



**GOVERNMENT
OUTCOMES
LAB**

The Evolution of Social Outcomes Partnerships in the UK

*Engaging with Evidence Session 22
2 October 2024*

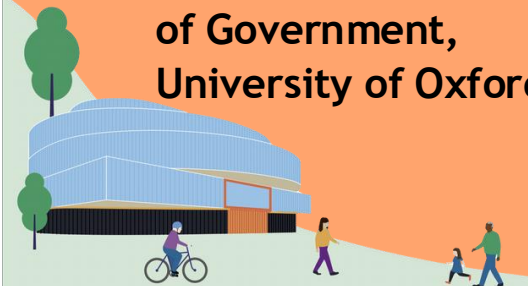


Meet the Government Outcomes Lab



WHAT

A global centre of expertise, based at the Blavatnik School of Government, University of Oxford



MISSION

To enable governments across the world to foster effective partnerships with the non-profit & private sectors for better outcomes



OUR TEAM

We are an international team of multi-disciplinary researchers, data specialists & policy experts

Est. 2016 in partnership with UK Government

GO Lab generates actionable knowledge, offering a comprehensive and evidence-based approach to the study of cross-sector partnerships through the three main strands of our work: research, data & engagement.



Welcome to our 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



Sign up to our monthly newsletter



Building gender equity in skills and employment: Lessons from India's Skill Impact Bond >

In this session we will explore the latest findings from the implementation of India's Skill Impact Bond the world's largest development impact bond in the skills sector.

📅 Start Date 27 Nov 2024 (GMT)



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Our audience this morning



SPEAKERS



Andreea Anastasiu
Executive Director
GO Lab, University
of Oxford



Neil Stanworth
Director
ATQ Consultants



James Magowan
Head of the VCSE
Public Service
Partnerships, DCMS



James Ronicle
Director
Ecorys



Mila Lukic
Co-Founder and CEO,
Bridges Outcomes
Partnerships



Juliana Outes Velarde
Senior Data Steward
GO Lab, University
of Oxford

In today's session:

Part I: Overview of the findings from
*The Evolution of Social Outcomes
Partnerships in the UK: Distilling
fifteen years of experience from
Peterborough to Kirklees*

&

*Commissioning Better Outcomes Fund
evaluation*

Part II: Panel discussion on the
evolution of the field + wider
learnings and relevance



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The evolution of social outcomes partnerships/ impact bonds in the UK

Juliana Outes Velarde & Andreea Anastasiu
02nd October 2024



Firstly, a note of terminology

- No single, universally agreed definition of *social outcomes partnerships* or *impact bonds*
- They are best understood as cross-sector partnerships that bring organisations together in the pursuit of measurable social outcomes.
- Typically, they are defined as contractual arrangements that have two key characteristics:
 - Payment for social or environmental **outcomes** achieved (an outcomes contract)
 - **Up-front repayable finance** provided by a third party, the repayment of which is (at least partially) **conditional** on achieving specified **outcomes**

From (social) impact bonds to social outcomes partnerships:

- the desire to distinguish this approach from traditional bonds led many to move away from talking about *impact bonds* and start referring to *social outcomes contracts*.
- In 2023 the UK government, in a nod to the intentionally cooperative nature of these approaches, adopted the term *social outcomes partnerships*.

