BLAVATNIK SCHOOL OF GOVERNMENT
UNIVERSITY OF OXFORD
GOVERNMENT OUTCOMES LAB

THE EVOLUTION OF SOCIAL OUTCOMES PARTNERSHIPS IN THE UK

Distilling fifteen years of experience from Peterborough to Kirklees

Perspectives from across academia, policy and practice

Edited by Andreea Anastasiu, Eleanor Carter & Mara Airoldi

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ABOUT THE GOVERNMENT OUTCOMES LAB

The Government Outcomes Lab (GO Lab) is a global centre of expertise based at the Blavatnik School of Government, University of Oxford. Our mission is to enable governments across the world to foster effective partnerships with the non-profit and private sectors for better outcomes.

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

You can find out more about our work at golab.bsg.ox.ac.uk.

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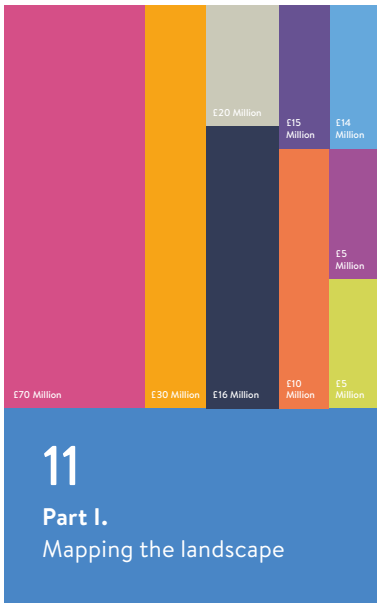

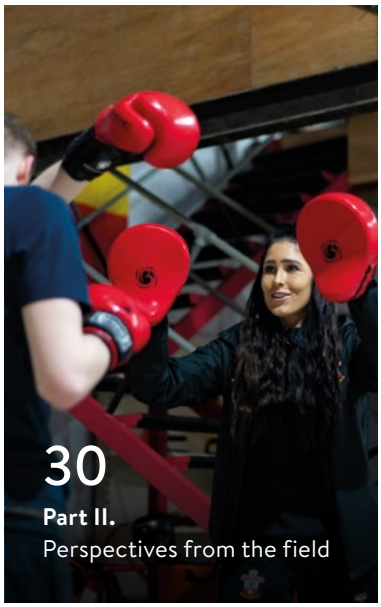

FOREWORD

In the UK and across the globe, public services today face unprecedented challenges. In an increasingly complex world, governments must find new ways to collaborate effectively and efficiently with the private and voluntary sectors.

This requires placing accountability, transparency, and trust at the heart of cross-sector partnerships. It also requires a commitment to learning from failure as well as success, and adopting a long term, systemic approach to tackling entrenched problems in our societies.

The UK has been at the forefront of fostering innovation in cross-sector partnerships, and for over a decade social outcomes partnerships have played a pivotal role in unlocking more collaboration, prevention, and flexibility in the provision of public services. These pioneering approaches hold significant potential, and indeed many other countries have drawn inspiration from the practice in the UK. However, to achieve lasting and sustainable impact, these initiatives need to be underpinned by a robust evidence base.

At the Blavatnik School of Government, our mission is to inspire and support better government and public policy around the world. We do so through rigorous scholarship, world-class teaching, and active engagement with government and practitioners. This ethos has guided the work of the Government Outcomes Lab (GO Lab) since its establishment in 2016 as a partnership between the Blavatnik School and the UK government. The GO Lab team have worked closely with government at all levels to conduct engaged research that provides constructive, actionable insights on how governments can foster effective cross-sector partnerships. This report is a testament to the critical role of blending scholarly research with practical understanding and lived experience, in generating evidence that informs and enhances government policy and practice.

As governments worldwide seek innovative solutions to pressing social issues, the importance of dialogue between actors, of active listening to perspectives from across research, policy and practice cannot be overstated. This report synthesises nearly a decade of research and data curation led by the GO Lab, alongside rich perspectives from leading scholars, practitioners and government officials in the field. By reflecting on the UK's experience with social outcomes partnerships, the report offers urgent, important and illuminating insights to the ongoing dialogue on how to achieve sustainable and impactful social outcomes in a world in crisis. I am confident that this report will serve as an invaluable resource for policymakers, practitioners, and researchers alike.

Professor Ngaire Woods
Dean of the Blavatnik School of Government
University of Oxford

PREFACE

Andreea Anastasiu, Executive Director, Government Outcomes Lab

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For some of our readers the reference to Peterborough and Kirklees in the subtitle of this publication might be opaque or even puzzling.

Many, though, will immediately recognise Peterborough as the first poster child for social impact bonds. The world's first impact bond was launched in 2010 by the UK's Ministry of Justice to reduce reoffending rates among short-sentenced offenders. The legacy of the Peterborough impact bond has been remarkable, and this programme is still frequently cited in many of our discussions with government officials both in the UK and across the world. This legacy is also evident in the academic literature, where the Peterborough impact bond is referenced in over 130 papers.

Some readers might also recognise Kirklees as the location of the UK's largest social outcomes partnership (the term that the UK government adopted in 2023 to refer to 'impact bonds'). The Kirklees Better Outcomes Partnership was launched in 2019 to provide support to over 6,000 individuals at increased risk of homelessness due to multiple disadvantage. This is one of the 29 projects supported through the Life Chances Fund, and one that we got to know very well through the in-depth evaluation we have been conducting as the UK government's learning and evaluation partner for the Life Chances Fund.

