

Top tips for developing & implementing a Social Impact Bond

Learning from the Essex Multi-Systemic Therapy Social Impact Bond

An interactive guide for commissioners, providers, funders and managers

Autumn 2016



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How to use this guide

This guide has been designed for use by those considering establishing or implementing a social impact bond (SIB). While it does not expect users to be experts, it assumes a certain level of prior knowledge, and therefore goes into considerable detail not only in relation to specific issues, but also in terms of a 'global' coverage of the different conceivable issues that may arise. This may, unwittingly, convey the impression that SIBs are very complex. It bears highlighting that SIBs continue to evolve, with ongoing efforts to simplify them.

This guide is designed for use by commissioners, social investors, service providers and others with an interest in developing or implementing a SIB. There is an interactive menu bar at the top, and all page titles are hyperlinked throughout, so you can click straight to the content you're interested in, to access the key points quickly and easily.

It has been developed to share the learning emerging from the Office for Public Management's (OPM's) evaluation of the Multi-Systemic Therapy (MST) Social Impact Bond (SIB) which was developed and implemented in Essex. At the same time, it goes beyond the Essex experience by bringing in themes from the wider evidence base, with the aim of distilling lessons that have wider applicability. Throughout, examples are taken from the Essex evaluation to illustrate specific points or to help readers better understand specific contexts.

Contact details for key programme and evaluation leads are provided at the end of the guide; please do get in touch if you would like to know more about the Essex social impact bond or any of the learning presented in this guide.

Background & Introduction

This interactive ‘top tips’ guide has been developed to share the learning emerging from the Office for Public Management’s (OPM’s) evaluation of the Multi-Systemic Therapy (MST) Social Impact Bond (SIB), which was developed and implemented in Essex, while situating key messages against the wider evidence base to ensure wider applicability.

During the set up and mobilisation phase of the Essex MST SIB there were a range of challenges to overcome. Learnings from these challenges, as well as programme elements that have gone well and overall stakeholder reflections, have informed the content of this guide.

For more information about the Essex MST SIB, or the learning from the evaluation more generally, please visit the OPM website, to view the interim and final evaluation outputs:

<http://www.opm.co.uk/publications/essex-multi-systemic-therapy-social-impact-bond/>

Background & Introduction

Overview of the Essex MST SIB

The Essex MST SIB was the UK's first local authority-driven SIB.

Essex County Council (ECC) Family Operations Service provides access to 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 (including young people remanded into custody), with the ultimate intention of keeping the young person within the family home whenever safe to do so. This service is funded via a SIB.

The MST service is delivered by Action for Children under contract to Children Support Services Limited (CSSL):

- CSSL is a Special Purpose Vehicle formed specifically for the purposes of delivering the SIB.
- 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.
- The service was commissioned for five years and became fully operational in July 2013.

Background & Introduction

Essex MST SIB Financing method

- Lead investors: Bridges Ventures; Big Society Capital
- Co-investors: Esmée Fairbairn Foundation, Tudor Trust, Social Venture Fund, King Badouin Foundation, Barrow Cadbury Trust and Charities Aid Foundation
- Financing vehicle: Children's Support Services Ltd. (Special Purpose Vehicle)

Investors provided £3.1m to CSSL, a Special Purpose Vehicle set up to manage the project. CSSL provides operational funding to the service provider (Action for Children), with payments back to investors coming from Essex County Council when outcomes are achieved.

The Cabinet Office, Department of Health, the Department for Work and Pensions, and the Department for Education provided additional funding for set up costs and evaluation.

A separate 'Evolution Fund' has been created in Essex. This is a pot of money that provides flexibility to invest more resources in elements of the programme that are proving most successful or require more resources than anticipated.

Establishing a Social Impact Bond

- a. **Determining the need for a SIB**
- b. **Building trust and relationships**
- c. **Defining outcomes and targets**
- d. **Defining the intervention**
- e. **Contracting & developing the payment mechanism**
- f. **Governance and performance management**
- g. **Managing the SIB**
- h. **Monitoring and analysis**
- i. **Internal communications**

Determining the need for a SIB

The first stage of developing and implementing a SIB involves determining the issue or problem you are seeking to address.

It's important to define the issue, before exploring how you might solve the problem.

Don't start with the mind-set of "I want a SIB".

You'll need to explore whether you can:

Determining the need for a SIB



01. Identify a target cohort for intervention

Who will benefit from it or access the intervention?

What are the geographical boundaries for the intervention?

e.g. will it be delivered on a neighbourhood, local authority, sub-regional level?

What can be done to avoid 'cherry-picking'?

02. Define an appropriate intervention

What does the wider evidence base tell you about 'what works' in solving the issue?

How effective is this for the cohort you're seeking to work with?

Do you need to design or co-produce an intervention if there is no existing intervention that meets your needs?

03. Define & agree appropriate outcomes

Is there existing data that can be used, or do you need to collect new data?

Can measurement be conducted robustly, quantitatively and consistently?

What's the baseline / benchmark you're comparing against? How will change be tracked over time?

Is it easy to interpret what it means if an indicator goes up, stays the same, or comes down?

Determining the need for a SIB

If the issue appears to be amenable to some form of outcomes-based commissioning, then ask yourself:

01. Is there a role for social investors?

i.e. in the form of a SIB or some other method of financing

02. Can / should contracting be undertaken without social investor involvement?

03. What's an appropriate way of putting a financial value on the desired outcome?

e.g. is it calculated based on projected 'savings' to the system?

Is it based on 'willingness to pay'? etc.



Determining the need for a SIB

Essex MST SIB

The decision to commission the MST service was a response to historically high levels of looked after children in Essex, particularly older children. MST was chosen as an evidence-based intervention - providing a 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.
- Allow ECC to avoid the upfront set up and running costs which would have been incurred from establishing the service internally using conventional procurement approaches.
- Avoid paying for an intervention that fails to meet the outcomes required.