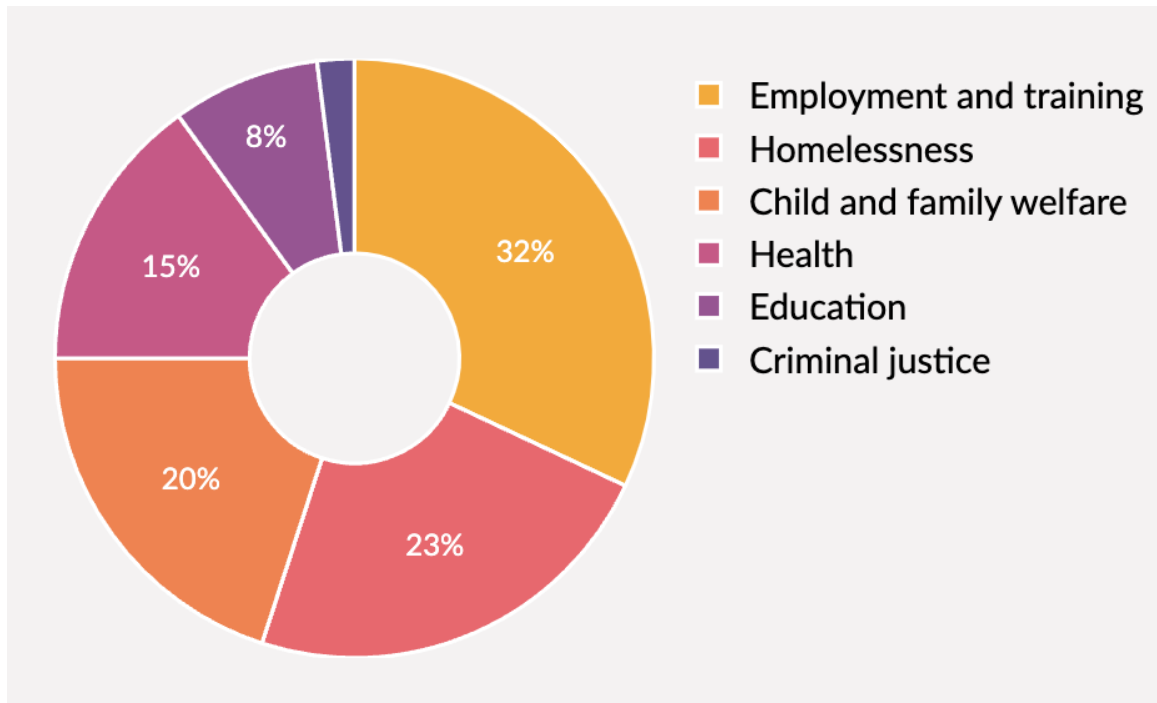
Mapping the landscape

1. Social outcomes partnerships (SOPs) in the UK
2. Outcomes funds
3. Social outcomes partnerships at local level

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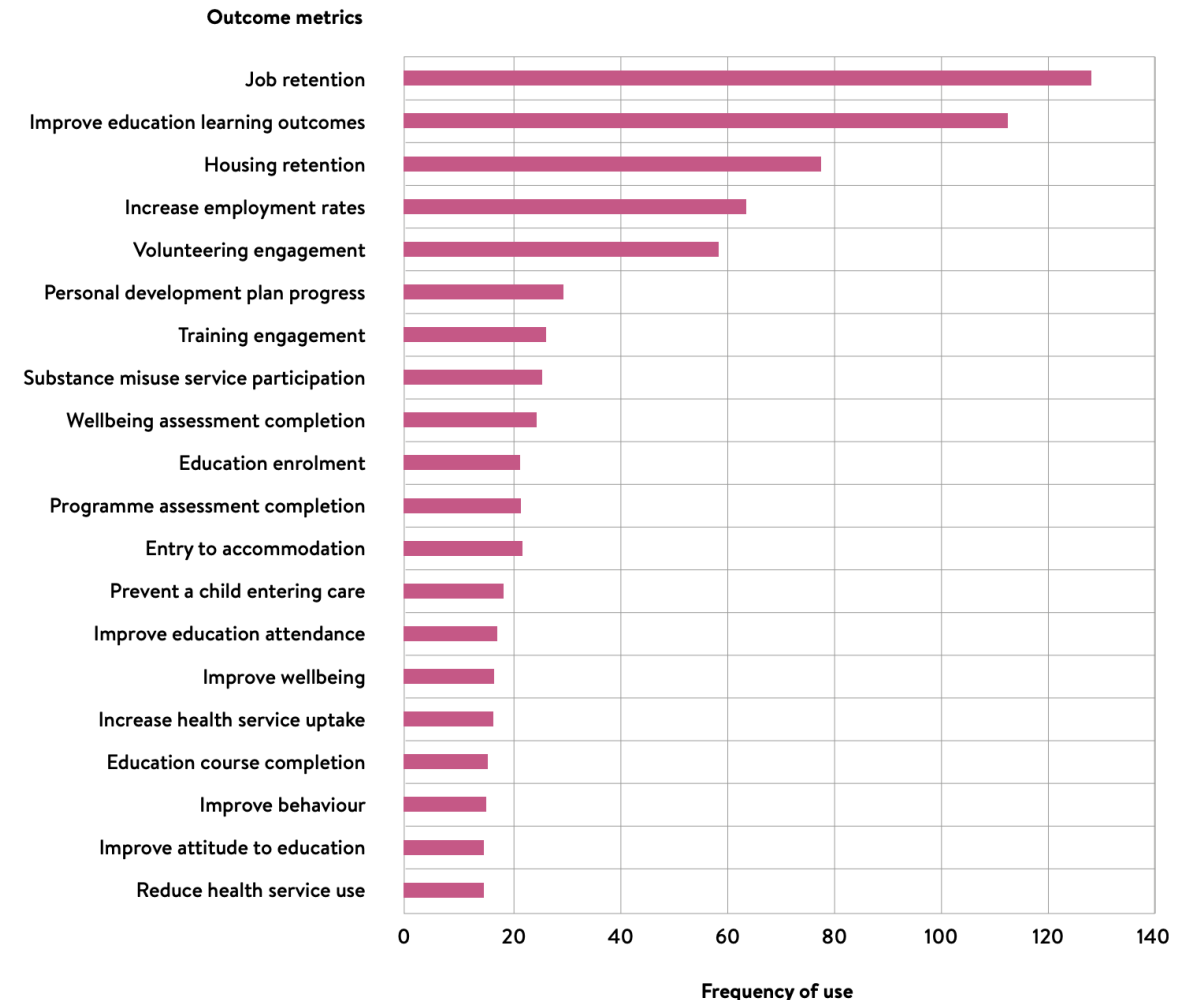
100 social outcomes partnerships in the UK

Distribution of UK SOPs across policy sectors



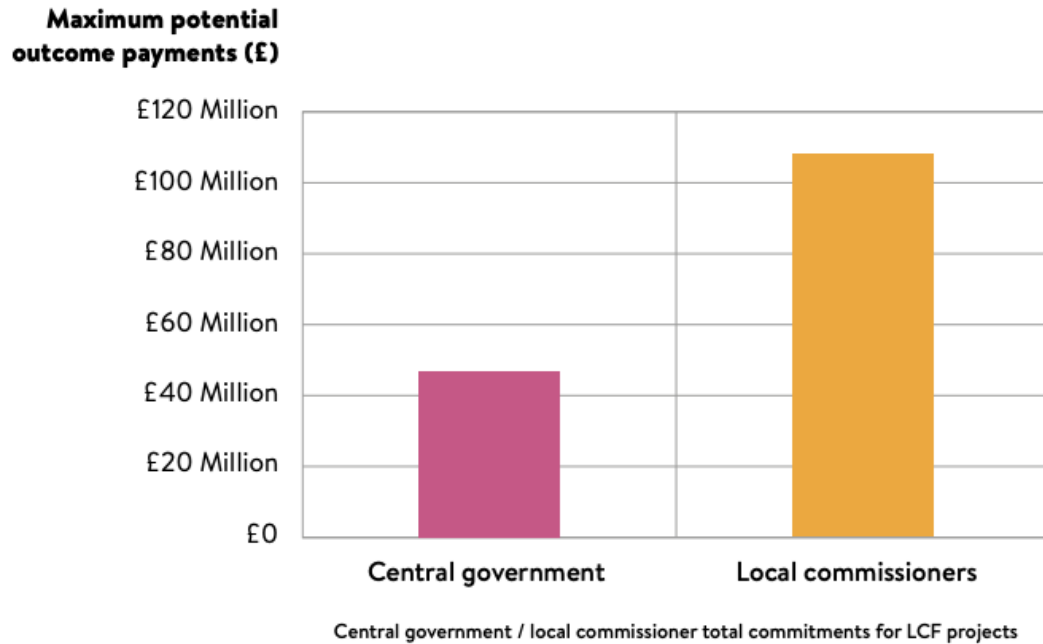
Source: INDIGO Impact Bond Dataset, September 2024

What outcome metrics have been used the most?

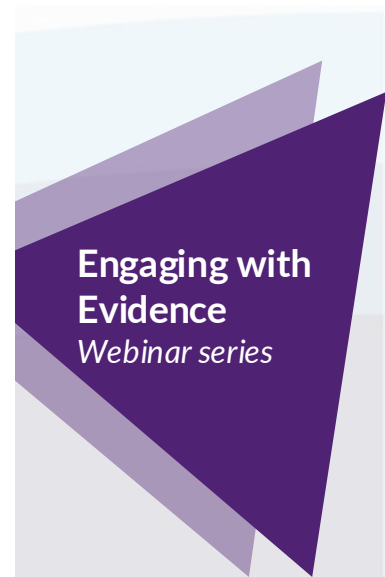
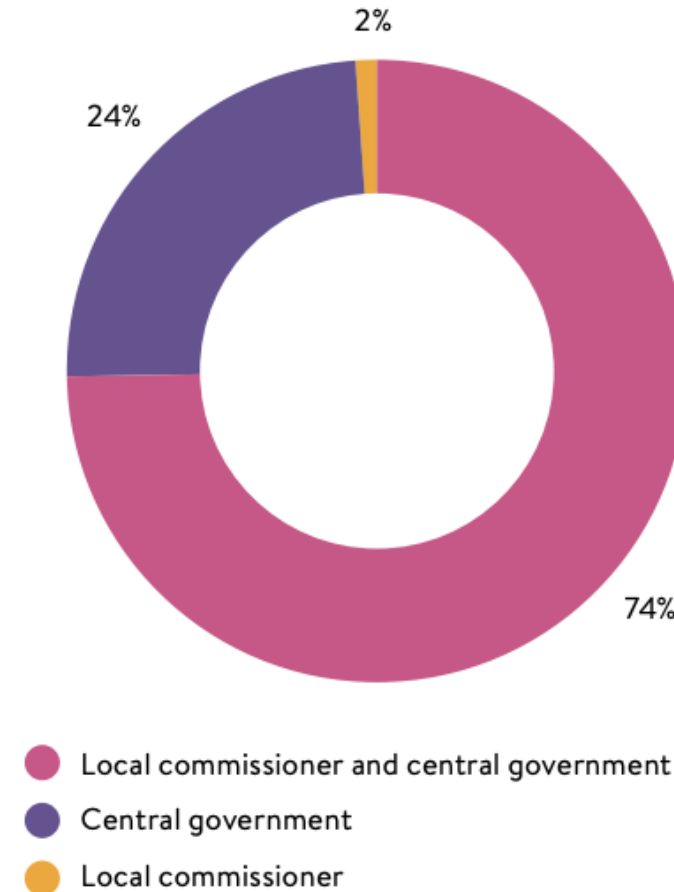


