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Insights and Lessons from MHEP LCF Evaluation's First Interim Report

Engaging with Evidence Session 17
17 May 2023



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The Government Outcomes Lab (GO Lab)



A collage of logos and statistics. On the left is the Department for Culture Media & Sport logo. Next to it is a world map with colored markers. Below the map are three boxes with statistics: '206 Impact bonds', 'USD 458m+ Capital raised', and '846k+ Users'. To the right is the GOV.UK logo with a search bar and a link to 'Coronavirus (COVID-19) | Guidance and support'.

Walking the contractual tightrope: a transaction cost economics perspective on social impact bonds
Clare FitzGerald, Eleanor Carter, Ruth Dixon & Mara Airolidi



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 seventeenth 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

Upcoming Social Outcomes Conference 2023

Join us on 14-15th September at the Blavatnik School of Government in Oxford or online



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Insights and Lessons from MHEP LCF
Evaluation First Interim Report

In today's session:

Part I - Overview of the MHEP and Presentation of Key Insights from the MHEP Evaluation First Interim Report

Part II - Panel discussion on exploring how MHEP provides additional value compared to traditional contracting & key considerations around the long-term sustainability of the programme beyond the Life Chances Fund

Speakers



Sarah Baillie
Social Finance



Emily Hulse
GO Lab



Dr Eleanor Carter
GO Lab



Julia Stapleton
Social Finance



Oliver Jacobs
Twining Enterprise

Moderators



Andreea Anastasiu
GO Lab



Srinithya Nagarajan
GO Lab



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Our audience this morning



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**Part I - Overview of the MHEP and Presentation of Key Insights
from MHEP Evaluation's First Interim Report**

Sarah Bailie, Social Finance

Emily Hulse, Government Outcomes Lab



MENTAL HEALTH AND EMPLOYMENT PARTNERSHIPS (MHEP)

MAY 2023

SOCIAL FINANCE IS A NON-PROFIT DEDICATED TO IMPROVING SERVICES FOR THE MOST VULNERABLE



Not-for-profit social enterprise, founded in 2007

Designed / developed first Social Impact Bond

Work across multiple issue areas, including employment, health & social care, children's services

Mobilised ~£100M socially-motivated investment; **£33M contracts under management**



Social purpose company, set up by Social Finance in 2015. Aims to ensure that disabled people, including those living with health conditions, have an equal opportunity to thrive **through lasting and fulfilling employment**

Create partnerships to **transform systems, mobilise funding, innovate and evidence** new programmes, and build networks of support

“Between 10 and 16 per cent of people with a mental health condition, excluding depression, are in employment. However, between 86 and 90 per cent of this group want to work.

Meaningful work is integral to recovery.”

- Indicator Quality Statement: NHS Outcomes Framework 2.5

WE HAVE FOCUSED ON GROWING IPS, A WELL-EVIDENCED MODEL THAT DELIVERS OUTCOMES

IPS

Everyone has the potential to do real, paid work with the right support.

The focus should be **real, paid work**, not volunteering or other outcomes.

Employment specialists and health clinicians are **highly integrated**.

Traditional models

People's **readiness for work** depends on their health condition.

Volunteering / training more often achieved than real work.

Employment specialists work independently of health teams.

More jobs

IPS achieves **twice the rate of job outcomes** for people with severe mental illness versus traditional employment support

Better health

IPS clients have **reduced relapse** and spend **fewer days in hospital**

IPS clients **sustain jobs for longer** and earn more per hour
Cost-effectiveness studies show that for every £1 invested in IPS delivers a return of £1.41 - £1.59

WE LAUNCHED THE IPS SOCIAL IMPACT BOND IN 2015 TO TEST WAYS OF FUNDING & GROWING IPS

MHEP Aims	MHEP Delivery
Combine national and local funding	MHEP combines national outcomes-based funding with local funding and social investment to grow IPS
Build evidence on what works	We collect detailed outcomes & financial data on 7 IPS services across 14 areas to learn what works
Test IPS in new settings	MHEP is testing delivery of IPS for clients with addictions and learning disabilities

