

EXECUTIVE SUMMARY

This is the second interim evaluation report on the Kirklees Better Outcomes Partnership (KBOP) social impact bond (SIB). You can read more about KBOP and SIBs on the [Government Outcomes Lab website](#). This study is part of a series of evaluations on SIBs, investigating the impact of commissioning services through a SIB instead of other commissioning approaches. The KBOP SIB receives additional funding from the Department for Culture, Media & Sport's (DCMS) Life Chance Fund (LCF). Read more about the LCF [here](#).

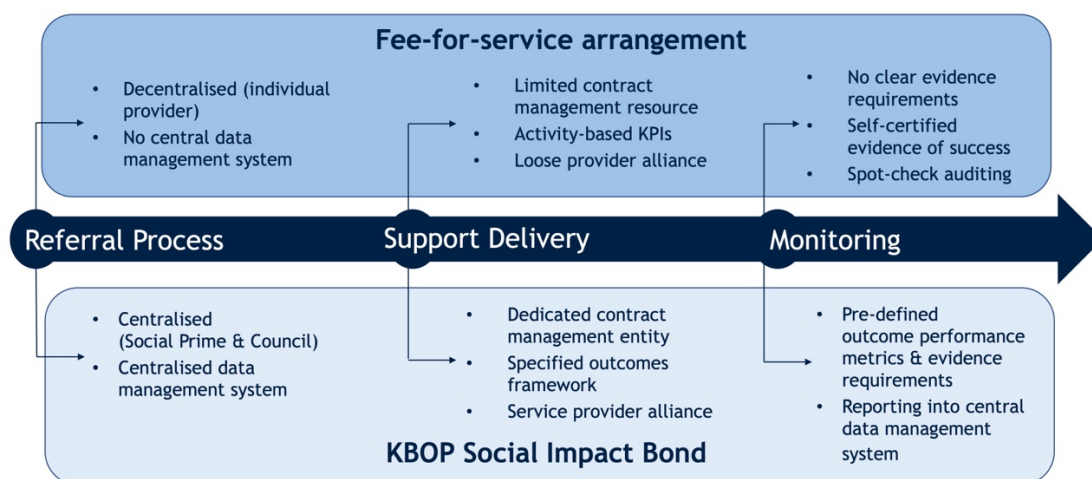
Aim of the impact bond partnership: The KBOP SIB service seeks to improve outcomes for adults with housing-related support needs in:

- education, training and employment (ETE)
- accommodation
- health and wellbeing

Structure: In the KBOP SIB, payment is based on achieved outcomes (defined in a pre-agreed rate card). Service delivery is managed by an investor-owned social prime contractor. Kirklees Council holds the social outcomes contract with the social prime. The social prime holds bi-lateral fee-for-service contracts with eight social sector providers.

The KBOP evaluation compares this SIB with the previous commissioning approach, a fee-for-service model¹. Both services have been delivered by the same providers, offering a valuable evaluation opportunity. The KBOP SIB service is a dynamic and adaptive system, and the research team understands that practice may have evolved since data was collected for this report.

Figure 1: Key differences between the fee-for-service arrangement and SIB model



¹ Analysis of the fee-for-service model was the subject of the [first interim evaluation report](#). Blavatnik School of Government, University of Oxford

This evaluation examines four hypotheses developed in the [first interim evaluation](#) of the KBOP SIB. These capture the mechanisms potentially underpinning SIB delivery.

The four mechanisms are:

Enhanced Market Stewardship: The KBOP SIB model creates a dedicated team for developing service insights and managing provider performance. A hypothesis developed in the first stage of the evaluation is that the SIB would respond to limited ability for Kirklees Council to shape services or support a thriving set of service providers by more proactively stewarding the market. Under the SIB arrangements, we found that Council staff set the vision of a high functioning, person-centred and outcome-oriented service and were able to identify opportunities to reduce system barriers.