SOPs at local level

Distribution of maximum outcome payments for central and local government for Life Chances Fund projects

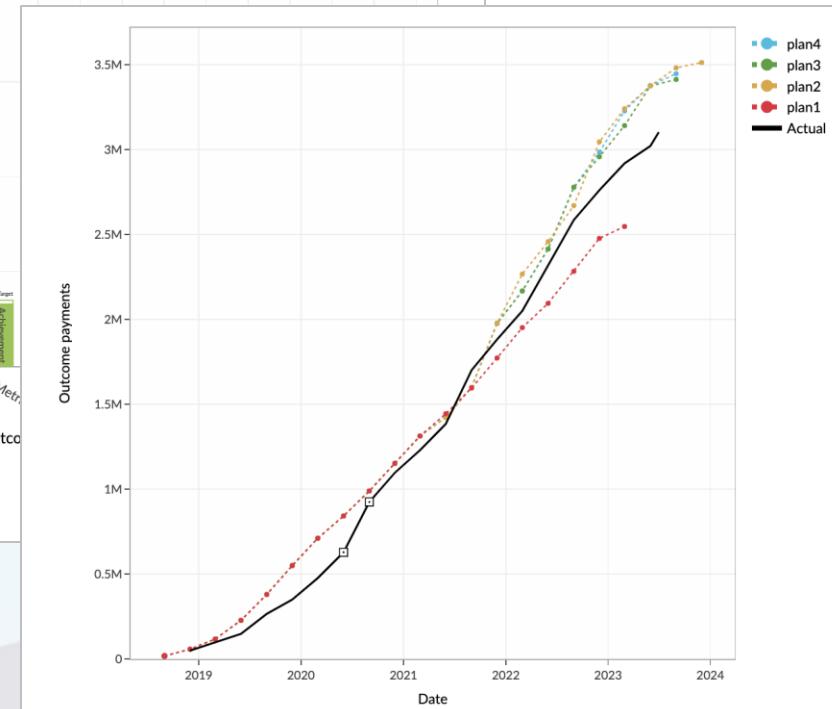
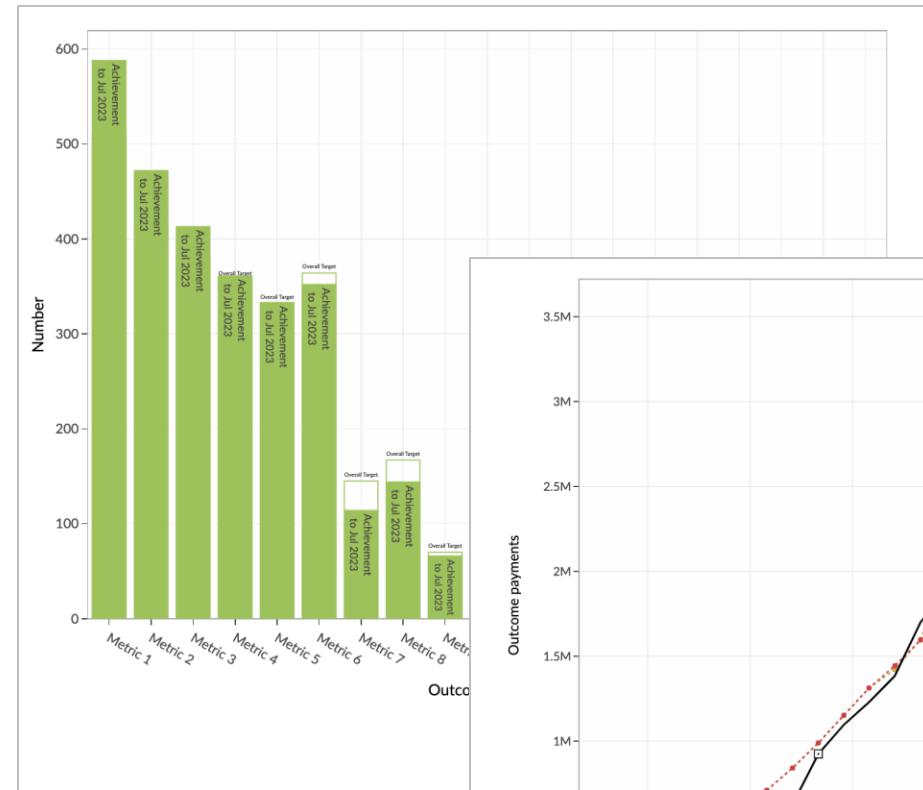


Distribution of projects by type of outcome funder/s (as of June 2024)



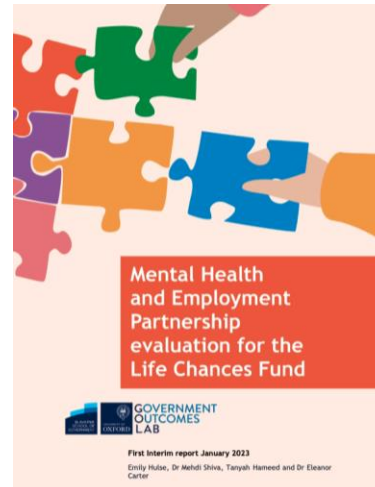
Want to access more data?

QR code to Impact Bond Dataset



Building the evidence

- Since 2016 GO Lab has been the **learning & evaluation partner** for the Life Chances Fund
- A comprehensive dataset of impact bonds/ social outcomes partnerships - more **standardised open data** & a common language
- An **ongoing learning community** to support and strengthen outcomes-oriented cross-sector partnerships



Stakeholders are becoming increasingly supportive to providing data on SOPs. Over the coming years we need to answer not just if SOPs work but develop a recipe book for where, when, and how.'

Carter, E. & Ronicle, J. (2024)

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Distilling fifteen years of experience...