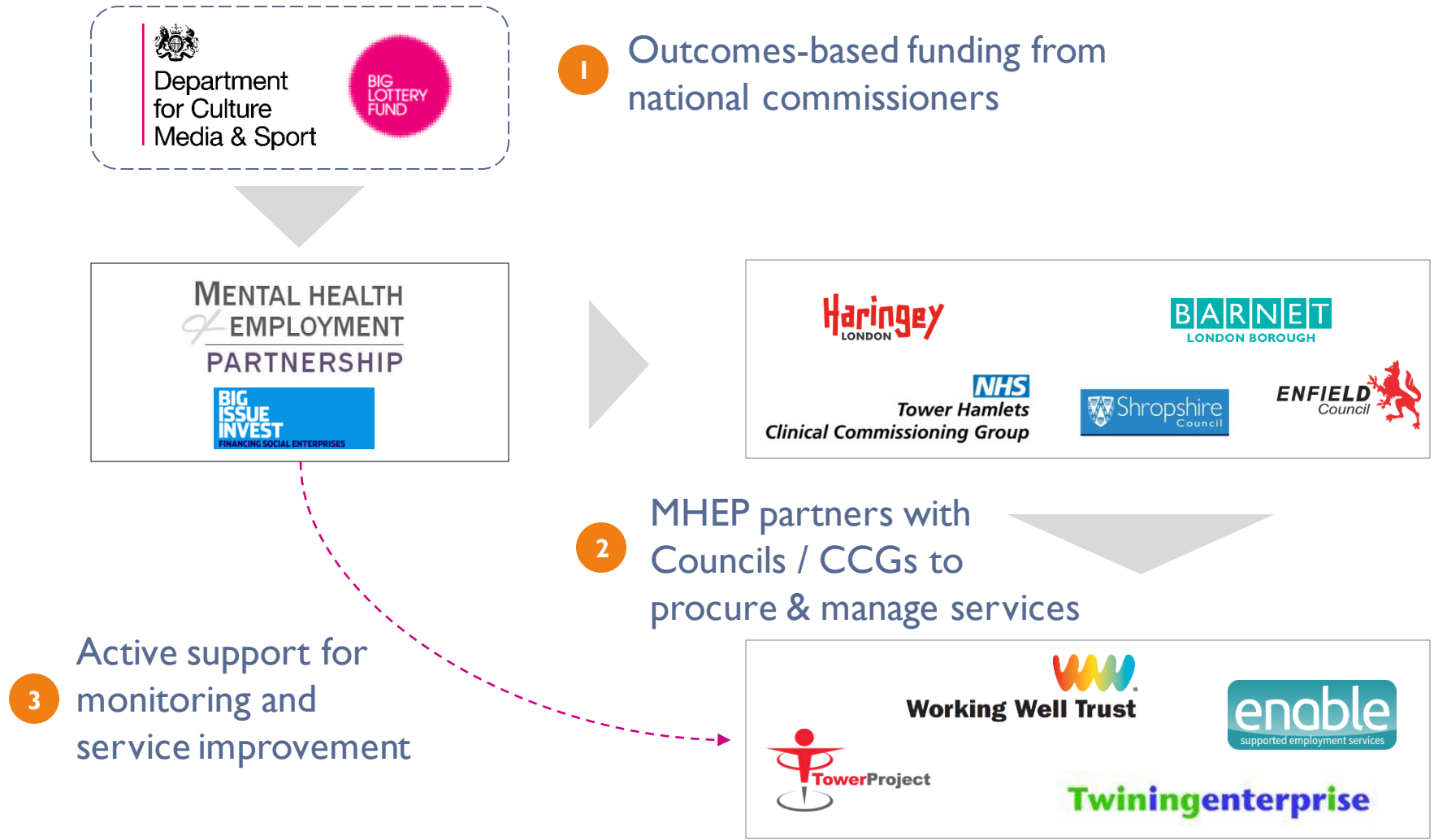
>10,000

People engaged in MHEP funded IPS services since 2015

~1,800

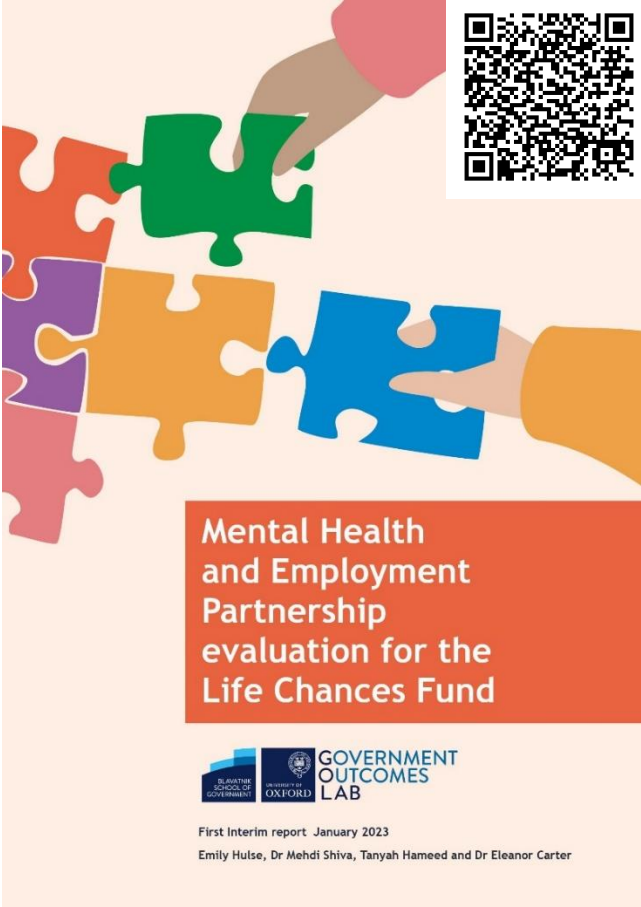
People supported into work. >60% stayed in work 6 weeks or more

COMBINING NATIONAL EMPLOYMENT & LOCAL HEALTH FUNDING IS KEY TO EXPANDING IPS





GOVERNMENT OUTCOMES LAB



MHEP evaluation

17 May 2023

Emily Hulse, Research Associate



Acknowledgements



We wish to extend gratitude for the support received from:

- The Department for Culture Media & Sport,
- Social Finance UK,
- Professor Adam Whitworth,
- Colleagues within the GO LAB.

Structure

Aim: summarise the key findings of the first report from GO Lab's evaluation of the Mental Health and Employment Partnership (MHEP) Projects commissioned under the Life Chances Fund (LCF).



Introduction

MHEP Introduction



- The Mental Health and Employment Partnership (MHEP) was established in 2015 to drive expansion of high-quality employment support intervention known as the Individual Placement and Support (IPS).
- There are 5 MHEP social impact bonds contracted under the LCF:
 - Haringey and Barnet
 - Shropshire
 - Enfield
 - Tower Hamlets Mental Health
 - Tower Hamlets Learning Disabilities

MHEP project area	Client group	Service delivery start date
Haringey and Barnet	Serious Mental Illness	Apr-19
Shropshire	Serious Mental Illness	Apr-20
Enfield	Serious Mental Illness	Apr-20
Tower Hamlets Mental Health	Serious Mental Illness	Apr-20
Tower Hamlets Learning Disabilities	Learning disabilities	Jul-20

IPS Service in the SIBs

- IPS involves the integration of vocational ‘employment specialist’ advisors within health teams to optimise return-to-work.
- MHEP projects support people experiencing mental health issues or learning disabilities to find and remain in competitive, paid work.
- IPS services do not exclude people on the basis of diagnosis, symptoms or substance misuse, on the principle of zero exclusion, unlimited support and integrated services.