Determining the need for a SIB

Top tip: consider the opportunities for realising economies of scale

The potential to expand into other neighbouring areas has been considered by partners involved in the Essex MST SIB. We recommend that others considering developing SIBs explore the potential to realise economies of scale at the outset, to consider how and where potential savings may be achieved, and explore others' appetite for inclusion in the SIB. However, it is vital to note the importance of context when considering implementing evidence-based interventions across different localities.

Building trust and relationships

Forming the partnership

There will be a number of partners involved in any SIB: the social investors (those who provide upfront financing); the commissioners (for example, the local authority); the providers (the delivery organisations who will deliver the intervention on the ground); and potentially one or more intermediaries (in the case of Essex, the Special Purpose Vehicle, CSSL, was established, which was managed by Social Finance Ltd. OPM was the external independent evaluator).

Top tip: Be aware that there is no single SIB model that is ideal in all situations.

You need to think carefully about what is fit for purpose in your specific context. For example, Special Purpose Vehicles are not always necessary or desirable. It is vital to consider whether the benefits of having a Special Purpose Vehicle outweigh the costs.

Building trust and relationships

Forming the partnership

Top tip: Work with others to co-define or co-design the processes leading to desired shared outcomes

It may be necessary for the commissioners to undertake a procurement exercise in order to identify and contract with the provider organisation. It may be relevant or desirable to have pre-procurement engagement with providers, for example, in co-producing clarity around the types of social outcomes that are important.

In addition, early discussions with potential investors will be needed in order to align investor motivations and expectations with the problem or issue being addressed. It will also help bring additional insights into constructing a contract that is sensible.

An important lesson learned from the Essex MST SIB is that colleagues in procurement and in operational roles should be 'brought along the journey', rather than approached towards the end.

Building trust and relationships

Establishing Trust

Once the partnership has been agreed, it is important to take time to build trust and establish relationships amongst the partners, some or all of whom may not have worked together previously. Even where partners may have worked together previously, the nature of a SIB can mean that the working relationship between established partners may need to be different. Depending on the extent of any previous relationships or joint working, this might require specific sessions to bring partners together.

It is important to consider relationships amongst operational staff as well as strategic leads.

Understanding different world views, organisational cultures, structures and ways of working etc. is vital in establishing a solid base on which to implement the SIB. This is particularly important given that different partners will all have key roles to play in ensuring the success of the SIB, and given the longevity of SIBs, which may last for 3-5 years or more.

Consider when and how it might be most effective to build trust and relationships, how this will be resourced by the various partners, and whether any external support or specific time or inputs may be required to facilitate this.

Building trust and relationships

Establishing Trust

Top tip: Explore potentially different expectations, cultures and approaches across partners, and seek to mitigate the impact of this.

We suggest that some form of facilitated stakeholder engagement activities at the outset may enable partners to build an understanding regarding motivations, expectations and constraints facing each organisation. This may help the partners to identify potential solutions to issues at an earlier stage, or at least to build shared understanding regarding the issues facing different partners involved in the SIB. It will be important to have clear discussions in relation to roles and responsibilities, as well as the types of risks that are held by different partners. It is also important to ensure that steps are taken to nurture and maintain the relationship throughout the duration of the contract.

Evidence from the Essex MST SIB indicates that introducing a simpler payment mechanism (explored below), and indeed, avoiding over-complicating all elements of the SIB, can prove useful in loading the dice for success. This requires a high level of trust between the partners, and it is vital that open dialogue can take place.

Defining outcomes and targets

Underpinning the payment mechanism and performance management arrangements, there is a need for robust outcomes and targets to be agreed at the outset. This is vital for any SIB.

For this process, you'll need to:

Defining outcomes and targets



01. Define the benefits you expect to realise

By when / over what timescale? Do you require proxy indicators and, if so, is there compelling evidence that achieving these proxies will increase the likelihood of achieving longer term outcomes?

Which are the primary outcomes, and which are secondary outcomes?

On which outcome(s) will the payment be based?

02. Assess how the outcomes can be measured qualitatively, robustly, consistently and systematically

(see previous section)

03. Explore what baseline or benchmark to measure progress against

What does this tell you about performance and expected outcomes at the outset?

Defining outcomes and targets

04. Model the overall likely outcome sizes, and therefore what an appropriate level of outcomes should be for the SIB

05. Determine whether outcome should be measured at the individual or group level

eg. whether an individual achieves a qualification, or whether at least 80% of intervention cohort achieves a qualification

06. Determine what triggers outcome payment

eg. Is it for achievement of individual level or group level outcomes?

Will you require a historic or a 'live' comparator?

Is there a threshold that needs to be met or exceeded before payment is triggered?



Defining outcomes and targets

It may be useful at this stage to seek expert input with regards to the particular issue you're seeking to address, as well as monitoring and measurement mechanisms.

Defining the intervention

Once you have considered the issue you're seeking to address, and the outcomes you want (or need) to achieve, it is important to work out what intervention(s) may be appropriate for addressing the key issue or problem identified:

Defining the intervention

01. What intervention(s) is likely to help solve the problem?

What does the wider evidence base tell you about how effective this intervention is likely to be – particularly in addressing the issue within the local context or with the specific target cohort?

What is the evidence on ‘attribution’ (i.e. it was the intervention, and not something else, that brought about the types of outcomes you want)?

02. How will the intervention be implemented within the specific context?



Defining the intervention

At this stage it may be useful to engage with practitioners and professionals more widely, to seek their input and insights, and sense-check the intervention being proposed, as well as refining the finer details.

You might engage locally, to ground the intervention within your local context, and also if possible, with others delivering the intervention elsewhere, to build understanding around its implementation.

For example, it may be useful to explore:

Defining the intervention

01. Referral routes into the service or intervention

Who can refer in? What are the referral criteria? What is the mechanism through which people make their referrals?

02. Selection and acceptance onto the service or intervention

How will the decision be made to deliver the intervention to a particular cohort or individual (i.e. inclusion/exclusion criteria)?

03. Alignment with other interventions

How does the intervention align strategically?

How does it align with other interventions available – to what extent might there be any duplication or overlap?