- Social outcomes partnerships *can* enable more **adaptive, accountable and person-centred services** that place meaningful, co-produced outcomes at their core.
- There is **no magic formula** that unlocks a successful outcomes partnership. Teams need to be **intentional about both technical and relational work** in bringing partners together to see the benefits discussed in the report.
- These purposeful and impactful partnerships aren't forged by themselves, and so government at multiple levels needs to be deliberate in **curating an enabling environment**.

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Evolution (Disclaimer! Some are personal reflections)



1. More nuanced understanding of mechanisms of impact. SOPs understood less as a ‘whizzy financial instrument’ but rather as a tool for more **collaboration, flexible data-led delivery + impact transparency** in cross-sector partnerships.

2. Evidence & data. Since 2018 the availability and quality of project-level data and evidence has increased, largely thanks to the pioneering and comprehensive approach to learning and evaluation of outcomes funds such as Life Chances Fund and Commissioner Better Outcomes Fund.

3. From pilots to ecosystem for outcomes. To secure a long-lasting legacy, we need to embed the best practice and learning from the experience with social outcomes partnerships into public sector commissioning practice more widely to strengthen (local) systems for service delivery.

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Where next?

As we argue in our *The evolution of social outcomes partnerships in the UK* report:

“

Systemic reform and public service transformation can take decades, and while the evolution of social outcomes partnerships over the past 15 years shows us that a different way of working across the public, private and voluntary sectors is possible, it will take sustained commitment, courageous leadership and appropriate resourcing to turn promising, innovative approaches into institutionalised practice.

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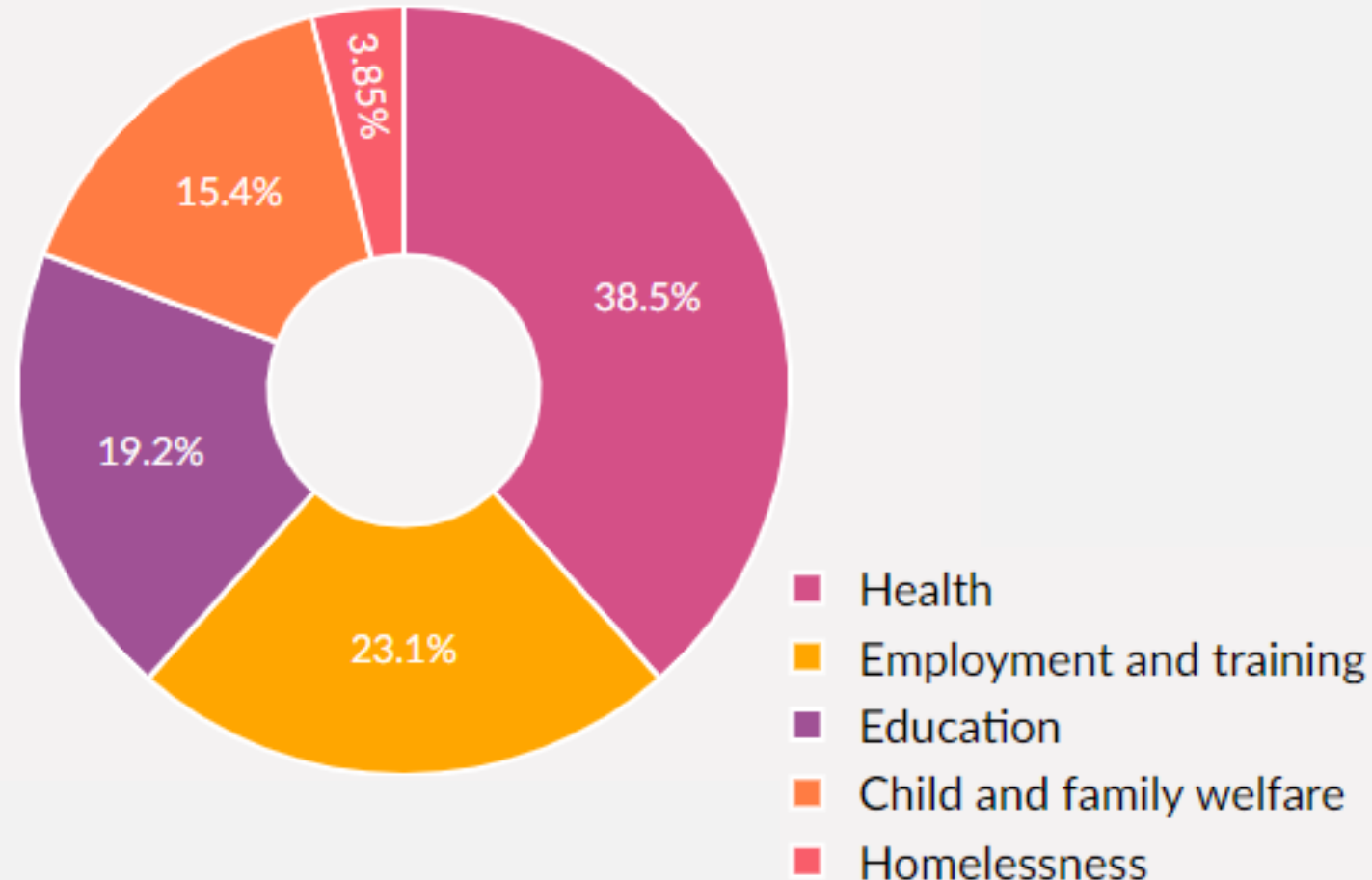
Synthesis of the CBO evaluation

Engaging with Evidence
2nd October 2024

Commissioning Better Outcomes Fund programme

Aim: Support the development of more Social Outcomes Contracts in England

- Funded by The National Lottery Community Fund
- **Outcomes Fund:** Provides up to £40m to provide development grants & 'top up' outcome payments to locally-commissioned SOCs
- Funding from 2013 - 2024
- Funded 62 development grants & 27 projects
- Involved 104 service providers



Commissioning Better Outcomes Evaluation

Focus:

- ‘SOC effect’
- Challenges of developing SOCs & how could be overcome
- Extent to which CBO met aim

- Delivered by Ecorys & ATQ
- 2013 - 2025
- 9 in-depth reviews
- Data analysis, document

9 in-depth reviews

Be the Change

Elton John Aids Foundation ZERO HIV

End of Life Care Integrator Telemedicine Project:
North West London

HCT Travel Training SIB

Mental Health Employment Partnership SIB

Pan-London Care Impact Partnership SOC

Reconnections

Ways to Wellness

West London Zone

Design of CBO SOCs

Successful innovative design elements	Less successful innovative design elements
Blending hard & soft outcomes	Using only subjective measures for outcome payments
'Common-platform SOC' structures that enables SOC to be commissioned at scale	Pushing risk down to providers
Simplifying SOC designs	Creating overly-complex structures
Blending different investors to de-risk investments	

Design: lessons learned



MANY SOCS THAT ARE INITIATED DO NOT LAUNCH.