IPS Principle 1	IPS Principle 2
Eligibility is based on individual choice - no exclusion criteria	Supported employment is integrated with clinical teams
IPS Principle 3	IPS Principle 4
Job finding and all assistance is individualised	Employers are approached with the needs of individuals in mind
IPS Principle 5	IPS Principle 6
Competitive employment is the primary goal	Job search is rapid (begins within 4 weeks)
IPS Principle 7	IPS Principle 8
Follow-along supports are continuous	Financial planning is provided

SIBs within MHEP

MHEP is a special-purpose vehicle run by Social Finance.

MHEP facilitates the roll out of IPS through 5 local SIBs.

MHEP SIB Design

All 5 of the SIBs in MHEP are contingent on the achievement of 3 pre-specified, measurable outcomes:













- 1. Engagement:** individual engages with the IPS programme and completes the vocational profile.
- 2. Job start:** individual spends one full day (or 4 hours for part-time work) in paid competitive employment.
- 3. Job sustainment:** individual sustains paid competitive employment for at least 13 weeks.

MHEP 5 SIB sites



MHEP project area	Client group	Service delivery dates	Provider	Target number referred	Target number engaged	Target number of job starts*	Target number of job sustainment
Haringey and Barnet	Serious Mental Illness	Apr19-Apr23	Twining Enterprise	985	799	379	206
Shropshire	Serious Mental Illness	Apr20-Apr24	Enable	582	419	197	122
Enfield	Serious Mental Illness	Apr20-Apr24	Working Well Trust	674	546	181	110
Tower Hamlets Mental Health	Serious Mental Illness	Apr20-Apr24	Working Well Trust	3644	1954	712	551
Tower Hamlets Learning Disabilities	Learning disabilities	Jul20-Oct23	JET	411	370	182	57

Actors in the SIB

 <p>SOCIAL FINANCE</p> <p>MENTAL HEALTH EMPLOYMENT PARTNERSHIP</p>	<p>Social Finance: co-commissioner, intermediary (manages performance and contract), and special purpose vehicle</p>
	<p>Big Issue Invest: investor/investment fund manager</p>
   	<p>Providers: deliver IPS service (Enable, Working Well Trust, Twining Enterprise, and JET)</p>
    	<p>Local Commissioners: providing the majority of outcome payments.</p>
 <p>Department for Culture Media & Sport</p>	<p>Life Chances Fund: providing a minority contribution to outcome payments</p>

Step 1: Upfront social investment from Big Issue Invest is channelled through MHEP.

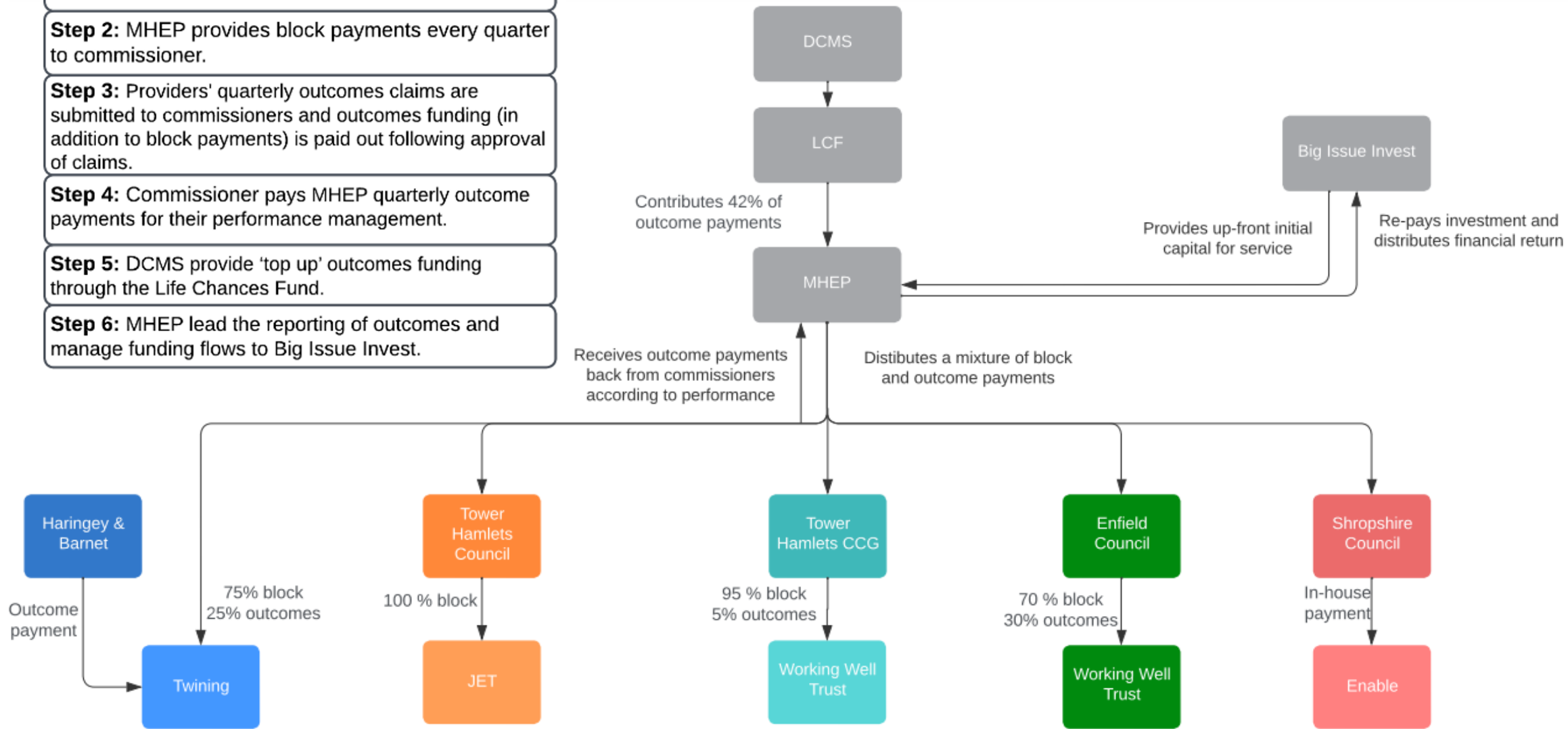
Step 2: MHEP provides block payments every quarter to commissioner.

