Strong evidence | Little/no evidence | Strong evidence | Strong evidence |
| Commissioner engagement | Little/no evidence | Strong evidence | Some evidence | Little/no evidence | Strong evidence |

Conclusions



SIBs come in many different shapes and sizes, and it is important their design aligns to the policy objective

Social impact bonds have evolved away from their original concept. We see this is a good thing, as they have been adapted to suit different concepts. However, it is important that people are aware of what they're buying: That they don't think they have a 'textbook' SIB when in reality they don't.



It is important that assumptions are robustly tested during the design stage:

The CBO projects have had varied success against their original outcome projections. This is largely because their designs had high levels of optimism bias, often because the SIB design was being 'sold' to either local commissioners or TNCLF. It is important that assumptions are robustly tested during the design stage



Stakeholders in the projects we have reviewed were of the view that they achieved more outcomes, and greater social impact

This is due to stronger performance management that was built into the SIB mechanism, and the impetus provided by linking payment to outcomes. It is arguable that better and stronger performance management could be funded and built into any contract, but the evidence suggests that it tends not to be. It remains, however, challenging to prove objectively that a SIB works better than a conventional contract

Panel Discussion



Philip Messere
The National Lottery
Community Fund



Chris Drinkwater
Ways to Wellness



James Ronicle
Ecorys



Neil Stanworth
ATQ Consultants



Eleanor Carter
The GO Lab

- **Design:** How SIBs can vary in design, and the need to align their design to one's aim.
- **Delivery:** The factors that influence delivery of SIB projects
- **Impact:** The emerging evidence on the benefits of using a SIB model

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CBO Progress to date

- 24 projects – (target 20) – 1st Birmingham 2014
 - 267K service users achieved outcomes
 - £83m savings achieved
 - £32m delivery contract costs (88% costs)
 - £34.6m outcomes payments (77% plan)
 - £14.4m invested by 9 investors incl. 3 VCSEs
 - SIB income equals SIB spend across programme
 - CBO 24% all outcomes paid to June 22
-
- CBO extended to 31/3/24 to allow 7 projects to run for up to an extra year to offset impact of Covid



Stay tuned for upcoming sessions...



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