BE WARY OF OPTIMISM BIAS



INVOLVE ALL STAKEHOLDERS EARLY ON DURING CONVERSATIONS, BOTH INTERNAL & EXTERNAL



LAUNCHING SOCS REQUIRES SENIOR BUY IN & SUPPORT

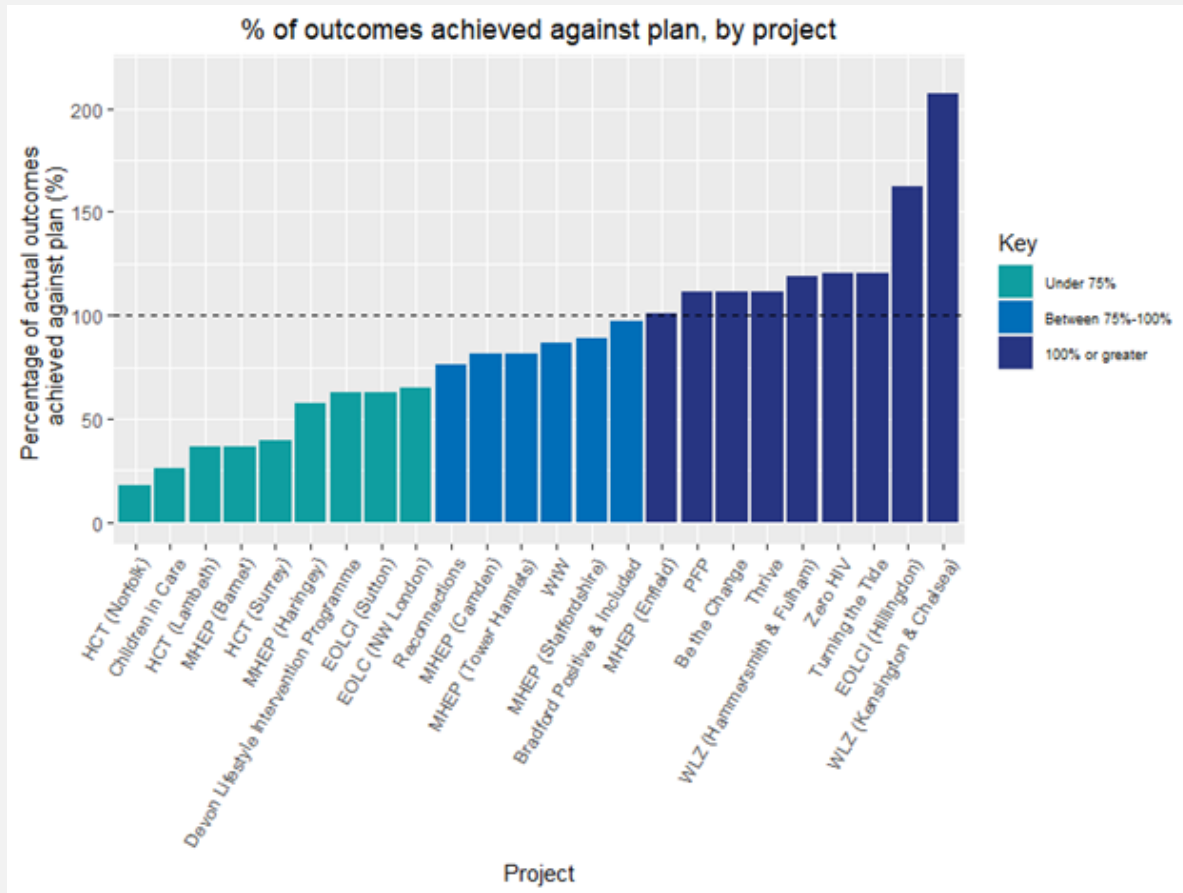


CLEARLY DEFINE WHAT TYPE OF RISKS & RESPONSIBILITIES DIFFERENT ORGANISATIONS ARE TAKING ON



STRIKE THE BALANCE BETWEEN RIGOUR & SIMPLICITY

Impact – project performance



61,903 service users engaged
Average 75% of plan

80,408 outcomes paid for
Mean 83% of plan

£43.3 m paid for outcomes
Average 90% of plan

£11.6 m returned on £11.3 m invested
Mean MM 1.01
81% of plan

Impact – the SOC effect

- The most compelling benefit of a SOC approach is the opportunity for better performance management
- Such performance management ultimately appears to improve impact
- Stakeholder engagement was the largest challenge

SOC effect/Project	BtC	Zero HIV	NWL EOLCI	HCT	MHEP	PLCIP	Recon	WLZ	WtW	Average
Positives										
Improved data management	●	●	●	◐	●	●	●	●	●	●
Better performance management	●	●	◐	◐	◐	●	●	●	◐	◐
Greater service adaptation	●	◐	◐	◐	◐	◐	●	◐	◐	◐
Greater contract flexibility	○	◐	◐	◐	◐	◐	●	◐	◐	◐
Improved stakeholder alignment	◐	●	●	○	◐	◐	○	◐	◐	◐
Embedding outcomes culture	●	○	○	○	●	○	◐	●	○	◐
Negatives										
Stakeholder engagement issues	●	●	◐	●	◐	●	◐	◐	◐	◐
Optimism bias in business case	○	◐	◐	◐	●	○	●	○	●	◐
Imperfect measurement of impact	◐	◐	◐	○	◐	◐	◐	◐	◐	◐
Tension between stakeholders	○	○	○	●	◐	○	◐	◐	●	◐
Risk reallocation on renegotiation	○	○	◐	◐	●	○	◐	◐	◐	◐
Provider risk under-estimation	○	○	○	◐	◐	○	◐	○	◐	◐

Key: Strong evidence ● Medium evidence ◐ Weak evidence ◐ Little or no evidence ○

Colour denotes Positive (Green) or Negative (Red)

Impact – achievement of use cases

- Based on the impact seen in CBO, the strongest justification for using a SOC is to improve delivery performance and accountability.
- The weakest justification is to fund preventative interventions with later savings

Use case/Project	BtC	Zero HIV	NWL EOLCI	HCT	MHEP	PLCIP	Recon	WLZ	WtW	Average
Improve the evidence base for the intervention										
Fund preventative intervention with later savings										
Share risk of implementing an untested intervention										
Expand range of organisations able to get involved in SOCs										
Improve delivery performance and accountability										