From Peterborough to Kirklees, it's not just the name used to describe these outcomes-focused partnerships that has changed - from social impact bonds to social outcomes partnerships. What has also evolved is how these partnerships are being used to address entrenched social issues. Our understanding of the mechanisms by which these partnerships can lead to better public services and ultimately better outcomes has also evolved.

There is a further reason why we chose to include these geographical references in the title of this report. They give a strong sense of place and help conceptualise social outcomes partnerships as being rooted in place, in communities, in local ecosystems of service provision. In a jurisdiction as highly centralised as the UK, this is particularly important, as social outcomes partnerships are increasingly seen as a way to give local areas greater power and a stronger voice in the provision of public services.

How did we get here?

Nearly fifteen years since the launch of the Peterborough impact bond, this partnership model has been stretched and flexed to fund a growing array of social programmes in health, employment, education, social care and beyond.

> *If you recognise the need for government to work more effectively with the private and non-profit sectors, and are curious about the potential of using a focus on outcomes to achieve that change, then this report will connect you with fellow reformers and offer encouraging examples for the path ahead.'*

Alongside this adaptation, we have also seen a shift in how this funding model is used and understood. What we consistently hear from the organisations leading these projects is that considerable value comes from the mechanism's ability to shift institutions and mindsets for more effective cross-sector collaboration. This happens through greater data-led flexibility in delivery, more responsiveness to local priorities, more efficiency and accountability for outcomes.

Indeed, our own research with projects such as the Kirklees Better Outcomes Partnership has highlighted the ability of outcomes-based partnerships to foster collaboration and more relational ways of working between parties. This can be a powerful driver of better social outcomes, particularly for those complex, multi-faceted social problems where straightforward solutions do not exist and where the traditional tools for public service contracting and delivery are no longer adequate.

Yet for many beyond the immediate community working on these cutting-edge partnerships, impact bonds or social outcomes partnerships still equal the Peterborough impact bond.

This means that the understanding of the practice, potential and proof of impact of these innovative approaches remains fragmented and partial.

Significant opportunities for public sector reform and systemic change will be missed as long as a fog of baffling terminology and misinterpretation clouds the role of outcomes and effective cross-sector partnerships in tackling the acute public services crisis.

Who is this report for?
This report will be most helpful to leaders working in government, in service delivery organisations, civil society groups, and socially motivated private sector organisations, that are outcomes-focused and recognise the acute need for change in the funding and provision of public services and social programmes. If you recognise the need for government to work more effectively with the private and non-profit sectors, and are curious about the potential of using a focus on outcomes to achieve that change, then this report will connect you with fellow reformers and offer encouraging examples for the path ahead.

The report will be relevant to policy-makers thinking about how to balance accountability and flexibility in the commissioning of large government programmes that require a constellation of local and central government organisations to work together effectively; it will be relevant to local government managers looking for more efficient ways to work with service providers responsible for the provision of vital services such as children's social care, mental health, homelessness support, and adult social care; it will also be relevant to those delivery organisations looking to embed a greater focus on impact into their way of working.

While many of the social issues and considerations discussed in this report are anchored in current public sector reform challenges in the UK context, much of the learning from UK's experience with social outcomes partnerships can help inform policy and practice across the globe. Social outcomes partnerships are context dependent, and comparative learning brings more nuance, clarity, and coherence to our collective understanding of the lessons learnt from the UK's experience.

Our approach
In putting together this report, our vision has been to craft a comprehensive yet accessible anthology that can help both those new to social outcomes partnerships as well as those more familiar with this approach to navigate the evidence and practical experiences that have emerged from the field over the past fifteen years.

At the Government Outcomes Lab, we have been conducting research on the use of social outcomes partnerships for nearly a decade, and – perhaps unusually for an academic organisation - we have also been spending a great deal of time listening to and learning from practitioners. It is because we believe so deeply in the value of learning from practice that this report creates the space for experienced voices in the field to share their own perspectives. This collective authorship might have been a gamble, as building some coherence and a shared narrative across a diverse group of contributors is no easy task, but we trust this approach adds a level of depth that data and research alone cannot offer. We are immensely grateful to all the guest authors who have contributed to this report for so generously, thoughtfully, and openly sharing their learning.

Finally, none of this work would have been possible without the ongoing support and bold vision of the Blavatnik School of Government at the University of Oxford and the UK Government, who joined forces in 2016 to set up the Government Outcomes Lab as a global centre of expertise for outcomes-based partnerships. The knowledge we've been able to distil and share widely with the global community of practice would not have been possible without the UK Government's firm commitment to transparency, openness and learning; nor would it have been possible without the School's unwavering support for engaged, inclusive and constructive research with and for government.

Taken together we hope that the contributions included in this publication will help foster a much clearer understanding of the value of outcomes-based partnerships and the importance of putting outcomes and effective cross-sector collaboration at the heart of public service delivery.

Significant opportunities for public sector reform and systemic change will be missed as long as a fog of baffling terminology and misinterpretation clouds the role of outcomes and effective cross-sector partnerships in tackling the acute public services crisis.'