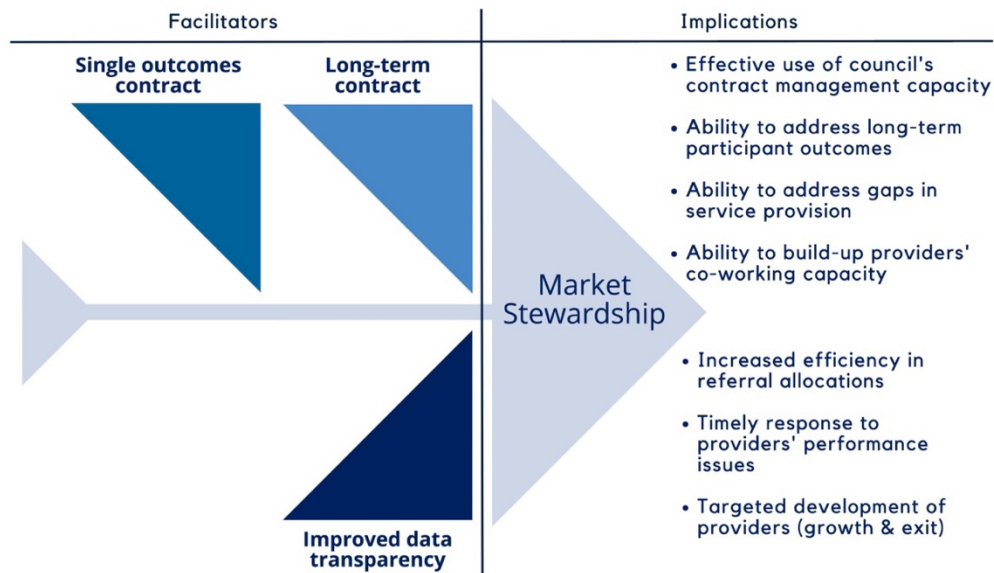
The KBOP SIB model resulted in:

- i. The council team being spread less thinly over a large number of contracts.
- ii. Expanded and more granular data on service participants and service outcomes. The outcomes contract has adopted a data-led performance management approach. Service providers are encouraged to develop service pilots, address gaps in provision and build-up co-working practices.
- iii. Improved data availability and case management tools allow for more efficient referral allocation, a quicker response to provider performance issues, and more targeted provider development.

“I think if we had that many staff, we would probably have been able to manage the relationship [i.e., the service provider contracts]. The problem ...was that we had nowhere near that resource to be able to focus that much on performance and quality management at all. So, it's part of that infrastructure question as well, isn't it? ... Well, does that infrastructure add value?”

Senior council contract manager

Figure 2: Facilitators of enhanced market stewardship and delivery implications



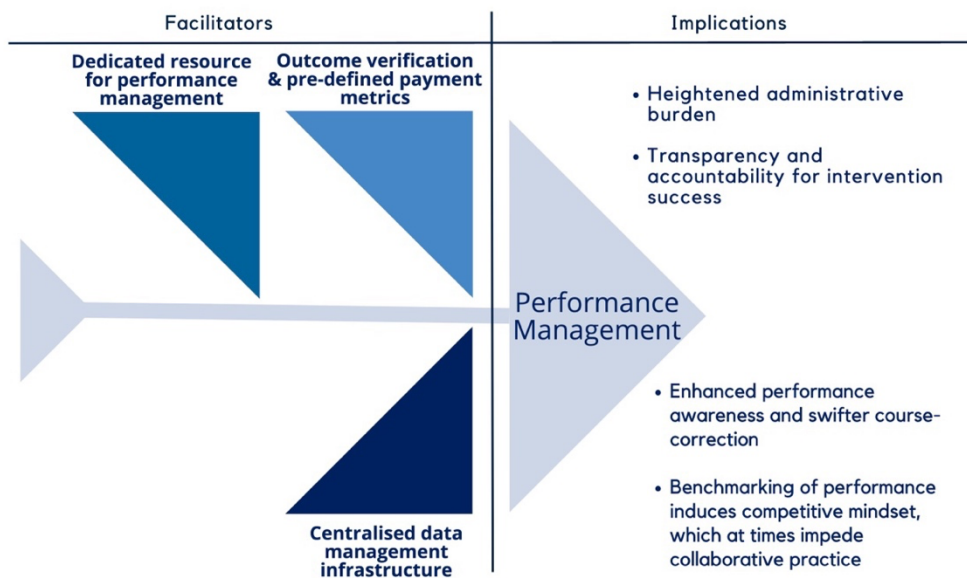
Enhanced Performance Management: The KBOP SIB introduces a more intensive and data-led approach to performance management and benchmarking compared to the fee-for-service predecessor. A hypothesis developed in the first stage of the evaluation is that the SIB would respond to misaligned and inconsistent performance metrics and a process-driven performance management approach. We found that the KBOP SIB introduced a person-level set of pre-defined payment metrics, provided a dedicated resource for more engaged performance management and secured a central intelligence system.