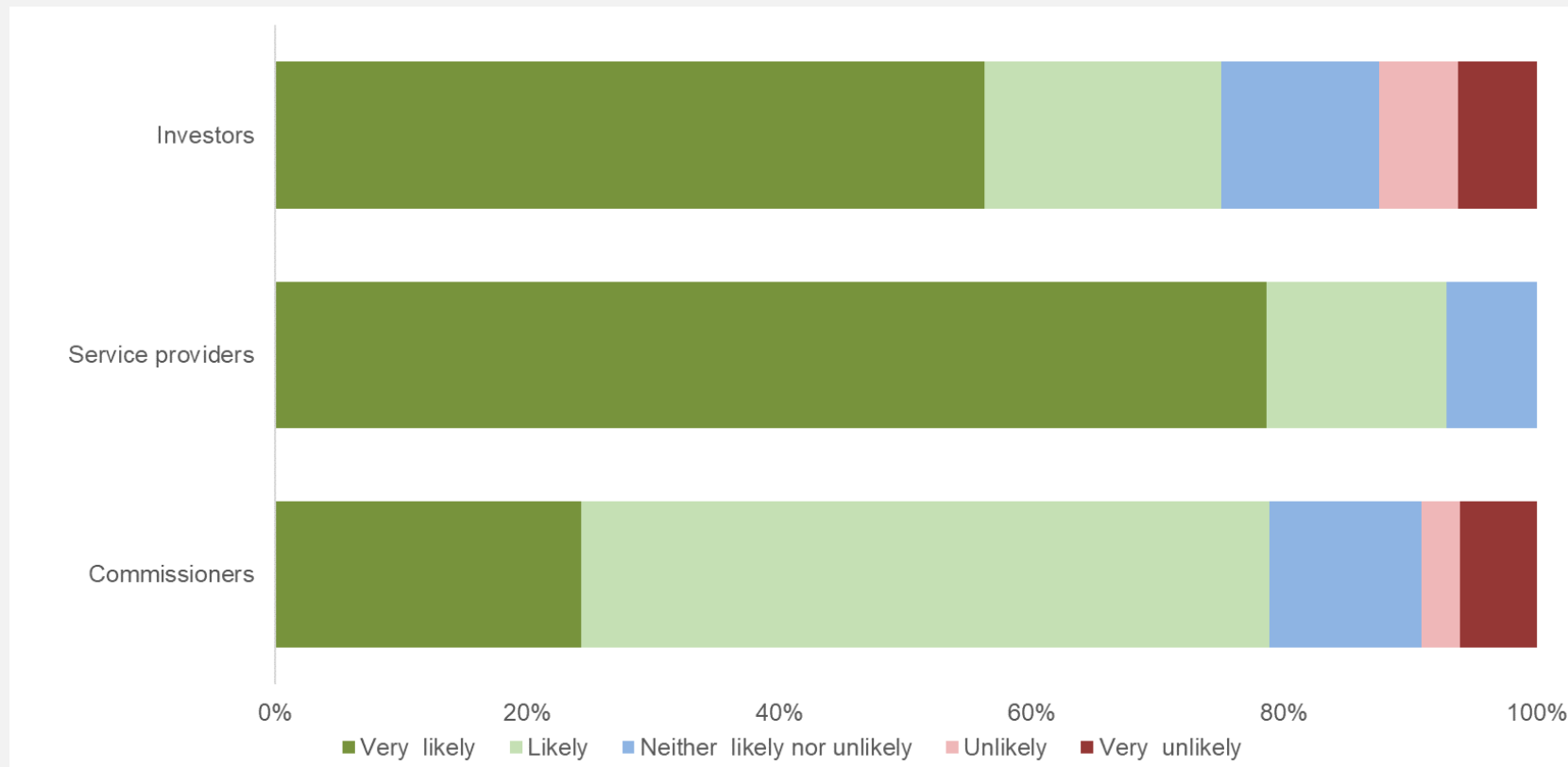
Key: Largely achieved Partly achieved Not achieved Not a use case for this project

Impact – the CBO programme

Key successes	Key challenges
Successful in growing SOCs	High project attrition & underspend
Development grants critical element	Local government staff turnover means learning not embedded
Pioneering fund that increased understanding. Learning applied to future SOCs	Prescriptive rules
	Challenges in gathering data
	Low commissioner engagement

Generally positive stakeholder experiences of being involved in SOCs, and intention to become involved in future SOCs. BUT.....

Likelihood of being involved in a SOC again based on current experience

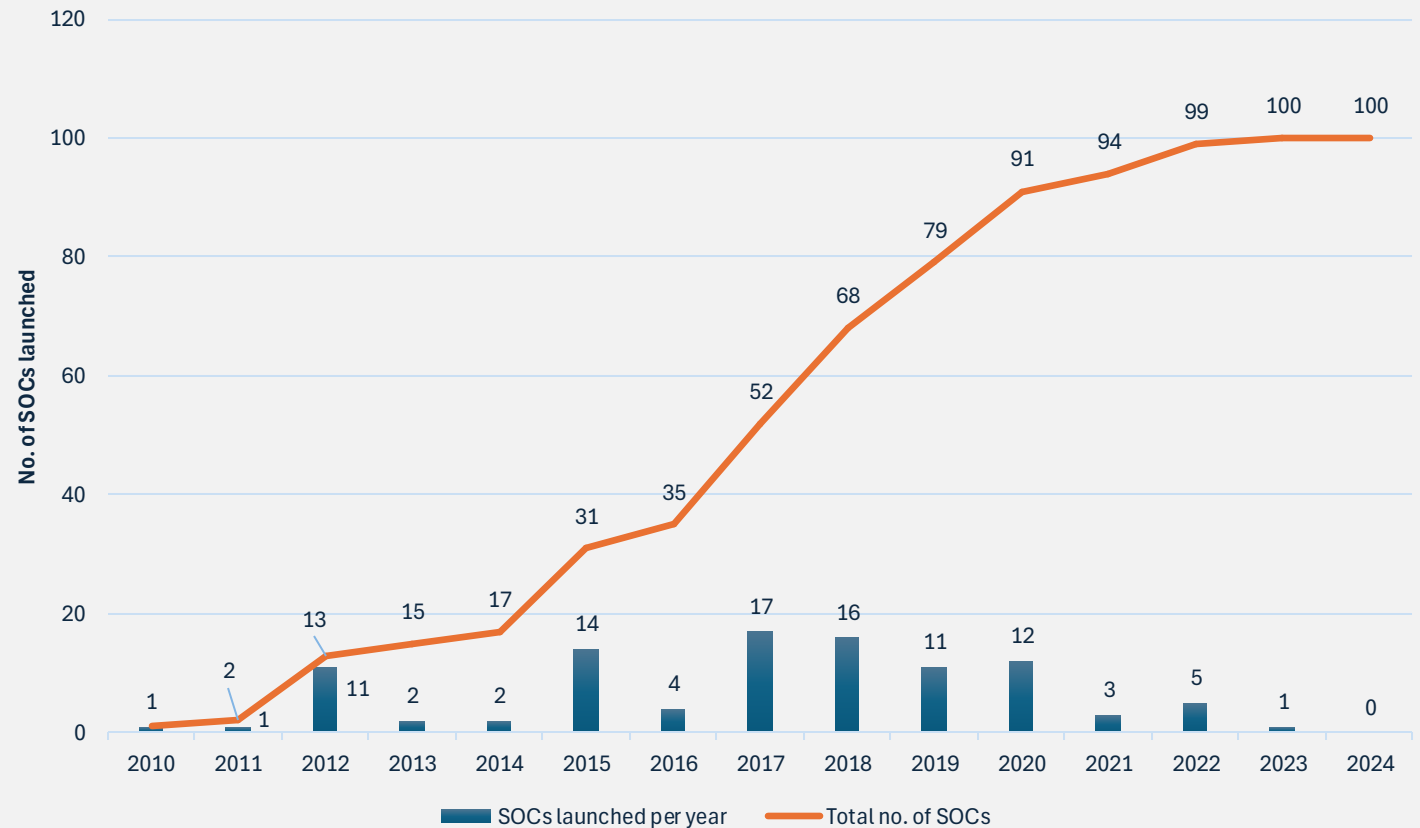


Source: CBO evaluation stakeholder surveys. 2017

...intention is not turning into reality

- Local project sustainment has been strong
- Impact on growing SOCs less strong. SOC development is in stasis
- Appetite from local government without additional funding is low
- Sustained interest from investors

No. of SOCs launched in the UK, by year



Conclusions – another Fund?