Are there potentially any gaps that the target cohort might fall through?

How might the intervention be introduced in a way that avoids competition with other services?



Defining the intervention

Essex MST SIB

A key associated service to MST in Essex is the Divisional Based Intervention Teams (D-BIT). D-BIT is an internally commissioned ECC service which works with a similar group of young people to MST where there is a risk of entering care or custody.

Certain characteristics make a young person either more suitable to D-BIT or to MST. 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 established a mutually supportive working relationship.

When MST first commenced in Essex, there was some confusion about how D-BIT and MST would align. This required careful consideration around inclusion and exclusion criteria, referral routes and promotion of the two schemes. To clarify the distinction between the two services and their target user groups, ECC undertook additional staff awareness raising work, promoted the referral routes and inclusion / exclusion criteria more widely, and provided explanations to accompany any rejected referrals.

Defining the intervention

Essex MST 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 and it is therefore a collective decision with the ECC Director of Local Delivery who chairs the panel, and MST Supervisor, as to which cases are referred to the MST service.

Defining the intervention

Once you have considered these questions, it is important to reflect back against the original question:

to what extent is this agreed approach likely to meet the problem or need identified at the outset?

Might any changes be needed to the approach or target cohort?

Defining the intervention

Essex MST SIB

MST is a licensed, evidence-based intervention. Practitioners are required to receive specific training, and the therapy must be delivered in adherence to the guidelines set out by MST Services Limited.

There are two MST teams operating in Essex, each covering different parts of the county. Each team is headed by a MST supervisor and there are four MST therapists in each team.

Defining the intervention

Top tip: do not consider evidence on ‘outcomes’ in isolation from implementation and context.

It is important to appreciate that ‘evidence’ does not simply mean evidence on outcomes or effect size. Although it is true that SIBs place a lot of emphasis on outcomes, the evaluation of the Essex MST SIB shows that even effective interventions, as proven by the evidence base, are only as effective as their implementation. It is vital to look at other types of evidence (in addition to outcomes) in relation to what effective implementation in specific contexts looks like.

Contracting & developing the payment mechanism

All SIBs must be underpinned by strong contractual arrangements and carefully defined mechanisms by which payment is made – both for delivery (e.g. to providers), and also in the form of returns back to investors (e.g. to the funders).

Developing an appropriately robust, clear and acceptable payment mechanism for all parties involved takes time, and is not an activity that can be rushed without risking failure of the SIB. Specialist legal advice is likely to be required in order to develop the contractual arrangement and define the payment mechanism.

Top tip: Avoid over-complicating the payment mechanism.

Contracting & developing the payment mechanism

Essex SIB payment mechanism

In Essex, the SIB payment mechanism was negotiated by the legal team, with input from the Finance and Social Care Operations leads. However, those colleagues involved in the initial design stage were not always those who were charged with the responsibility of making it work on a day-to-day basis once the contract went 'live'. The payment mechanism was therefore considered on a more 'theoretical' than 'practical' basis. This resulted in overly complex contractual and payment mechanisms being introduced, resulting in a longer lead in and set up time than others are likely to require.

Contracting & developing the payment mechanism

This raises important questions regarding the skill and knowledge set required of those commissioning SIBs, but also a sense of ownership by those who will carry through into implementation, on all sides. Accurate assessment of the risks requires a detailed understanding of not only the SIB, but also the service that is being commissioned, and the context into which that service will be introduced. Navigating this setup effectively is key to success, and is likely to rely on good quality independent advice and support particularly when the market for SIBs is still nascent and evolving. Over time, as the market matures, organisations are likely to build up their internal capacity for constructing and implementing these types of contracts.

We also suggest it is useful to establish a level of trust between the partners prior to the finer details of the contract being developed.

Contracting & developing the payment mechanism

Top tip: Consider introducing a payment mechanism with sensible operational targets.

The Essex MST SIB required referrals and cases to be accepted into the MST service at an early stage, generating more pressure and focus on this at an earlier stage in programme delivery than is typically experienced in other MST areas.

We suggest that, regardless of the specific type of interventions, others seeking to commission a SIB should consider carefully the amount of time required for local processes and partnerships to become established and embedded. There should be sensible operational targets set in recognition of this, with a plan for ramping up.

For example, referral processes often take time to become established and may, in some cases, need to be re-designed before initial referral targets can be achieved. This will allow time for the upfront 'marketing', awareness raising and relationship building required. At the same time, the partnerships brought about through a SIB may be new and unfamiliar, and it will take time to build trust and to understand ways of working.