Step 3: Providers' quarterly outcomes claims are submitted to commissioners and outcomes funding (in addition to block payments) is paid out following approval of claims.

Step 4: Commissioner pays MHEP quarterly outcome payments for their performance management.

Step 5: DCMS provide 'top up' outcomes funding through the Life Chances Fund.

Step 6: MHEP lead the reporting of outcomes and manage funding flows to Big Issue Invest.





Methods: Overall

Research purpose

Q: Did the MHEP Social Impact Bonds - specifically the outcomes contracts and/or performance management function - make a difference to the social outcomes achieved, compared to alternative commissioning approaches?

And, following from this:

*Through **what mechanisms** does a SIB-based IPS service contribute to any evidenced impacts?*

*“do the **benefits** of a SIB approach outweigh the **costs**?”*

- Mixed methods approach
- Longitudinal study: Multiple iterative phases of qualitative & quantitative research

GO Lab's Evaluation

MHEP is being evaluated as part of the LCF's supplementary evaluation, which involves in-depth studies into certain projects, looking to directly compare the use of SIBs to alternative commissioning mechanisms.

Optimal evaluation site: MHEP SIBs



Delivers an internationally established **evidence-based intervention** (IPS) with a well-defined fidelity scale.

→rather than testing new or ‘black box’ interventions



Has an existing live comparator (IPS through non-SIBs contracts) in approx. 350 sites across the UK due to the national commitment to scale up IPS in the NHS (Long Term Plan).

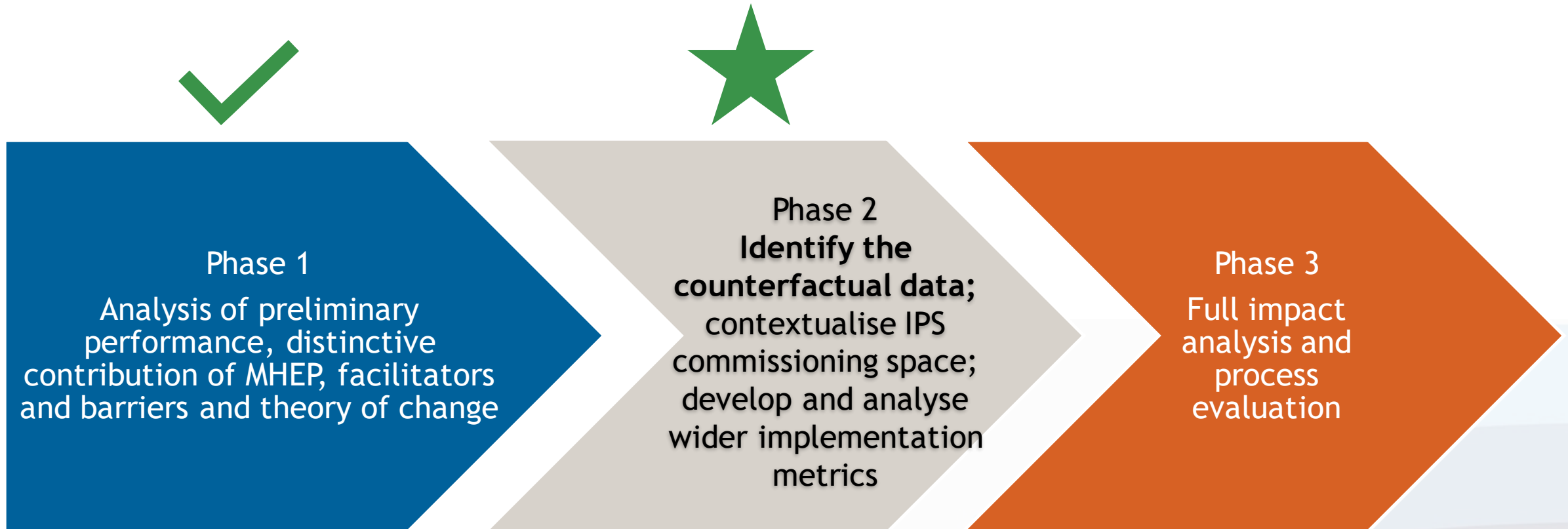
→compared to other SIBs which lack a robust counterfactual



MHEP is a large SIB project with a high number of project participants (>10,000 people since 2015)

→relative to other LCF projects/small-scale SIB pilots internationally

MHEP steps





Methods: 1st report

Aims of the 1st evaluation report



generate theories of change and outline contextual factors (barriers and facilitators) which serve as external influences on the MHEP projects