GLOSSARY OF ACRONYMS

Acronym	Definition
BOP	Bridges Outcomes Partnerships
CBO	Commissioning Better Outcomes
DCD	Department of Community Development, Abu Dhabi
DCMS	Department for Culture, Media and Sport
DLUHC	Department for Levelling Up, Housing and Communities
DREAM	Demand from government, Regulatory framework, Economic and political context, Availability of data, Market capacity
DWP	Department for Work and Pensions
ED	Emergency Department
EJAF	Elton John Aids Foundation
GLA	Greater London Authority
GO Lab	Government Outcomes Lab
GP	General Practitioner
HMP	His Majesty's Prison
ICB	Integrated Care Board
INDIGO	International Network for Data on Impact and Government Outcomes
IPS	Individual Placement and Support
KBOP	Kirklees Better Outcomes Partnership
KDASS	Kirklees Domestic Abuse Partnerships
KMC	Kangaroo Mother Care
LCF	Life Chances Fund
LGC	Local Government Chronicle
LMIC	Lower-Middle Income Country
MHCLG	Ministry for Housing, Communities and Local Government
MHEP	Mental Health and Employment Partnership
NHS	National Health Service
OBC	Outcomes-Based Contracts
OHID	Office for Health Improvement and Disparities
PbR	Payment by Results
SHPS	Single Homeless Prevention Service
SIB	Social Impact Bond
SOC	Social Outcomes Contract
SOP	Social Outcomes Partnership
SPV	Special Purpose Vehicle
Thrive.NEL	Thrive North-east Lincolnshire
TNLCF	The National Lottery Community Fund
VCSE	Voluntary, Community, & Social Enterprise

INTRODUCTION

What are social outcomes partnerships?

While there is 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

As such, social outcomes partnerships bring together three key partners: an outcome payer, a service provider, and an investor. In practice, there may be multiple organisations that make up each of these partnership roles. Often technical advisers, performance management experts, and evaluators are also involved. In practice, there is wide variation in terms of the contractual arrangements and the ways of working within social outcomes partnerships, with the textbook model having been considerably stretched to respond to different circumstances[1].

How have social outcomes partnerships been used in the UK?

In 2010, the UK government announced the launch of the world's first impact bond at HMP Peterborough. At its inception, this way of funding was primarily seen as an innovative way to attract investment from outside the public sector, from socially motivated investors, for hard-to-fund preventative programmes that could help address deep-rooted social issues[2]. Since then nearly 100 social outcomes partnerships or impact bonds have been launched in the UK, out of a total of almost 300 globally. In the UK social outcomes partnerships have been used across a diverse range of policy areas, in particular for employment and training, homelessness support and prevention, child and family welfare, health, education, and criminal justice.

Many of the projects implemented in the UK have been supported through dedicated outcomes funds. Several of these outcomes funds have brought together multiple government departments and/or levels of government as joint outcome payers. These include the Youth Engagement Fund, the Fair Chances Fund, the Commissioning Better Outcomes Fund and the Life Chances Fund. Further information on these funds and the projects they supported is included in the Mapping the landscape section of this report.

Scope of this report

In 2018, our first landmark evidence report on the use of social outcomes partnerships – Building the tools for public services to secure better outcomes - explored in detail the rationales for and active ingredients in social outcomes partnerships. We proposed a constructive way of looking at these partnerships as tools for public sector reform.

This publication builds on that initial report to add fresh insights into the evolution of the practice and evidence around the use of social outcomes partnerships. Much of what we explored in the Building the tools report has stood the test of time, in particular our distillation of the main rationales for using social outcomes partnerships as a way to foster more collaboration, prevention and innovation in public services and our observations about the adaptability or 'stretchy' nature of the model. These are some of the themes we return to in this report.

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 that outcomes funds such as the Life Chances Fund have adopted. For example, in a world's first, granular, interim performance data for the projects supported through the Life Chances Fund is available openly in the public domain, while in-depth evaluation work has enabled us to move beyond the numbers to gain a better understanding of the mechanisms of impact and the distinctive ways of working within social outcomes partnerships. This is why much of the analysis and examples in this report are grounded in, although not limited to, the experience of the Life Chances Fund.

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1 Carter, E., FitzGerald, C., Dixon, R., Economy, C., Hameed, T., Airoldi, M., 2018. Building the tools for public services to secure better outcomes: Collaboration, Prevention, Innovation. Government Outcomes Lab. URL https://golab.bsg.ox.ac.uk/knowledge-bank/resource-library/evidence-report/
2 Travis, A., 2010. Will social impact bonds solve society's most intractable problems? The Guardian. URL https://www.theguardian.com/society/2010/oct/06/social-impact-bonds-intractable-societal-problems

This report is organised in three parts:

Part I offers a factual snapshot of the state of play with social outcomes partnerships and outcomes funds in the UK, drawing on data curated by the GO Lab team and publicly available on our knowledge hub.

Part II brings together a collection of essays, capturing learning from a diverse set of experts from across academia, policy and practice. These chapters reflect the specific insights and experience of their respective authors – be it voices from local and central government, from delivery organisations, from the investment community or from researchers and evaluators.

Part III sheds light on some of the most common misconceptions related to the use of social outcomes partnerships.

Taken together the three sections provide a comprehensive view of the evolution of social outcomes partnerships in the UK over the past fifteen years. Yet the picture that the report offers is an incomplete one – to fully understand the impact, value and potential of these partnerships, we also need to take a forensic look at the evidence on the cost effectiveness and value for money of social outcomes partnerships. Are social outcomes partnerships a more effective and efficient way to fund social programmes, as compared to alternative commissioning approaches? This is the question at the heart of the impact evaluation work we are conducting through the Life Chances Fund. This work is underway at the time of the writing, and we will share our findings with the global community of practice once the evaluation work is concluded in 2025.