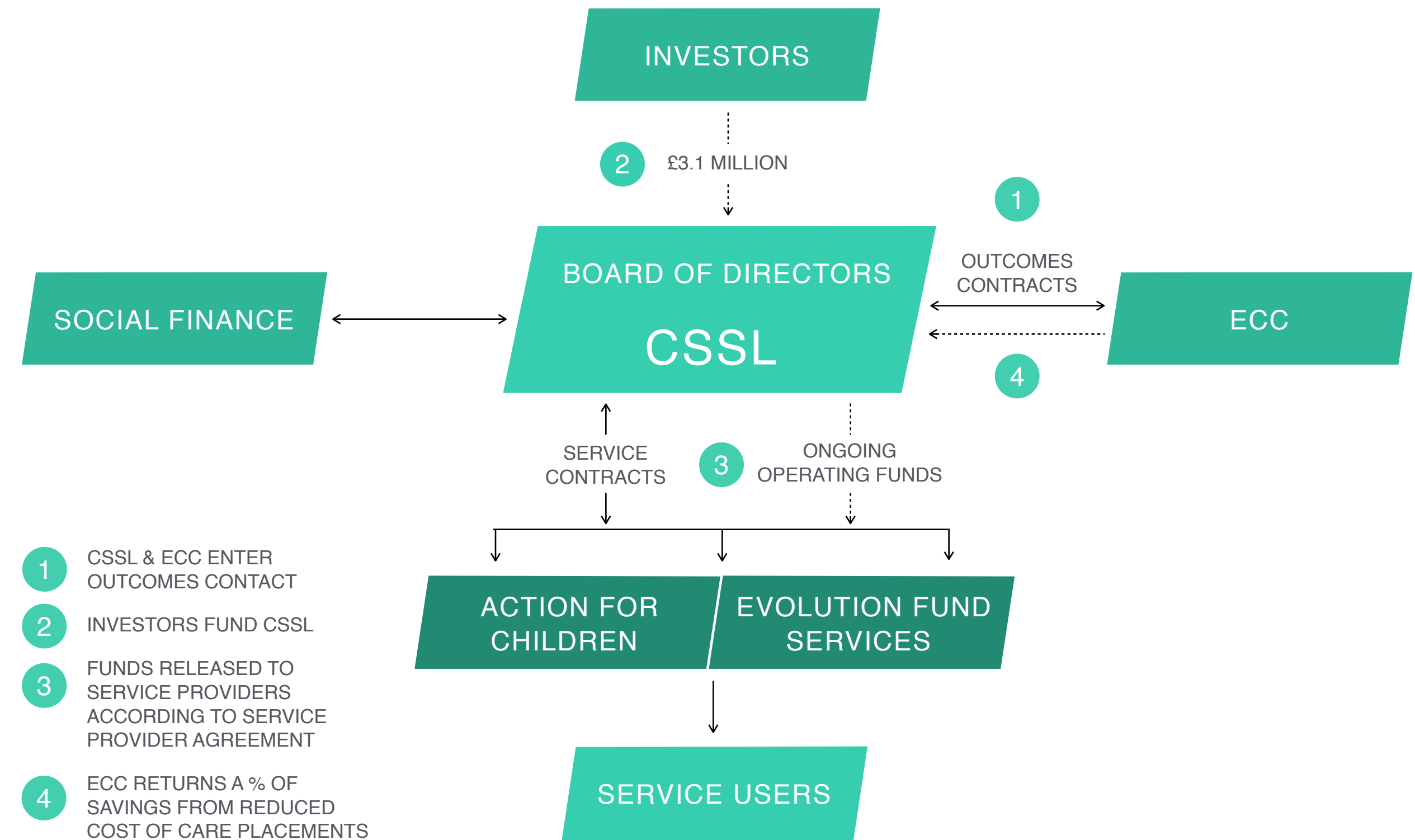
Contracting & developing the payment mechanism

Essex MST SIB

Payments for this Essex MST 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 was developed at the outset of the SIB to support this.

Payments are made by ECC to the Special Purpose Vehicle – 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 on the following page.

Contracting & developing the payment mechanism



SIB INVESTORS



Contracting & developing the payment mechanism

Essex MST SIB

Savings made through reducing the number of days in care in Essex for the MST cohort needed to be balanced with the cost of any ongoing services needed to support that young person to stay at home after the MST intervention.

Contracting & developing the payment mechanism

Top tip: If outcome payment is calculated based on projected savings, assumptions about savings made from a SIB need to consider the system in its entirety.

It is important to be clear at the outset about any knock on implications for other services as a result of the intervention achieving its aims: a reduction in the use of some services may need to be filled by others and the commissioner should be clear on their responsibilities in this regard.

At this stage, it is important to ensure there are effective working relationships between partners, with open and honest communication potentially proving vital in helping to facilitate a smooth contractual development process.

Governance & performance management

Establish appropriate and proportionate governance structures, underpinned by clearly defined accountability, roles and responsibilities, to support the clear assignment and ownership of various risks within the SIB and intervention.

This should be complemented by a process of scrutiny.

Top tip: Carefully consider programme board membership.

Governance & performance management

Essex MST SIB

The Essex MST SIB has benefitted from having an engaged and consistent board membership throughout, and this has added value by ensuring a mix of skills and experiences exert influence over the programme.

Governance & performance management



01. Carefully consider the skill set needed

And how to most effectively maximise the value of bringing together private, public and voluntary and community sector insights and expertise.

02. Consider who is best placed to chair the board

Who will provide the secretariat? And at what frequency should the Board meet during the early stages of set up, early implementation, and during 'steady state' operations?

03. Consider whether operational groups or sub-groups might be needed

(eg, to oversee performance at a more granular level, or to trouble-shoot specific issues), and who is best placed to provide a link between those groups and the Board.

04. Ensure terms of reference are agreed and implemented at the outset

To clarify expectations, roles and responsibilities.

Governance & performance management

Essex MST SIB

MST in Essex is overseen by a quarterly board which has senior representation from ECC, CSSL, Social Finance and Action for Children. There is regular interaction between MST and ECC social care teams and service managers.

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 licensed MST provider is subject to an external quality assurance programme operated by MST Services Limited (the US-based MST parent company); the purpose of this is to ensure fidelity to and compliance with the MST methodology.

Action for Children and CSSL have regular meetings to review contract delivery.

Managing the SIB

Ensure that you have planned and resourced effective arrangements for managing the SIB.

The commissioner must be clear about appropriate internal governance arrangements for contract management, due diligence, etc.

This is likely to require the following functions or roles to be allocated or created, depending on the capacity and capability across the partners:

Managing the SIB



01. Project or programme manager

Whose role may reduce over time as the service becomes embedded and ‘business as usual’. In the early stages in particular, the functions of this role are likely to include the coordination of partner activities, ensuring performance monitoring and management reports are provided and circulated to relevant stakeholders, coordinating programme board / steering group meetings, providing secretariat support, and liaising with partners at operational and strategic levels.

02. Overseeing monitoring & performance management

Highlighting emerging concerns, and ensuring any statutory requirements are adhered to and reported against.

03. Liaison with investors

Managing the SIB

04. Ensuring programme governance arrangements operate as planned and remain fit for purpose

05. Monitoring good practice and guidance from the wider evidence base

And sharing this across the partnership as appropriate.

06. Sharing emerging learning regarding the SIB

Given the scant evidence base currently in existence regarding 'what works' in the use of SIBs.