This meant that:

- i. In contrast to the fee-for-service contracts which experienced misaligned and inconsistent metrics for tracking performance, the SIB's payment-for-outcomes mechanism has a formal outcome verification process with clearly defined payment metrics and evidence requirements.
- ii. Service providers saw increased administrative burden. However, data collection became easier over time, with improved service intelligence facilitated through a central data management system.
- iii. Providers are able to respond more swiftly to performance issues, and there is improved transparency and accountability for success.

“I think services are definitely much more accountable. There's no hiding place. You can't hide within this contract because everything you do, [the Social Prime Data and Operations Analyst] knows what I'm doing. There's nowhere to hide. There are no tricks, it's just there in numbers they can see what we're doing and they can see in conversations and how things get written in CDPSoft [central intelligence system], conversations that people have.”
 Service manager

Figure 3: Facilitators of enhanced performance management and delivery implications



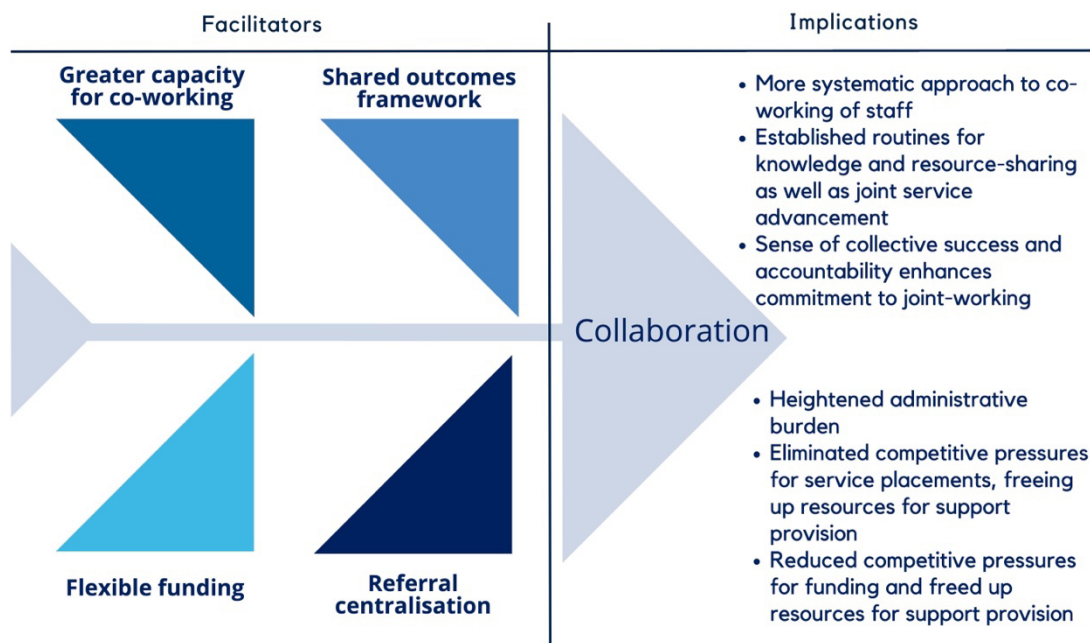
Enhanced Collaboration: The KBOP SIB is associated with enhanced collaboration between service providers. A hypothesis developed in the first stage of the evaluation is that the SIB would respond to the lack of co-working practice and perceived competitive pressures through an improved collaborative infrastructure and a shared outcomes framework. This more intentional approach to cross-provider collaboration is demonstrated in a number of ways:

- i. The SIB features a greater capacity for co-working through the creation and facilitation of a collaborative infrastructure by the social prime.
- ii. The overarching outcomes framework created a shared mission across providers and a sense of collective success that seems to dilute competitive pressures.
- iii. Although there is a greater sharing of knowledge, best practice and resources, some hesitation remains from the perceived competitive pressures in benchmarking providers' Key Performance Indicators.

“I can see that we are working more consistently as a group of providers, [which] I think is a benefit. Because it helps with a benchmarking and an expectation around what we’re delivering. And that helps with a consistency of the service and the level of service and the quality that we might expect. Whereas I don’t think that there was any mechanism for that with the group of contracts previously.”

Provider senior operations manager

Figure 4: Facilitators of enhanced collaboration and delivery implications



Enhanced Flexibility & Personalisation: The KBOP SIB allows for greater flexibility and personalisation. A hypothesis developed in the first stage of the evaluation is that the SIB would respond to limited flexibility and personalisation in delivery through reducing service specifications, while ensuring accountability for outcomes.