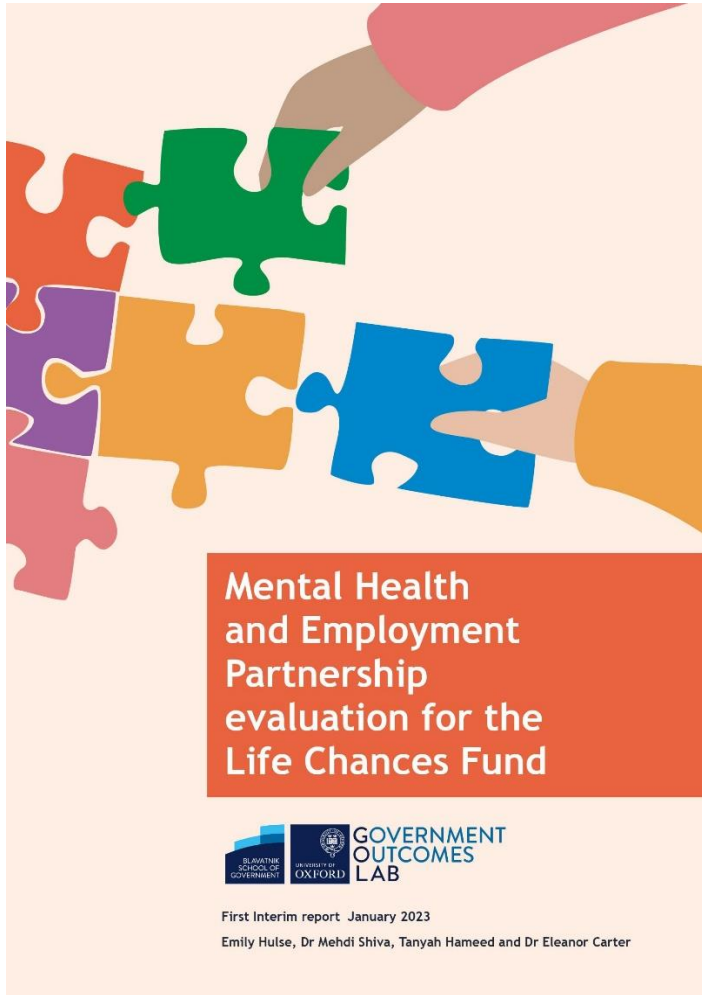


explore the distinctive contribution of MHEP



analyse performance data of the key outcome metrics through time and across different sites and providers

Phase 1:



MHEP report 1
Published March
2023

Documentary analysis

Theory of change workshops (3)

Interviews with key stakeholders (22)

Mid-term performance analysis (Q2 2019-Q4 2021)

Phase 1 methods

Mixed methods approach:

Qualitative data collection and analysis: semi-structured interviews with 22 key informants; documentary analysis - data packs, meeting notes, LCF application material; 3 x Theory of Change Validation workshops

Quantitative data collection and analysis using performance data from Social Finance and DCMS data portal (Q2 2019-Q4 2021)

Phase 1: Qualitative collection

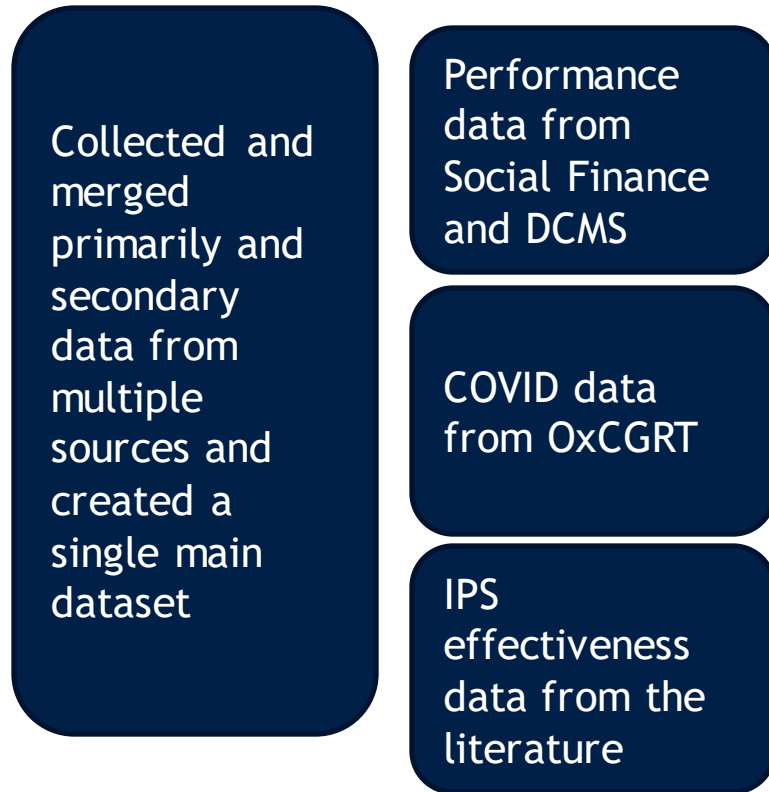
Project/site	Site briefings	Service provider performance review meetings	Interviews	Observations (Board meetings)	Theory of change workshop	Data workshop (DWP, PHE, WHU, DCMS)
<i>Haringey & Barnet</i>	✓	✓	✓			
<i>Shropshire</i>	✓	✓	✓			
<i>Tower Hamlets SMH</i>	✓	✓	✓	✓	✓	✓
<i>Tower Hamlets LD</i>	✓	✓	✓			
<i>Enfield</i>	✓	✓	✓			