Managing the SIB

Essex MST SIB

The Essex MST SIB has been managed by a Special Purpose Vehicle (Children's Support Services Limited, or CSSL). The organisation has overseen performance management and monitoring, ensured liaison between the different partners (the commissioners, providers and investors), and helped to ensure the processes in place to deliver MST and achieve the SIB outcomes are as effective as possible.

Monitoring & analysis

SIBs require effective performance monitoring, underpinned by robust and accurate analysis of the performance data, which is likely to include details regarding both outputs (e.g. numbers of sessions delivered, types of interventions etc.) as well as the outcomes being achieved (at individual, locality and service-wide levels).

Top tip: Plan out where data analysis will take place, and resource this accordingly.

Some degree of due diligence by commissioners will always be required under a SIB; this needs to be factored in to planning for managing the SIB, even if the 'performance management' component may be contracted out (e.g. to a Special Purpose Vehicle).

We recommend planning out the levels of analysis and programme management expected, and clarifying exactly who will provide what, to minimise the duplication required. Consider the skills needed, and where scrutiny of the analysis and implications will take place.

When planning out the monitoring and analysis, we recommend clarifying the following upfront:

Monitoring & analysis

01. Who will undertake the analysis?

Which roles / individuals will have responsibility for this?

02. What skills, knowledge and competencies are required?

How might any gaps be addressed upfront?

03. How often will analysis take place?

What is the time-lag on securing local performance data and comparator benchmark data?

04. How will data and information be provided to the analysts?

Are the necessary information sharing and consent arrangements in place?

What format will be used for transferring data?

How will data be stored, and for how long, in what format etc.?



Monitoring & analysis

05. In what format will the monitoring information be presented?

To what extent will narrative and interpretation of the findings be provided?

06. How will quality assurance and due diligence be undertaken?

Who will have responsibility for undertaking this? How often?

Who will they report to?

07. What statutory reporting or license requirements are in place?

How will these be met?



Monitoring & analysis

Essex MST SIB

In the Essex MST SIB, CSSL were expected to carry out the programme management and data analysis functions. Whilst they have indeed fulfilled this role, ECC has simultaneously undertaken similar analysis and management work to satisfy its own needs and due diligence regarding the payment mechanism.

Internal communications

Once the SIB and the intervention have been agreed upon, it is important to begin communicating this to local stakeholders. This will help to raise awareness of the intervention, build understanding about its alignment with relevant strategic aims and other operational activities or programmes, and ensure potential referrers know the referral route and acceptance criteria.

Top tip: Plan out communications at the outset, and resource the plan appropriately.

Communication and awareness raising activity will not simply organically happen; a person or team needs to own the responsibility for making sure relevant stakeholders are informed in a timely manner, with the necessary level of information being provided.

Internal communications

Top tip: Sustain communication and awareness raising activities.

Whilst there is an emphasis on communication and awareness raising at the outset (in order to minimise the risk of any time-lag in referrals, and ensure referrals are appropriate etc.), communication activity is likely to be required on an ongoing basis as the intervention and SIB are embedded. This is vital to ensure awareness remains high, even where there is a high rate of staff turnover or use of locum or temporary staff.

This needs resourcing however, and evidence from the Essex MST SIB indicates that it is likely to be most effective where it forms a core element of someone's role, rather than being an add-on the operational staff remits.

Evidence indicates that communication activities are likely to include:

Internal communications



01. Communicating the purpose of/rationale for a SIB, and the process through which it is to be developed and implemented.

It is important to make sure that communication is tailored and targeted at different groups, nuancing messages to ensure they resonate and achieve the intended purpose.

02. Thinking ‘whole system’.

Eg. raising awareness of how the SIB funded service aligns with other services in the local system; the interdependencies across various services and how success of the SIB funded service may impact upon other services and hence the holistic view of ‘costs’ and ‘benefits’.

03. Keeping it simple.

It is important to avoid over-complicating the SIB; indeed, it may be more useful in wider stakeholder communications to focus on raising awareness around the intervention, rather than the SIB itself, to avoid the message ‘missing the mark’ or being perceived as irrelevant or overly complex.

Implementing a Social Impact Bond

- a. **Contract monitoring and due diligence**
- b. **Maximising the benefit of the SIB**
- c. **Maintaining partner relationships and trust**
- d. **Performance management and governance**
- e. **Sharing learning**
- f. **Exit planning**

Contract monitoring & due diligence

ESSEX MST SIB

Stakeholders are generally positive about the management and governance of the SIB, with roles having become well defined and relationships stabilised over time.

The SIB has driven the commitment of all stakeholders in this aspect.

The SIB in Essex has led to additional meetings and tighter reporting and governance arrangements, involving greater input from senior figures than is typical for a service of this level. A few aspects of governance have been scaled back over time; the Programme Board and the MST Oversight Group monthly meetings between CSSL and Action for Children have both reduced to quarterly and bi-monthly, respectively, to reflect a more settled service following the initial set up phase.

Maximising the benefit of the SIB

Stakeholders will want to maximise the benefit of using a SIB to fund the intervention or programme.

There are several ways in which this can be done, but the exact approach will vary depending on the type of intervention being financed.

Some examples of how you might seek to maximise the benefit of the SIB are explored overleaf.

Maximising the benefit of the SIB

Driving Performance

A SIB typically adds value by enabling programme stakeholders to focus on the achievement of the target outcomes of the intervention, rather than dwelling on output or process monitoring. However, it is important to understand the processes and ways of working, to enable them to be revised or improved, in order to unblock any barriers or enhance performance and the achievement of outcomes.

Evidence-based interventions typically require adherence to specific delivery mechanisms. This can help to maximise the likelihood of success and ensure fidelity to the evidence base regarding 'what works', but may also limit the extent to which delivery or design of the intervention can be flexed to meet local needs and the SIB outcomes.

SIBs can provide the resources and outcomes-focus required to unblock barriers or issues inhibiting effective performance.