At the frontline, this created both opportunities and challenges:

- i. While the previous model allowed for limited flexibility or personalised support in service provision, the KBOP SIB’s outcomes contract and provider contracts have light-touch specifications.
- ii. The SIB’s ‘strengths-based approach’ to frontline provision encourages staff to offer flexible, personalised support and supports innovation in service provision.
- iii. A key tension between the outcomes-focused and person-centred approach, experienced by some providers, was found

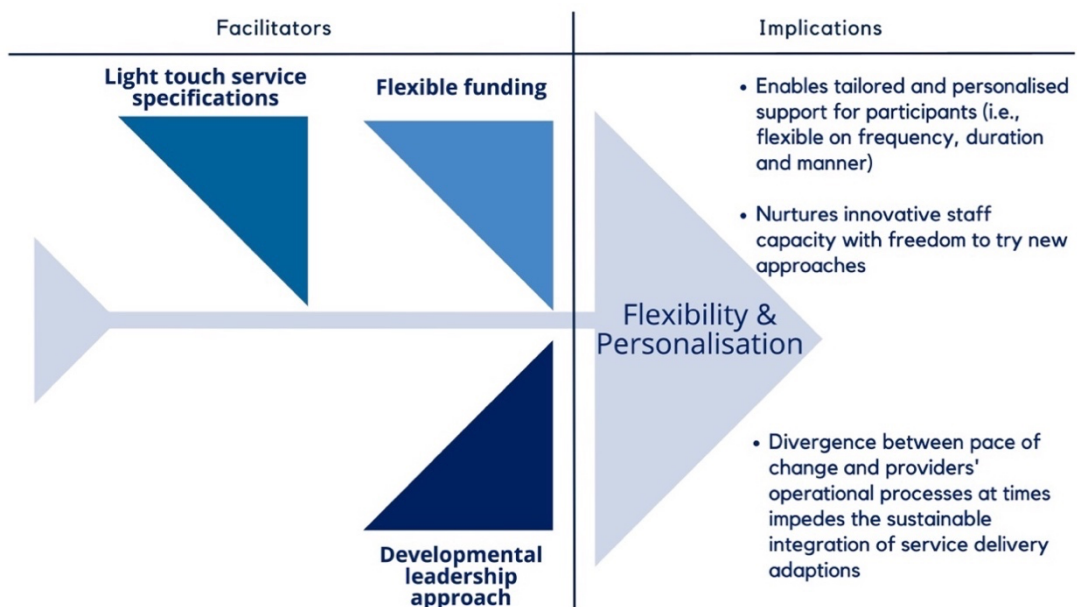
in the significantly increased caseload, alongside a decreasing percentage of staff time spent with service users in an average week. However, this is not straightforward to interpret, as the caseload estimate doesn't account for a shift towards longer-term support, with variation in intensity depending on user need at a given time.

- iv. The highly flexible funding and developmental leadership approach nurtures frontline staff's innovative capacity.
- v. However, high caseloads sometimes impede person-centred delivery and along with a focus on longer-term outcomes, requires service managers to allocate case work more strategically to achieve a balanced caseload of intensive and light-touch support.

“But it is refreshing for people to say ‘We are not focused on how you achieve these outcomes, just do what you need to do and if you want to talk to us about something, that's fine. If you've got a new idea, that's fine. Even if you think it might cost money, if it will get some of these outcomes again, let's have that conversation.’ That's something you don't get with other funders as much.”

Provider service director

Figure 5: Facilitators of enhanced flexibility & personalisation and delivery implications



In addition to these four hypotheses, this evaluation also found that the KBOP SIB model resulted in a ‘spillover’ on the wider local delivery network:

- The KBOP project director led in building cross-sector collaboration which extends beyond the immediate KBOP delivery network to overcome siloed working and service fragmentation. For example, the KBOP director jointly developed a pilot between the council and justice system to improve support to ex-offenders in accessing accommodation.
- There was more focused communication of frontline issues to policy-makers.
- The long-term contract duration allowed time to build sustained relationships.

“If KBOP is going to work, we can’t just deliver our own service. We have to go out and change the way all these other services interact with the people we’re trying to help.”

Investment fund director, Bridges Fund Management

These interim findings suggest that, in contrast to the previous fee-for-service model, the KBOP SIB has led to enhanced market stewardship, performance management, collaboration, flexibility, and personalisation. Simultaneously, it is important to acknowledge that while the SIB is associated with a variety of beneficial changes to public management practice, the research also suggests a heightened administrative burden, linked to enhanced reporting requirements and management meetings, and an increased caseload. It is also important to note that the research team is aware that, at the time of concluding the report, the KBOP social prime was trying to mitigate some of these issues.