Phase 1: Qualitative interviews

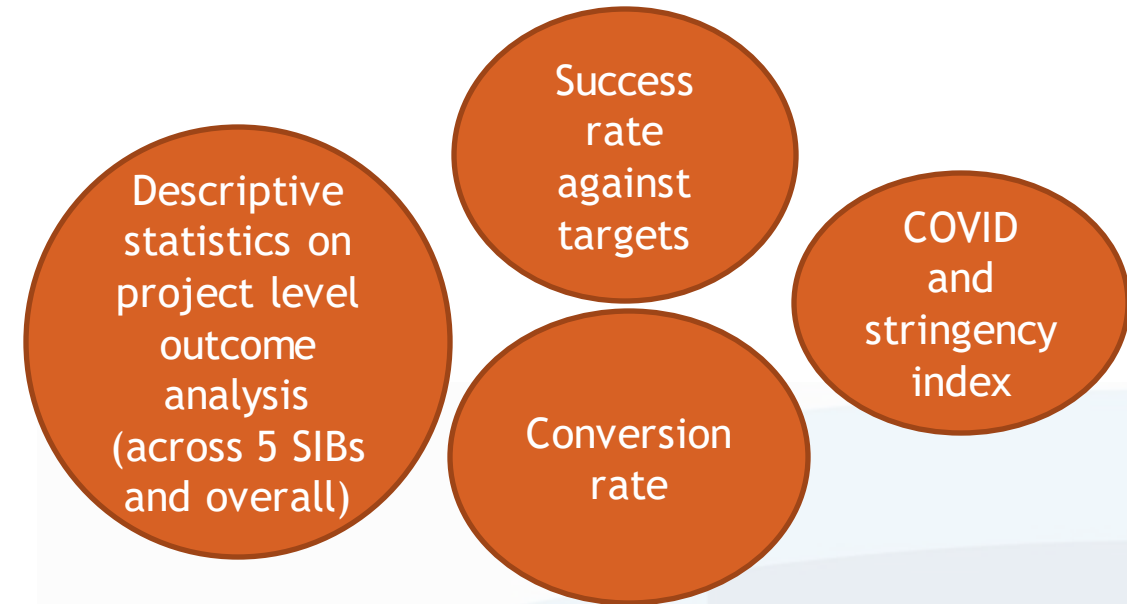
Project/site	Service providers	Commissioners	MHEP/SF	TNLCF	Investor	Total
Haringey & Barnet	✓	✓				
Shropshire	✓	✓				
Tower Hamlets MH	✓	✓	✓	✓	✓	
Tower Hamlets LD	✓	✓				
Enfield	✓	✓				
Total	6	5	8	1	2	

Phase 1: Quantitative

Collection

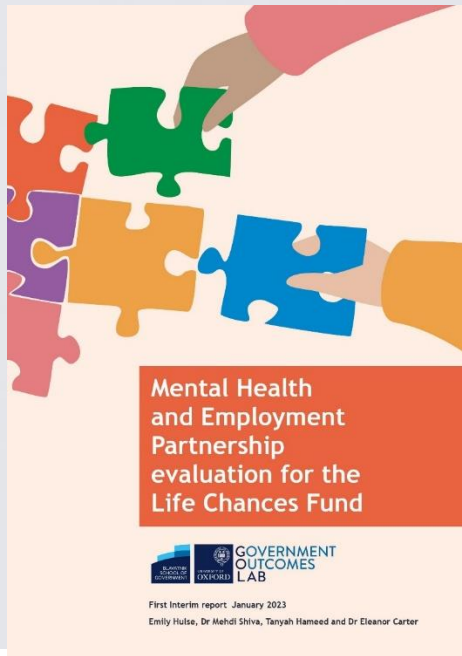


Analysis

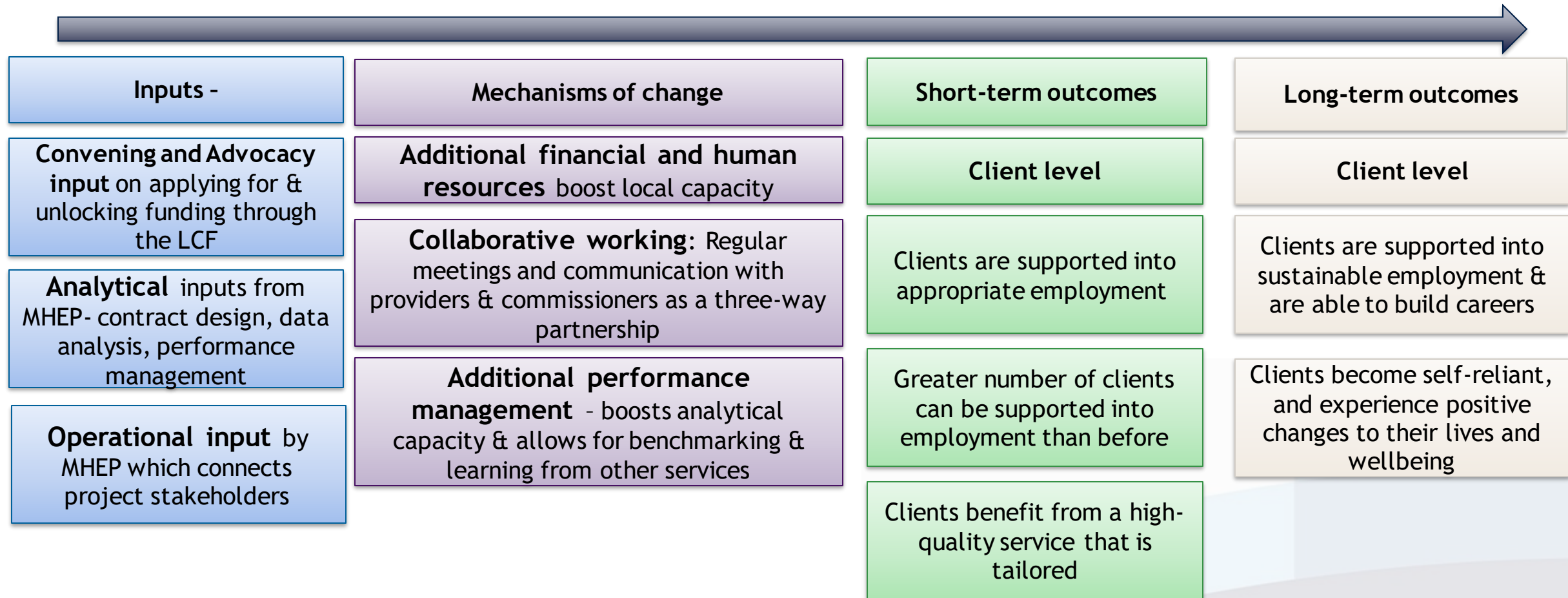




Results



Phase 1 findings: Theory of change for the interaction between MHEP and stakeholders