> “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 that outcomes funds such as the Life Chances Fund have adopted.’

A note on terminology

The terms used to describe these outcome-focused cross-sector partnerships vary widely. ‘Social impact bond’ or ‘SIB’ is the original term coined to describe ‘a way of creating an investment vehicle for social value’[3]. Increasingly, though, 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 went a step further and, in a nod to the intentionally cooperative nature of these approaches, adopted the term ‘social outcomes partnerships’.

Elsewhere in the world these approaches are referred to as ‘pay-for-success’ (the United States) and ‘social benefit bonds’ (Australia). In Europe, these models are often referred to as ‘social outcomes contracts’. In other parts of world, ‘impact bond’ remains the most used label. While in practice the design of these projects can vary widely, all are underpinned by a (partial) payment by results mechanism – the practice of paying providers (or investors) for delivering services based wholly or partly on the results that are achieved.

Throughout this report, we use impact bonds and social outcomes partnerships interchangeably. In Part I of this report we draw heavily on the global Impact Bond Dataset we have been collaboratively curating since 2019. As this resource is a reference point for the global community of practice we have kept the ‘impact bond’ label in the title of the dataset, but when we refer to specific UK-based projects we describe them as ‘social outcomes partnerships’. In Part II of this report, each guest author uses their preferred terminology.

‘Outcomes fund’ is a term used to describe an approach that enables several outcomes-based contracts to be grouped in a portfolio to be developed and supported in parallel. Outcomes funds pool funding to financially reward the successful delivery of outcomes, with disbursal of funding contingent on results. Outcomes funds initiate and support multiple, independent outcomes-based contracts. Outcomes funds are not investment funds: there is no expectation of financial return[4].

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3 Mulgan, G., n.d. Ideas into Action. Geoff Mulgan. URL https://www.geoffmulgan.com/ideas
4 Savell, L., Carter, E., Airoldi, M., FitzGerald C., Tan, S., Outes Velarde, J., Macdonald, J. R., 2022. Understanding outcomes funds: A guide for practitioners, governments and donors. Government Outcomes Lab. URL https://golab.bsg.ox.ac.uk/knowledge-bank/resource-library/understanding-outcomes-funds-a-guide-for-practitioners-governments-and-donors/

PART I.
SOCIAL OUTCOMES PARTNERSHIPS IN THE UK: MAPPING THE LANDSCAPE

Eve Grennan
Data Officer

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Senior Data Steward

This section offers a comprehensive overview of the state of play of social outcomes partnerships and outcomes funds in the UK. We explore the types of organisations involved, the outcome metrics used, the types of social issues addressed, and more.

The graphs and analysis included in this section draw on information publicly available through our International Network for Data on Impact and Government Outcomes (INDIGO) Impact Bond Dataset - the world's largest open-access dataset on social outcomes partnerships/impact bonds.

The INDIGO Impact Bond Dataset is curated by the GO Lab team, with contributions from the global community of practice. We are grateful to all those organisations that have generously shared data with us to help build this dataset.

You can access the dataset at:
https://golab.bsg.ox.ac.uk/knowledge-bank/indigo

1

INTRODUCTION

This section uses publicly available project-level data from the 99 social outcomes partnerships implemented in the UK, to tell the story of the past 15 years of experimentation with these innovative outcomes-based partnerships.

Our ability to describe the landscape of impact bonds or social outcome partnerships, as they are increasingly known in the UK, is underpinned by the INDIGO Impact Bond Dataset[5]. This dataset has been curated by the GO Lab since 2019, as part of our International Network for Data on Impact and Government Outcomes (INDIGO). This is a global data and learning collaborative, where different organisations share their data on a voluntary basis to create rich, open-access data assets that help advance the understanding of outcomes-based partnerships.

We have built the INDIGO Impact Bond Dataset in close collaboration with the community of practitioners, policymakers and researchers working on social outcomes partnerships. We rely on their support to secure access to data and to co-create meaningful data visualisations. While we have made every effort to ensure that the data included in the INDIGO Impact Bond Dataset is as accurate and up to date as possible, we recognise that in some instances data might be incomplete. If you hold additional data on any of the projects included in the dataset that you'd like to share with the global community of practice, get in touch with us at indigo@bsg.ox.ac.uk.

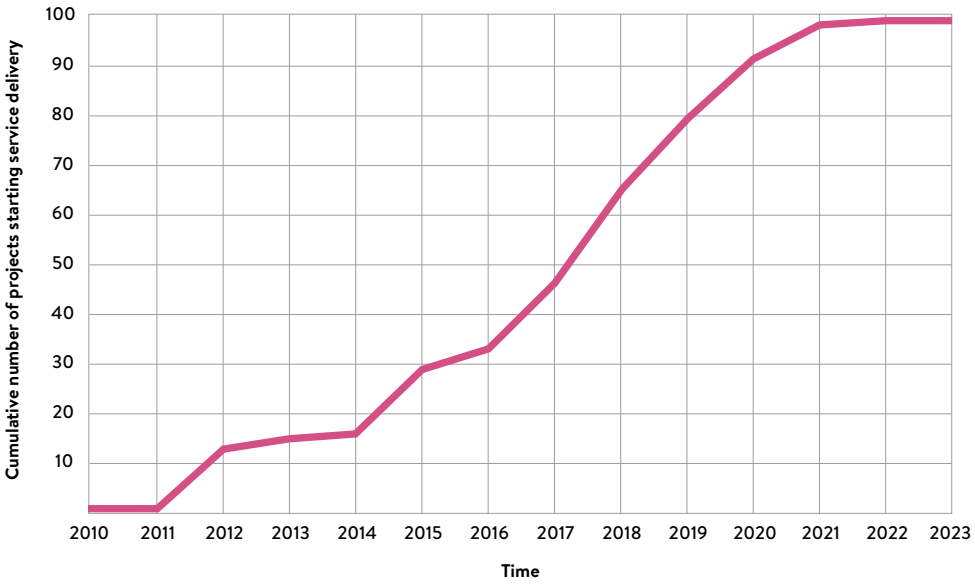
This section is divided into three parts:

1. **Social outcomes partnerships in the UK**
2. **Outcomes funds in the UK**
3. **Social outcomes partnerships at a local level**

5 Government Outcomes Lab, n.d. INDIGO Impact Bond Dataset. URL https://golab.bsg.ox.ac.uk/knowledge-bank/indigo/impact-bond-dataset-v2/

1. SOCIAL OUTCOMES PARTNERSHIPS IN THE UK

Figure 1. Number of social outcomes partnerships in the UK



As of June 2024, 99 social outcomes partnerships have been implemented in the UK. Figure 1 shows the cumulative number of projects launched in the UK by year.

These projects address different social challenges, such as unemployment, refugee integration, poor mental health, and family breakdown.

More than 110,000 users have benefited from services delivered under this funding model and more than £80 million has been raised from the private sector as upfront capital for these projects[6].

Projects also vary in terms of upfront capital invested, maximum potential outcome payments and the size of the cohort. For instance, the project with the highest maximum potential outcome payment is the Kirklees Better Outcomes Partnership (KBOP), with more than £20 million in potential outcome payments. The project with the largest cohort of service users is Single Homeless Prevention Service (SHPS), targeting more than 8,900 people.

6 When projects have no data for exact amount of upfront capital, they often provide a range of minimum and maximum investment commitment. To avoid making assumptions, we include minimum amount of investment commitment in the overall sum of investment when there is no exact value.

Figure 2. Distribution of projects' delivery locations in the UK

Figure 2 shows the distribution of service delivery locations of social outcomes partnerships in the UK. Each pin corresponds to a delivery location. One project can deliver a service in more than one location, so one project could account for two or more pins in the map above.

To date, there have been no SIBs in Northern Ireland, one project in Wales, and one in Scotland, with the remainder adopted across England. More data on the characteristics of the UK projects can be found in the INDIGO Impact Bond Dataset.

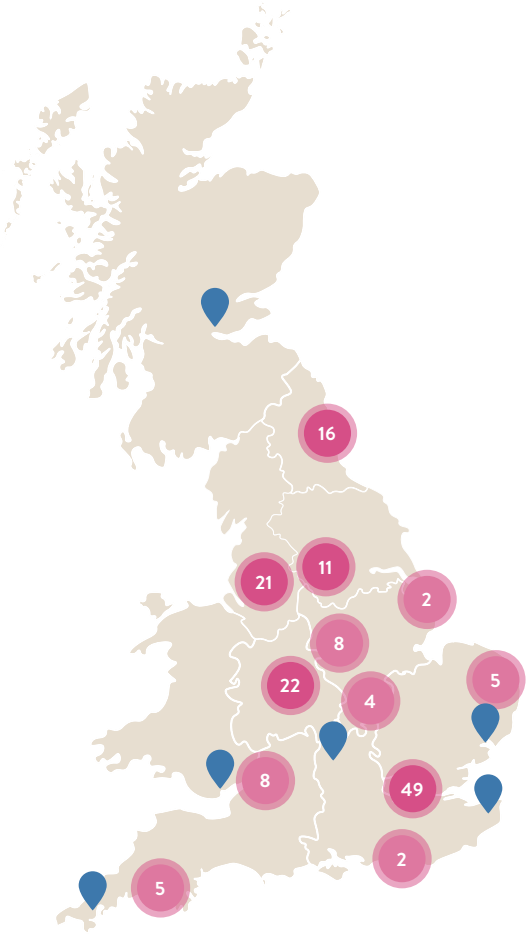
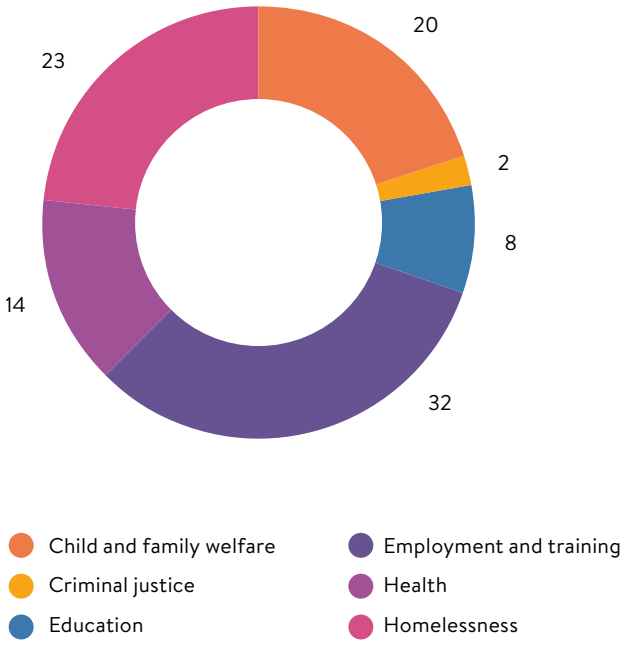


Figure 3. Distribution of projects by policy sector

Figure 3 presents the distribution of projects by policy sector.