Maximising the benefit of the SIB

ESSEX MST SIB

In the Essex MST SIB several process improvements were introduced in order to maximise the outcomes achieved. These included:

- **Introduction of the Programme Manager:** This role is funded by the SIB, enabling Action for Children to recruit a Manager at a higher level of seniority than would typically be assigned to an MST service. The post-holder has clinical expertise in MST, and plays a key role in promoting the service and managing performance.
- **Introduction of the Therapist in Waiting (TinW):** The TinW was introduced to mitigate the risk of reduced team capacity during the period between a therapist leaving post and a new therapist being recruited and trained. The TinW is recruited while teams are at full capacity so there can be a seamless transition into full therapist role as vacancies arise. They develop their understanding of MST through shadowing and supporting the therapists' casework, and undertake wider supporting activities.
- **Introduction of a Research Assistant:** This SIB-funded post is based with the therapist teams, to support outcomes data collection and analysis over a 30-month period (to track longer term outcomes), and to help promote the service.

Maximising the benefit of the SIB

ESSEX MST SIB

- **Introduction of the Welfare Call:** This is an external service which provides the MST teams with additional information regarding the young person's attendance at school, calling each school each day to check the attendance record. This information is passed on to the MST team to allow them to monitor progress and target support.
- **Expedited MST training:** Two new MST therapists were sent to an MST training programme in the USA, to ensure they were available to take on a caseload as quickly as possible.
- **A monthly team target:** A target for the number of new cases to be taken on by each team was introduced in Essex, to ensure the throughput remains consistently high.

"The SIB makes the referrals someone's problem, it has to be sorted out. We had no alternative but to invest time and effort to get the referrals we need."

(Essex MST SIB Stakeholder)

Maximising the benefit of the SIB

Flexibility in approach

The Essex MST SIB highlights that SIBs can add value by encouraging and resourcing innovative and flexible approaches in order to achieve the intended outcomes. This solutions-based focus is a key benefit of using a SIB approach, and enables providers and commissioners to draw on investor expertise and external thinking in order to come up with creative solutions to improve delivery, and ultimately performance.



Maximising the benefit of the SIB

ESSEX MST SIB

Turnover of MST therapists was identified as an issue early in the evaluation. MST Services 6-monthly Performance Implementation Review stipulates that if turnover is more than 30% this is flagged as a concern regarding service consistency and stability.

The following table shows the number of therapists in post per year in Essex (both MST teams combined), and the number who resigned, along with the retention and turnover rates¹. Following the first year, 2013/14, in which turnover was 40% (4 therapists resigned, out of 10), the picture improved with turnover falling to 9% in 2014/15 (1 resigned out of 11), and then rising very slightly again to 20% in 2015/16 (2 out of 10).

	Retention rate		
	2013/14	2014/15	2015/16
No. of therapists	10	11	10
No. of therapists resigned	4	1	2
Retention	60%	91%	80%
Turnover	40%	9%	20%

¹ Information provided by Social Finance

Maximising the benefit of the SIB

ESSEX MST SIB

As well as reducing turnover, steps were taken to minimise any gaps in service related to therapist turnover. These steps were:

- Sending two therapists to train in the US so they did not have to wait for training in the UK
- Introduction of a 'therapist-in-waiting' system to ensure a minimal gap when a therapist resigns
- Lengthening of the therapists' notice period to three months.

The impact of these actions was to increase the number of cases (families who received MST). In total 9 additional families received MST as a result of two therapists attending training in the US, and two staff members playing a therapist-in-waiting role.

Steps taken	Number of additional cases covered
Training in the US therapist 1	1.4
Training in the US therapist 2	1.2
Therapist in Waiting 1	3.6
Therapist in Waiting 2	2.8
Total	9

Maximising the benefit of the SIB

Flexibility in approach

This needs to be carefully balanced against any requirements specified by licensed or evidence-based programmes, but the Essex MST SIB experience highlights that bounded interventions are not necessarily incompatible with innovation and flexibility in approach. There is some evidence that even with interventions with limited scope for innovation, a SIB model can improve efficiency.

Maximising the benefit of the SIB

ESSEX MST SIB

MST Information has established benchmarks to assess how well the Essex MST teams are performing in relation to 20 standard MST teams supported by the UK Network Partnership. The benchmarks are based on the actual performance of 22 standard MST UK teams, including the Essex teams, which were open for the whole time frame between Jan and Dec 2014.

The following table shows the throughput of the two Essex MST teams compared to the average findings per team in 2014:

	Essex A	Essex B	MST UK average
Cases served per team	45	60	42.2
Cases discharged per team	31	42	31
Cases per therapist	11.25	15	11

Both Essex teams performed similarly to the average of all the UK teams in terms of the ratio of cases served to cases discharged (although Essex B had a higher team caseload than average, the ratio was fairly similar).

² Cases Served includes cases open on 1/1/2014 and new enrolments between 1/1/2014 and 31/12/2014

Maximising the benefit of the SIB

ESSEX MST SIB

The most notable difference can be seen in the number of cases per therapist, with Essex B therapists having more cases than either Essex A or the UK average. It does not appear that this higher therapist caseload was linked to any negative impact on performance, as illustrated in the table below:

	Essex A	Essex B	MST UK average
Percentage of young people completing treatment	89.5	89.5	90.4
Percentage of young people living at home at end of treatment	86.8	89.5	93.1
Percentage of young people in school or working at end of treatment	78.9	78.9	80.6
Percentage of young people with no new arrests at end of treatment	86.1	92.1	86
Average number of days of treatment	126.2	134.5	133.3

Maximising the benefit of the SIB

ESSEX MST SIB

The Essex SIB includes a 'Flexible Fund'. This provides discretionary funding for MST therapists to use in order to best meet families' needs.

This fund is a key example of the added value of using a SIB to finance the intervention in Essex. It is highly valued by those delivering the service for enabling them to rapidly remove financial barriers standing between families and their goals. Anecdotally we hear that the fund is appreciated by families too, which is thought to potentially contribute to their improved engagement with the service.

Whilst it is not possible to conclude whether these outcomes would have been achieved anyway through alternative routes, it makes working towards these outcomes easier.