- The CBO programme played a critical part in growing SOCs in the UK, supporting innovative new designs. CBO broadly met its objectives, achieved a good level of outcomes, and made a moderate return to investors
- CBO has helped us understand when SOCs are more, and less, suitable
- SOCs still have a valuable role to play in local commissioning, local commissioners should be supported to further develop them, and a programme like CBO should be re-run to support their continued use.
- Few SOCs are being commissioned due to very tight funding, leaving little room for innovation, low capacity in local government, and a default to current contract management practices.

SOCs are more suitable when....	SOCs are less suitable when...
Commissioners are looking to achieve flexibility & accountability	Commissioners have limited capacity to engage
Outcomes are measurable	It is difficult to define / measure outcomes
There are limited resources to fund experimentation	The sole focus is on saving money

•Future programmes should adopt a place-based approach: this would mean identifying a number of regions that are interested in developing SOCs, and supporting them to do so – not just by providing top-up funds but also by building the local capacity to



Thank you

Panel discussion



Andreea Anastasiu
Executive Director
GO Lab, University
of Oxford



Neil Stanworth
Director
ATQ Consultants



James Magowan
Head of the VCSE
Public Service
Partnerships, DCMS



James Ronicle
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Mila Lukic
Co-Founder and CEO,
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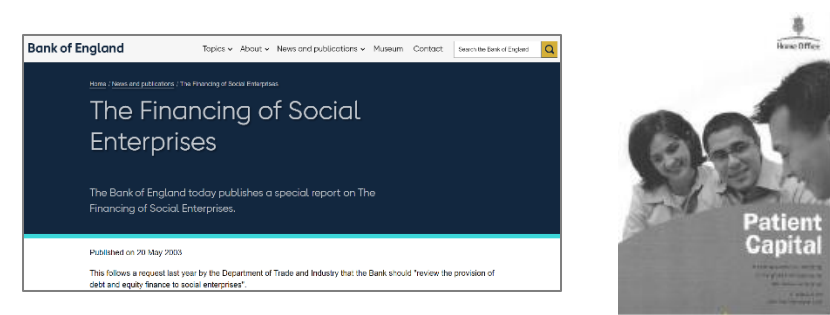
Juliana Outes Velarde
Senior Data Steward
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of Oxford

Government wanted more innovation locally, and better accountability centrally

2002/3: HM Treasury offered much greater freedom over delivery specifics, in exchange for greater accountability for outcomes



2003/4: Home Office and Bank of England found that VCSE organisations could not access the right sorts of capital easily



VCSE* sector asked for more freedom to innovate than traditional contracting allowed, and was happy to be held accountable for better outcomes and better value per outcome

HM Treasury (2002) *Cross Cutting Review into the role of the voluntary and community sector in public service delivery*

DTI (2002) *Social Enterprise: a strategy for success*

Home Office (2003) *Civil Renewal: A New agenda*

Bank of England found inadequate financing options for VCSEs delivering complex public services. Home Office created a strategy to grow financing options for the sector.

Bank of England Domestic Finance Division (2003) *The Financing of social enterprises*

Civil Renewal Unit (2004) *Patient capital: a new approach to investing in the growth of community and social enterprise*

Stay tuned for upcoming sessions...



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Building gender equity in skills and employment: Lessons from India's Skill Impact Bond >

In this session we will explore the latest findings from the implementation of India's Skill Impact Bond the world's largest development impact bond in the skills sector.

 Start Date 27 Nov 2024 (GMT)



Insights and Lessons from MHEP LCF Evaluation's Second Interim Report >

In this session we will explore the latest findings from the second interim report of the Mental Health and Employment Partnership (MHEP) evaluation for the Life Chances Fund (LCF).

 Start Date 4 Dec 2024 (GMT)

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Annex



Cabinet Office investment into Outcomes Partnerships

If you'd like to chat about learnings in more detail, get in touch at mila.lukic@bridgesoutcomes.org and andrew.levitt@bridgesoutcomes.org



Contents

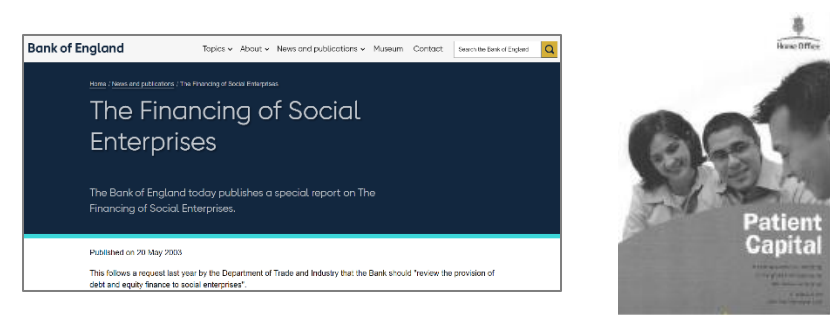
- Background
- Impact and Financial Objectives

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Cabinet Office offered flexible, risk-taking capital to VCSE delivery organisations

2008: Cabinet Office created £10m of investment; it invited Fund Managers to bid, and raise at least matching financing

CabinetOffice
Office of the Third Sector

Capital
for Enterprise

Social Enterprise Fund - Request for proposals

The Office of the Third Sector (OTS) has appointed Capital for Enterprise Limited (CEL) to assist it in establishing one or more funds that will offer risk capital investment to Social Enterprises based in England.

This document sets out the objectives that OTS wishes to achieve and the restrictions that will be imposed on any fund in order that it meets its public policy objectives. Detail is provided setting out the information that will be required from those wishing to submit a proposal, the assessment criteria that CEL and OTS will apply, and an outline timetable for the award of funding.

Objectives of OTS

OTS will commit up to £10m via funds or co-investment to achieve the following policy objectives:

- (i) to demonstrate the viability of investment in Social Enterprises (see definition below), e.g. by encouraging an increase in the flow of independent risk capital into the equity gap;
- (ii) to improve access to equity funding for new and growing Social Enterprises that are seeking equity capital to develop their business;
- (iii) to demonstrate that there are meaningful numbers of investors interested in making commercial investment in the area of Social Enterprise and to test the terms on which they are prepared to invest; and
- (iv) to develop equity funding instruments that can be used when making investments into Social Enterprises.