Employment and training is the dominant policy sector with 32 projects. Other projects operate across a range of policy areas, with 23 classified under homelessness, 20 under child and family welfare, 14 under health, 8 under education and 2 under criminal justice[7].

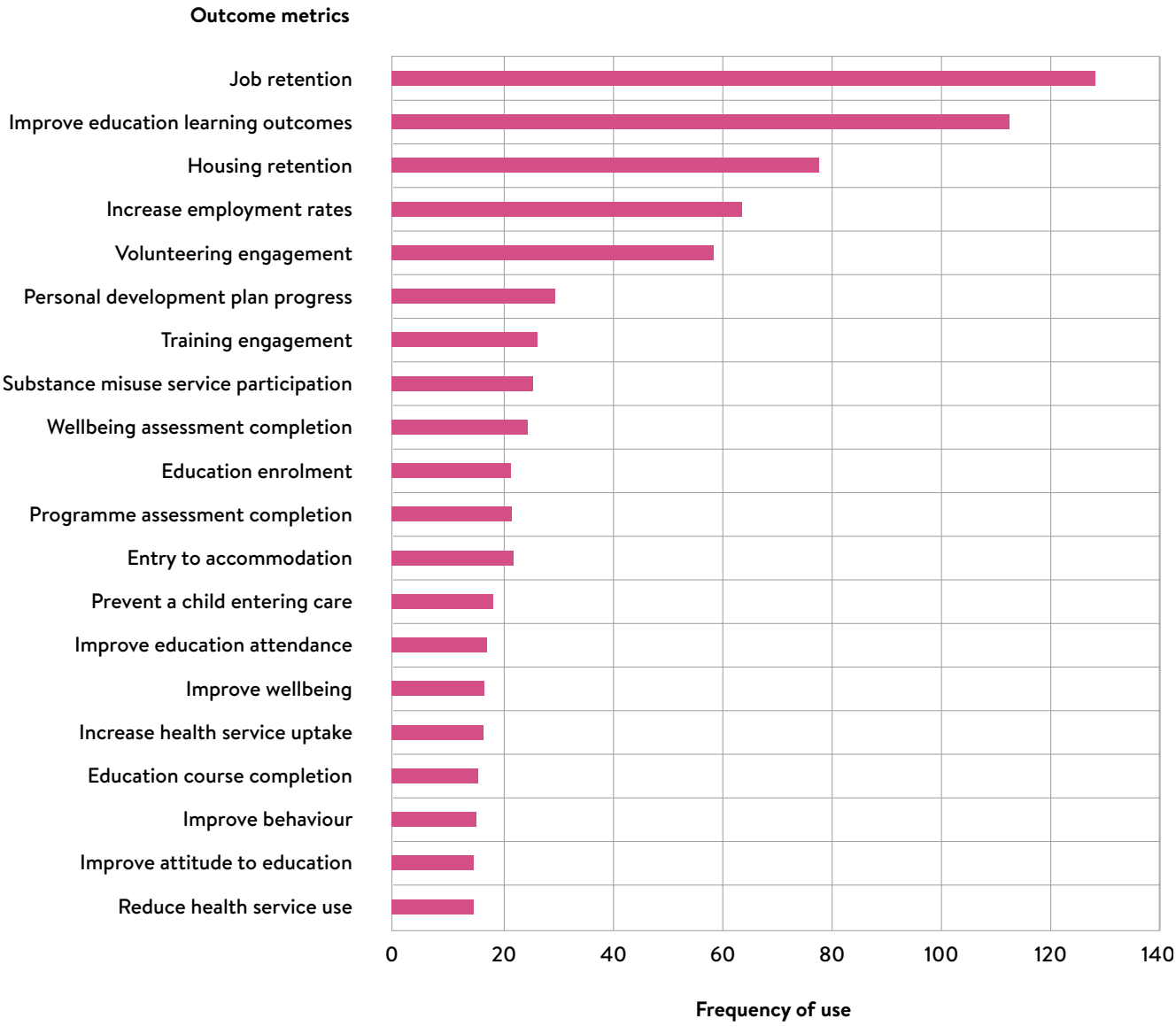


7 We acknowledge that there is some ambiguity in classifying each impact bond project against a single policy domain, as some projects may well be related to two or more policy domains. Future work may recode or reclassify projects accordingly.

Figure 4. What outcome metrics have been used the most? Frequency of top 20 outcome metrics

The UK projects have used a wide variety of outcome metrics in their contracts[8]. To facilitate comparability across projects, we have coded each metric in the Impact Bond Dataset and converted them into metric categories. Each category may encapsulate multiple metrics. For example, the 'Job retention' category encapsulates '26 weeks full-time employment' and '13 weeks part-time employment'. If a project uses both metrics '26 weeks full-time employment' and '13 weeks part-time employment', we consider that the project is using the 'job retention' category twice.

Figure 4 shows a list of the 20 coded outcome metrics that have been used the most in UK projects. Job retention and improving learning outcomes have been used more than 100 times, and housing retention has been used more than 60 times.