"[The Flexible Fund] loads the dice for success. That small amount of money may help to keep people at home." (Essex MST Stakeholder)

Maintaining partner relationships and trust

SIBs are built on partnership arrangements, and as outlined above, require a high level of trust and openness in order to operate to maximum effect.

Top tip: Take steps to reflect on, and maintain, partner relationships

As well as undertaking initial trust building activities, learning from the Essex MST SIB indicates that it may be useful to undertake regular (for example, annual) activities to bring the key stakeholders involved in a SIB together. This offers the potential to maintain understanding around organisational and individual priorities, other strategic developments taking place, reflect on what's going well or less well, and explore plans for the future.

Involving an external facilitator may help to ensure any such sessions or events deliver maximum value, and don't become overly focused on one partner's agenda or perspective.

Performance management & governance

It is vital to ensure the performance management and governance arrangements remain fit for purpose, in order to support continuous reflection and improvement, to maximise outcomes.

Learning from the Essex MST SIB highlights the importance of:

Performance management & governance



01. Reviewing governance arrangements at regular intervals, so the arrangements remain fit for purpose.

Including who, where, level of information being scrutinised and decision making responsibilities.

02. Building in contingency plans as far as possible, and managing expectations.

Learning from the Essex MST, and other SIBs (and indeed, innovative approaches more generally) indicates that the first year is likely to involve set-backs and / or delays in securing the expected outputs and outcomes. There should be a planned 'lag' and 'build up time' to ensure that the partners involved do not become overly anxious regarding the initial 'bedding in' period, whilst balancing this against the need to identify issues which could benefit from attention and improvement.

Performance management & governance

ESSEX MST SIB

In terms of the primary outcome of avoided days in care for participants, the Essex MST SIB is performing well compared to expectations. Indeed, **ECC spent more on SIB payments during the first two years of implementation than planned for, due to better than expected care prevention outcomes being achieved.**

While the total spending on the SIB is capped and has been budgeted for by ECC, the higher than anticipated rate at which payments are being made in the earlier years of the SIB, as a result of better than expected care prevention outcomes being achieved, caused some initial nervousness in the context of reduced local authority funding overall. At the same time, there is recognition that if current performance continues, ECC may stand to gain more than was projected since total payment on the SIB is capped. Indeed, ECC's payments may reduce dramatically after a point.

Despite the favourable performance for those going through the service, stakeholders reported that Essex still has a higher than average proportion of teenagers entering the care system. This has led to questions around whether the service, on its own, is sufficient in meeting ECC's overall aims and having the system level impacts originally anticipated.

Performance management & governance

Top tip: Explore whether it is possible or desirable to ‘build capacity’ amongst partners.

Within the SIB partnership there may be scope to build capacity and capability within different partner organisations, for the benefit of the SIB and also offering longer term potential. For example, there may be scope to increase provider capacity and capability with regards to performance monitoring, or for commissioner organisations to develop their knowledge and confidence in understanding how SIBs work, or for social investors to better understand the remit of the voluntary and community sector.



Performance management & governance

ESSEX MST SIB

To support the overall reporting requirements within the MST and the SIB, Action for Children has appointed a performance analyst. The Action for Children analyst has taken on performance data collection and analysis that had been previously carried out by CSSL. As such this has contributed to building new capacity within Action for Children which will be of value if the organisation delivers in future SIBs, or indeed could be applied to other services they deliver. This role is not a feature in other MST programmes.

Sharing learning

Partners involved in any SIB are all likely to have different perspectives on the critical success factors, challenges and enablers, as well as elements they would seek to replicate or seek to avoid in future or with the benefit of hindsight.

Top tip: Introduce mechanisms for reflection and sharing learning amongst partners involved in the SIB.

This could take the form of a facilitated workshop, a discussion during a programme board meeting, or an anonymous survey, to enable partners to express their thoughts regarding what's working well or less well.

SIBs remain a relatively new and innovative approach to financing interventions, with limited published evidence available about the outcomes achieved or 'what works' in developing and implementing a SIB. Any newly developed SIBs offer potential to add to the existing evidence base, and there is likely to remain a high level of interest in the insights being generated.

Exit planning

Top tip: Plan for an 'exit strategy' and/or how to build upon or scale up the SIB

In advance of the SIB coming to an end, it is important for commissioners to explore the evidence regarding the intervention, the outcomes being achieved locally, and the extent to which this aligns with original expectations. It may also be useful to reflect on the critical success factors for the intervention (for example, partner relationships, other interventions in place locally, the alignment with policy directives etc.). Finally, commissioners will want to reflect on the evidence of continuing need amongst the cohort, and how this balances out against competing priorities and the 'value for money' of the SIB overall.

Exit planning

Depending on the findings from this process, the commissioner will want to begin early discussions regarding either continuing the intervention and / or SIB, or exploring alternative mechanisms or interventions that they might seek to develop. These conversations are likely to commence well in advance of the SIB ending, for example, in a 5-year SIB the discussions might commence 18-months prior to its end, and will usefully involve:

01. Commissioning leads and any elected members or organisational leaders

02. Providers

03. Funders

04. Any intermediary organisations involved in the SIB



Exit planning

Commissioners will wish to explore the wider evidence base, regarding both SIBs and the particular issue they are seeking to address. Benchmarking and trend analysis are likely to prove particularly important here, as will performance against the original business plan, targets, aims and objectives.

Top tip: Consider how and when to engage with frontline staff

Frontline delivery staff are likely to be affected by any contractual decision making, and will be keen to know about future plans for sustaining or ending the intervention or SIB as soon as possible. They may also offer valuable insights about how well delivery is taking place, and / or be able to suggest potential improvements to or re-focusing of the approach. With this in mind, we recommend that strategic leads carefully consider the messaging to and engagement of frontline staff at the earliest opportunity during exit planning discussions, to minimise any negative impacts on morale and staff turnover, and to benefit from staff insights.

Top tips for you

The other sections in this interactive PDF have identified a number of 'top tips' that are relevant to various stakeholders involved in SIBs.