Findings thus far

There were diverse views on whether MHEP was distinctive over traditional commissioning

*But across all the main stakeholders interviewed (providers, local commissioners, Social Finance, BII investment fund manager, LCF management team), there were **3 agreed functions** the SIB was providing:*

**Additional financial
and human resources**

**More collaborative
way-of-working**

**Additional
performance
management**

SIB mechanism of action

- 1) **Additional financial and human resources.** MHEP provided access to SIB funding through the LCF which IPS providers may not have been able to receive otherwise, boosting local capacity and enabling additional employment specialists to be hired.
- 2) **Collaborative working.** MHEP represented a “three-way partnership” with a sense of shared purpose, and despite requiring considerable work, this was viewed as hugely beneficial
- 3) **Additional performance management.** MHEP provided a dedicated performance management function that was seen to drive an additional focus on achieving outcomes. This took the form of regular and rigorous scrutiny from the MHEP team, as part of the SIB contract, and internal organisational processes. It was grounded in more analytical capacity and data - although there were some concerns about heightened reporting requirements.



“We like working with Social Finance because we're able to benchmark ourselves”-Service Provider

“The partnership has enabled me to kind of develop as a Commissioner as well”- Local Commissioner

Is MHEP distinctive when compared with traditional commissioning according to providers?

YES

Data Analytics and intelligence, PM function driving additional focus on outcomes



Working culture and found it more effective than LA's.

MHEP's identifying the LCF funding helped add financial resources to projects.



Due to different backgrounds, MHEP approach too theoretic and removed from the practicalities of local IPS delivery

Different technical language & jargon

NO

Some did not perceive its other functions to be markedly additional to existing practices and PM within LAs.



Common facilitators and barriers

→ *across providers, local commissioner, and MHEP team within Social Finance*

Facilitator

Alignment of MHEP contracts with wider IPS commissioning. The KPIs included in MHEP were perceived to align with both previous contracts and the national IPS rollout.

Facilitators and barriers → *across providers*

Important note:

- While interviewees identified a variety of facilitators, service providers could only identify a mere two
- This may not be surprising given they are largely shielded from the inner workings
- It could also mean that they were the one who bore the brunt of the initial complexity of implementing a service funded through a ‘new way of working’ with a SIB mechanism
- This may suggest they need to be more adequately supported through the initial learning curve of using a SIB mechanism



Common facilitators and barriers

→ *across providers, local commissioner, and MHEP team within Social Finance*

Barriers

Payment structures were perceived as complex and unfamiliar


Cohort differences meant that users with learning disabilities required longer more intensive support and represented a fixed population, limited referrals.

COVID-19 has significantly affected projects' performance and outcomes

Common Barrier: Complexity

The social impact bond contracting arrangement was generally perceived by stakeholders as complex and distinct from traditional contracting arrangements, in both **payment** and **design**

£ 1. **Payment:** The split between outcome-based payments and block payments;

 2. **Design:** The design of outcome metrics, i.e., under the MHEP projects, it is only possible to claim one payment for each participant job's start, regardless of whether participants are ultimately supported into multiple, separate jobs. So second job starts not classed as payable outcomes, but instead covered under sustainment outcomes.

£ Complexity: split between outcome-based payments and block payments



- A key feature of MHEP SIBs is payment based on outcomes, however unlike extreme payment-by-results contracts, where providers are only paid following the achievement of successful (job) outcomes, the MHEP payment arrangements blend 'block' and 'outcome' payments.
- This means that there is no full exposure to non-payment in situations of poor performance.
- The exact split of payment arrangements varies across the MHEP projects (ranging from 70:30 to 95:5 in terms of block:outcome payments).
- Blending funding from the LCF and local commissioners and splitting outcome-based payments and block payments meant that there were payment flows that were unfamiliar to providers. Furthermore, due to the need to calculate bespoke payments depending on the outcome achievement (rather than a set level everytime), this also added to the complexity of invoicing for MHEP.




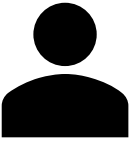
£ Complexity: split between outcome-based payments and block payments

- A “healthy amount of pressure” was described as ideal so providers could manage the financial risk easier and thus potentially take on more contracts.

Several MHEP team members and providers stated that their ideal was 95% block and 5% outcomes payments.

£ Complexity: split between outcome-based payments and block payments

When would there be a difference in discomfort with a higher ratio:

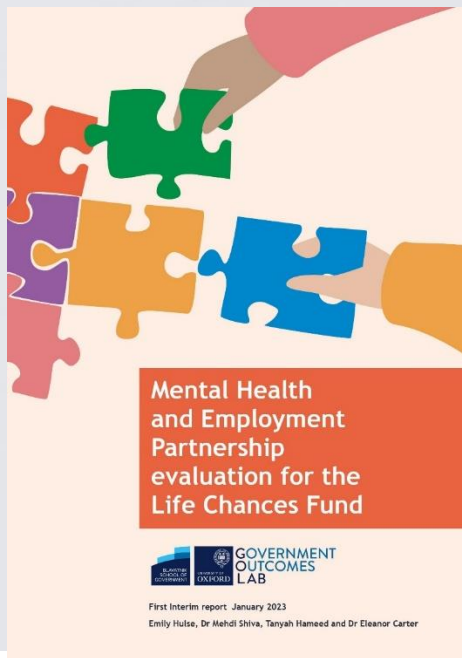
-  During a crisis: Pandemic
-  Smaller: There was a concern that if performance-based payments become more mainstream, small third-sector providers in the longer term may struggle, even if they may be suited to deliver the best outcomes for that area.
-  Less Reserves: This would be especially exacerbated if the provider didn't have a huge amount of reserves
-  Different roles: Providers in senior management roles preferred PBF since it's clearer for defining outcomes & measurement