8 The INDIGO Impact Bond Dataset includes outcome metrics which could be classified as outputs. However, they have not been identified as such in the dataset and have been treated as outcome metrics.

Figure 5. Which organisations have been involved in social outcomes partnerships?

417 organisations have been involved in social outcomes partnerships in the UK.

173 organisations act as service providers, 142 organisations are outcome payers or commissioners, 76 organisations are investors, and 26 organisations play an intermediary role in these partnerships[9].

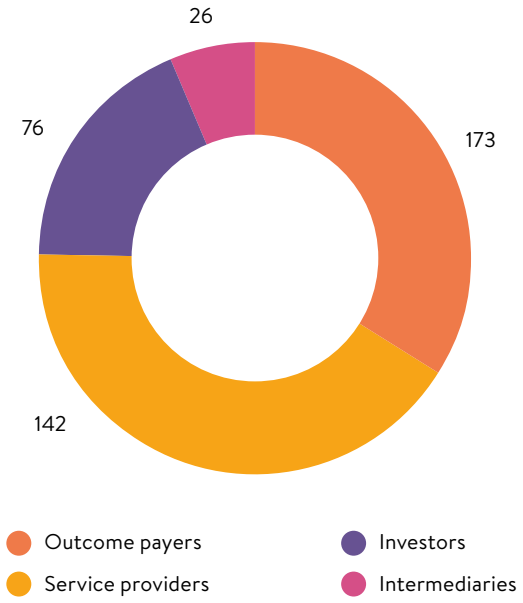
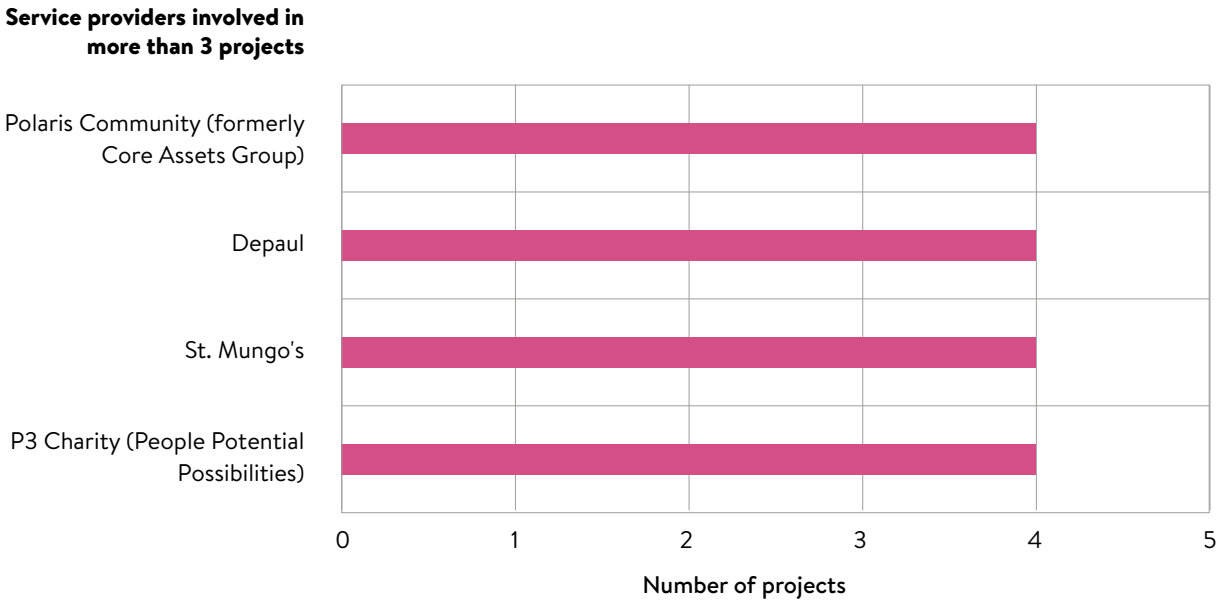


Figure 6. Different types of organisations with the highest project involvement

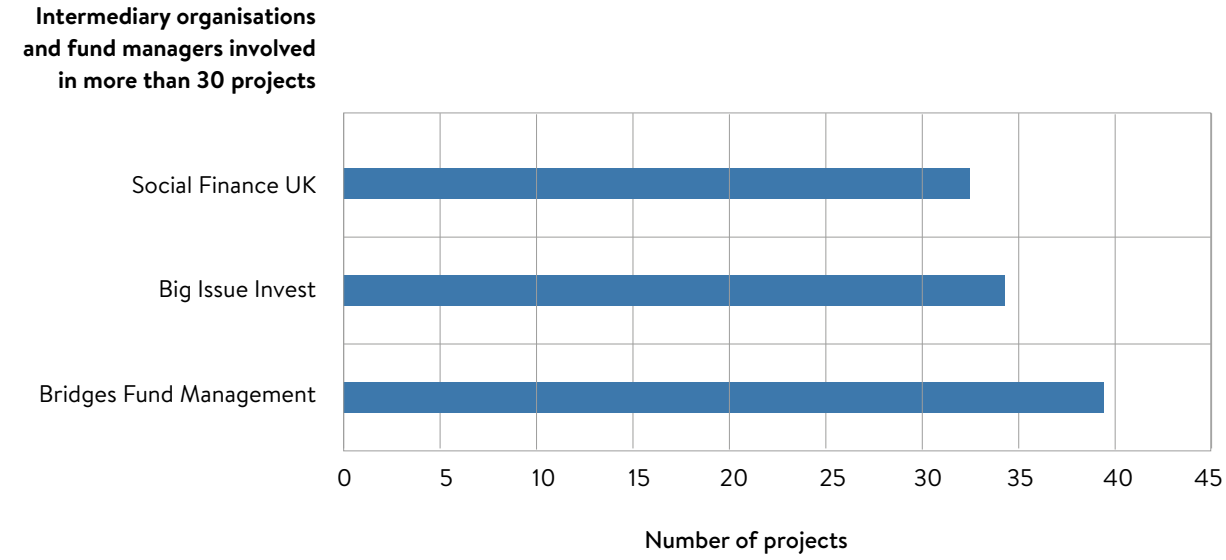
The figures below show the organisations that have been part of the highest number of projects. The thresholds have been arbitrarily set to identify just a few organisations that are active in this ecosystem. The entire list of organisations involved in impact bond projects can be found in the INDIGO Organisation Dataset[10].