In this section, we have identified a number of additional 'top tips' that are relevant to specific audiences:

- a. Top tips for commissioners**
- b. Top tips for providers**
- c. Top tips for social investors**

Top tips for commissioners

01. Start with the problem you are trying to solve, and understand what that means in terms of appropriate commissioning approaches.

This may or may not result in a SIB.

02. Bring people along the journey.

This includes internal strategic and operational staff, as well as external partners. Engagement is critical in ensuring that various insights are brought to bear to generate the best possible solutions. It is also critical in ensuring buy-in and that everyone shares the same vision and understanding.

03. Recognise that, when designing a SIB, a commissioner will not have all the answers.

Some element of co-production with provider(s) and/or social investor(s) will be required.

04. Understand that not all SIBs are about 'savings' to the system.

They can be constructed to deliver the types of outcomes that may not deliver readily identifiable or 'cashable' savings.

Top tips for commissioners

05. Understand that ‘outcomes’ are not always simply those that matter to the statutory system (e.g. reduction in hospital admissions), but are also those that matter to service beneficiaries (e.g. wellbeing).

06. Recognise that a whole system approach is required when designing a SIB.

This influences how the desired intervention is to be aligned with existing services, as well as the interdependencies across different parts of the system that may influence the understanding of costs and benefits.

07. Be clear to yourself about what you intend to do with the intervention and/or with the SIB over the longer term.

What may need to be in place to ensure that the outcomes generated over the duration of the SIB will be sustained over the longer term?

Top tips for commissioners

08. Recognise that you will still have a role in facilitating or ‘unblocking’ a number of system barriers even when you have contracted via a SIB model.

For example, you may need to align incentives to ensure that your practitioners (e.g. social workers) work with the new service commissioned via a SIB to ‘pull in the same direction’.

09. Recognise that you cannot shift all of the risks onto social investors and/or providers.

You must be clear about your own risk appetite, and what it means to ‘hold’ and manage associated risks.

10. Be clear about what it means to perform contract management and due diligence as they relate to a SIB, and ensure that these are ‘designed in’ and resourced appropriately.

Top tips for commissioners

11. Appreciate that while you may wish to minimise risk for yourselves, having complex governance structures in place is not the answer as it places an ongoing and potentially disproportionate cost onto yourselves and others.

12. Pay attention to processes and structures for building and nurturing trust across the partnership and foster shared vision and purpose.

(i.e. with social investors, providers, and intermediaries where relevant).

13. Develop and share your understanding with other commissioning colleagues about what it means to commission and implement evidence-based programmes (if these are the focus of your SIB).

And share your understanding of how the associated practices, competencies and cultures may benefit other staff (e.g. social workers or other professionals from the statutory sector).

Top tips for commissioners

14. Appreciate that, when working in a multi-agency context, there can be different paradigms and orthodoxies in relation to what is 'good enough' and persuasive evidence.

(e.g. for clinical settings, evidence from randomised controlled trials can be preferred, while in social work, stories and vignettes can be powerful).

15. Build up your own internal capability to plan for and set up an outcomes-based commissioning approach, which may or may not lead to a SIB.

16. Share learning with other commissioners, both within and beyond your own organisation.

Top tips for providers

01. Be clear about the pros and cons of entering into this form of contracting arrangement.

02. Be clear about your own purpose, and understand where and how you may be willing to flex, and where you will not.

03. Be honest to yourselves about your 'readiness to engage' by clarifying your capacity and capability for measurement, performance management, relationship management, innovation and improvement.

04. Be clear on where you may require support, and how this will be resourced

(e.g. do you need additional support to help you improve your systems for monitoring? Do you need specific human resource advice or legal input?).

Top tips for providers

05. Anticipate, even where you may have a track record in monitoring and evaluation, that a SIB may impose additional requirements in terms of types of data, quality of data, scrutiny and use of data.

06. Involve service users in co-defining outcomes that matter to them, and work with commissioners to develop a holistic understanding of individual- and system-level outcomes.

07. Explore the relevance of, and potential for, using the Public Services (Social Value) Act (for those operating in the UK) to engage with commissioners at a pre-procurement stage.

08. Assess your ability to work with other providers, as some SIBs are set up for multi-provider delivery.

Top tips for providers

09. Clarify how you will use the experience of participating in a SIB to develop and test services, to grow the market for your services, and to forge and strengthen relationships.

10. Be clear about your appetite for risk and what you may do if only some of the outcomes are achieved, or outcomes are achieved but not at a desired threshold level.

(e.g. still being able to evidence successes where they have been achieved, and having plans to improve and build on lessons learned).

11. Understand that the SIB model does not simply restrict you to the role of 'service provider' just because you are an organisation that delivers services.

Delivery organisations can play other roles within a SIB, for example by being a co-investor.

Top tips for social investors

01. Recognise the importance of communicating your role, your motivations, and your vision and values as an organisation.

Expect that there will be a lack of understanding among commissioners and providers, and even a degree of suspicion. It is desirable to develop and plan for face-to-face interactions with commissioners and providers.

02. Explain how you 'add value' to implementation and to outcomes, so that you are not simply thought of as a source of funding with a sole expectation for financial returns.

03. Indicate your willingness to work collaboratively with commissioners and/or providers at an early stage, so that you can share your insights (and benefit from others' insights) about constructing contracts that are sensible.

04. Share your experiences, processes and tools, for helping commissioners and providers develop more nimble and responsive ways of working.

Recognise that different partners are used to different practices, some of which may be bureaucratic.

Top tips for social investors

05. Assess the relative strengths and weaknesses of the different SIB models that you invest in, and share that learning more widely.

06. Be honest about the pros and cons about SIBs and social investment more broadly.

07. Share successes and evidence of impact.

08. Be clear about how you assess whether a contract or a provider is 'investment ready'.

09. Work with partners to grow the provider market.

10. Clarify whether it may be appropriate for you to aim to build capacity within provider organisations through this form of investment.

Be explicit about how you do this should it be appropriate.

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