£ Complexity: split between outcome-based payments and block payments

- Commissioners, meanwhile, reflected positively on the experience of MHEP payments, which made them consider using outcome-based payments in their mix of contracting options for future projects:
- *“...from the experience of having done outcome-based PBR commissioning through this with MHEP, I would look to adopt that model as part of the contracting financial mix.”*
- *“I would go back to understanding the 1) probability of the model delivering outcomes with this fidelity, 2) the likely success of its integration and 3) its setting → would influence the extent to which I would load payments against outcomes.” - Local commissioner*



Performance Results



Performance Findings in report

- Early performance data finds that MHEP SIBs were performing below initial high-case scenario targets in the period up to December 2021. However, these targets were set prior to the pandemic, and job outcome and sustainment rates have improved since the end of 2021.
 - Changes were made to support projects through the pandemic such as COVID-related activity payments (contractual amendments).
- Amongst participants with severe mental illness, the job outcome rate up to December 2021 was 29% which is similar to the lower-end rates seen in the IPS implementation literature (generally 30-50%). This means an average of one new job start for every 3 to 4 people who engage in the programme.



Understanding performance

Cumulative outcomes against targets

	Haringey and Barnet			Tower Hamlets (SMI)			Enfield		
	Actual	Target	Success Rate (%)	Actual	Target	Success Rate (%)	Actual	Target	Success Rate (%)
Referrals	672	840	80	830	1589	52	184	311	59
Engagement	496	650	76	508	798	64	99	230	43
Job Start	147	284	52	145	268	54	36	73	49
Job Sustainment	69	159	43	78	181	43	17	36	47
Value of outcomes (total)	£1,081,038	£1,785,723	61	£955,306	£2,032,091	47	£294,319	£553,749	53
	Shropshire			Tower Hamlets (LD)			MHEP (total)		
	Actual	Target	Success Rate (%)	Actual*	Target	Success Rate (%)	Actual	Target	Success Rate
Referrals	298	270	110	33	199	16	2017	3209	63
Engagement	204	176	116	26	184	14	1333	2038	65
Job Start	56	82	68	44	88	50	428	795	54
Job Sustainment	23	48	48	29	20	145	216	444	49
Value of outcomes (total)	£560,946	£662,553	85	£606,759	£942,226	64	£3,498,368	£5,976,342	58

Understanding performance

Cumulative outcome conversion rates

	Haringey and Barnet			Tower Hamlets (SMI)			Enfield		
	Actual	Target	Success Rate	Actual	Target	Success Rate	Actual	Target	Success Rate
Referrals	672	840	80%	830	1589	52%	184	311	59%
Referrals to Engagement	74%	77%	95%	61%	50%	122%	54%	74%	73%
Engagement to Job Start	30%	44%	68%	29%	34%	85%	36%	32%	115%
Job Start to Job Sustainment	47%	56%	84%	54%	68%	80%	47%	49%	96%
	Shropshire			Tower Hamlets (LD)			MHEP (total)		
	Actual	Target	Success Rate	Actual	Target	Success Rate	Actual	Target	Success Rate
Referrals	298	270	110%	33	199	16%	2017	3209	63%
Referrals to Engagement	68%	65%	105%	79%	92%	85%	66%	63%	104%
Engagement to Job Start	27%	47%	59%	169%	48%	354%	32%	39%	82%
Job Start to Job Sustainment	41%	59%	70%	66%	23%	290%	50%	55%	91%

Performance Findings in report



Overall, an analysis of outcome rates against targets indicates that:

- Quarterly performance appears to be below expectations, often at around 50% of anticipated high-scenario targets
- Success rates in meeting job start targets has generally remained at a similar level over time, although Shropshire and Enfield projects both show signs of closing the gap between actual and intended job outcomes
- With respect to outcomes composition, more than 65% of all achievements for the severe mental illness cohort to date have been on engagements

Performance against targets is likely to have been significantly affected by COVID disruptions

Why the MHEP case study may be relevant for you:



- Example of how to scale and **replicate impact bonds/OBC**.
 - Since 2015, 6 contracts under CBO/SOF and 5 contracts under LCF have very similar parameters. The SPV is used to deliver ‘cookie cutter’ like contracts to reduce transaction costs. Some providers (Twining and WWT) have worked under MHEP since its conception.
- An example of how to **scale up evidence-based** interventions and whether SIBs can be an effective contracting tool
- An example of a **low outcome-based payment ratio** (some sites at 5% and 10%) compared to historical extreme PbR
- Tackles big questions in the SIB space of **‘value added’**: *can SIBs perform better vs other contracting arrangements in terms of social outcomes achieved?, do the benefits of SIBs outweigh the costs?*
- Example of investing in the **health and social care**, and tackling healthier lives through social determinants of health (good paid employment).

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Part II - Panel discussion on exploring how MHEP provides additional value compared to traditional contracting & key considerations around the long-term sustainability of the programme beyond the Life Chances Fund

- Eleanor Carter, Government Outcomes Lab
- Julia Stapleton from IPS Grow
- Sarah Bailie, Social Finance
- Oliver Jacobs, Twining Enterprise
- Emily Hulse, Government Outcomes Lab

Stay tuned for upcoming sessions...



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