In meeting the objectives the following definition will apply:

Social Enterprise A business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community.

Funds will be expected to apply the following investment restrictions. Fund managers may offer to operate within further restrictions where they feel this is appropriate.

Investing FOR Impact
CASE STUDIES ACROSS
ASSET CLASSES

Achieving social impact at scale:
Case studies of seven pioneering
co-mingling social investment funds

May 2013

Cabinet Office

Bridges
Ventures

THE PARTHENON GROUP

Rationale for Government being an investor ‘*pari passu*’ alongside other organisations:

Enables Government to:

1. **set the terms of risk / reward**, to ensure the “financing gap” is addressed effectively;
2. **receive full transparent details of every investment**, and set the ongoing strategy of the funds via investors committee etc; and
3. **share equally in the upside** of any investments which are financially successful.



Cabinet Office thoughtfully catalysed a full ecosystem for better outcomes

>95 Government silos focusing on outcomes
Departments, Local Authorities, NHS bodies, etc



Social Outcomes Fund
Life Chances Fund



Re-think evaluations to understand **quality & value of outcomes actually achieved**, and useful learning from the series of innovations trialled in each project



Flexible, risk-taking capital for bidders, to **trial a series of innovations in each contract**, to aim for better outcomes and value for money



Contents

- Background
- Impact and Financial Objectives

Cabinet Office and co-investors set a range of metrics to track against

# contracts	15	37	Some partnerships were able to form platforms which could bid for and win additional contracts suitable for their expertise
Total Outcomes	£50m	£72m	As additional contracts were supported and delivered, more outcomes were catalysed than originally anticipated
# outcomes payers	9	78	Wider spread of local government commissioning (and non-governmental commissioning) than originally forecast
# delivery partners	20-30	94	Consortia with diverse expertise and geographical reach proved more effective than single delivery organisations
Outcomes Value	£100m	£156m <small>(fiscal value only)</small>	£156m Fiscal; £199m Social; £412m Economic; Total Value = £770m



Due to innovation in delivery and flexibility to personalise and focus on person's strengths - Outcomes Partnerships can often be significantly cheaper, per person helped



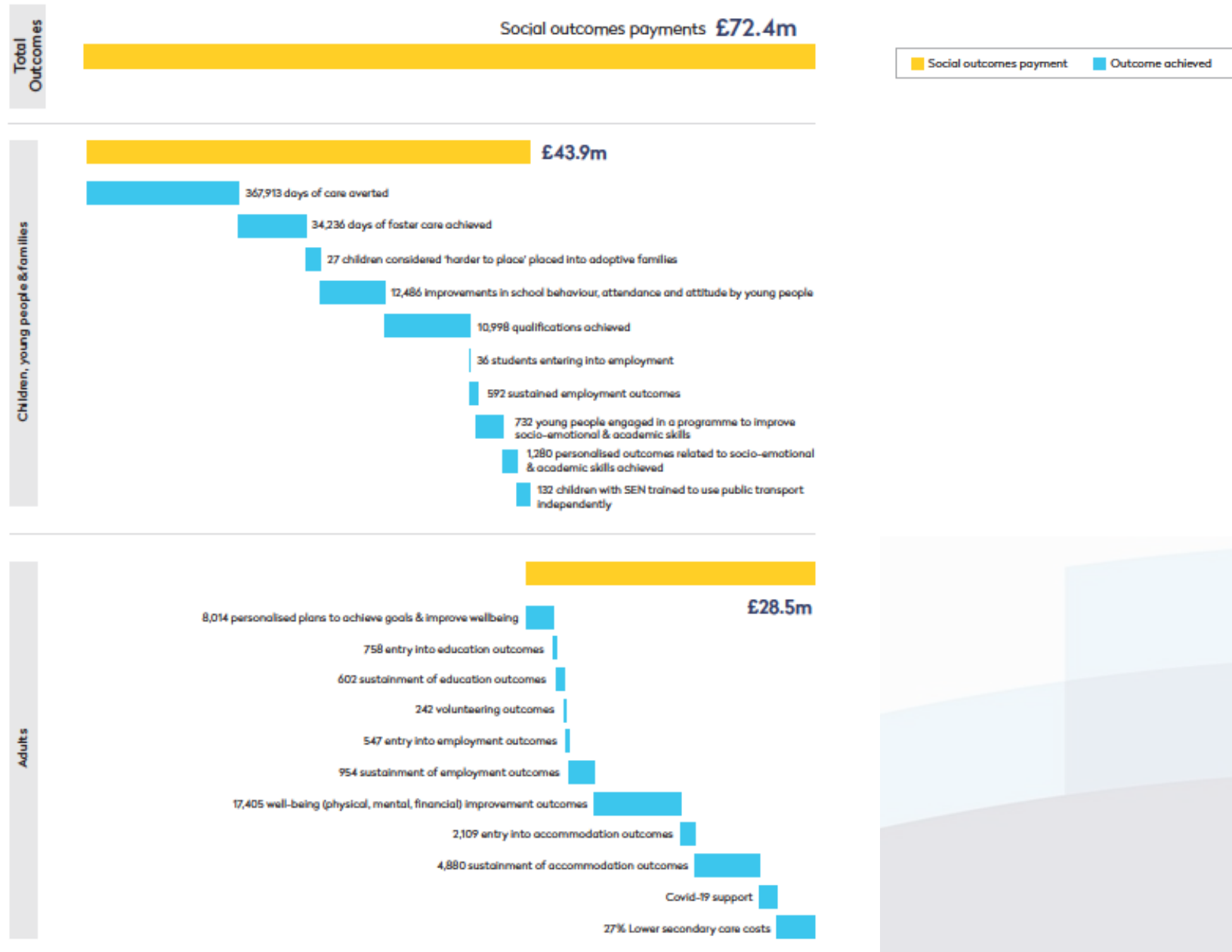
Cost	 £3.4m	 £3.4m	 £1.5m
		TOTAL	
		£4.9m	
# people helped	772	1,837	
Cost per person	£4,357	£2,664	



ANNEX



Cabinet Office received granular details of every single outcome achieved



Outcomes Partnerships enable 3 crucial improvements for complex public services



Collaborative Design

People-Powered Partnerships

Flexible Delivery

Clear Accountability

From:

Programmes designed centrally – often in isolation from other parts of government – and implemented in a top-down way

Fixed-specification contracts, delivered to rigid budgets, for groups of people with identical “needs” or “problems”

Arms-length contracts with limited visibility on progress, success, or key learnings

To:

Projects that are **collaboratively designed**, and **designed to be collaborative**

Flexible, personalised services that **constantly evolve** and improve as they learn

High quality, secure, **objective data**, with deep independent research into **what is and isn't working**