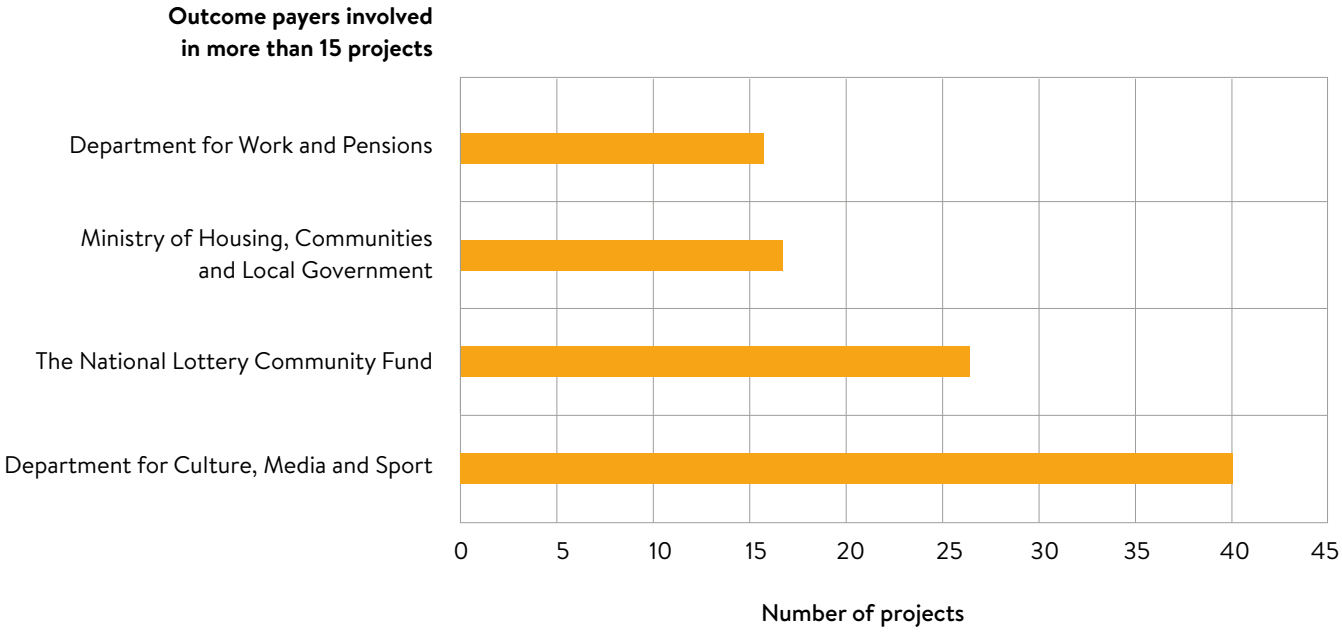


9 For more information on roles of the different types of organisations involved in social outcomes partnerships, you can read our introductory guide to outcomes-based partnerships, available at: Government Outcomes Lab, n.d. Impact Bonds. Government Outcomes Lab. Accessed 30 July 2024. URL https://golab.bsg.ox.ac.uk/the-basics/social-impact-bonds/

10 Government Outcomes Lab, n.d. Organisation Directory. Accessed 31 July 2024. URL https://golab.bsg.ox.ac.uk/knowledge-bank/indigo/organisation-directory/

Figure 6. Charts 2 and 3





2. OUTCOMES FUNDS IN THE UK

Outcomes funds are becoming an increasingly prominent approach within the outcomes-based funding ecosystem.

Broadly speaking, an outcomes fund is an approach that enables several outcomes-based partnerships to be grouped in a portfolio to be developed and supported in parallel (or in close succession). They signal a commitment to pay for social outcomes, rather than inputs or activities.[11]

As of June 2024, the UK central government has launched 10 outcomes funds. Using data from the INDIGO Outcomes Fund Directory[12], the table below describes host institutions, dates, purpose, monetary value (aspiration)[13] and achieved outcomes for the UK outcomes funds.

Table 1. Overview of outcomes funds in the UK

Innovation Fund

Host Institution: Department for Work and Pensions (DWP)

Date Expression of Interest (EoI) was published: 2011-01

Aims: The Innovation Fund aimed to support disadvantaged young people by helping them participate in education and training to improve their employability. The fund aimed to support the development of the social investment market and test the generation of benefit savings alongside wider fiscal and social benefits.

Total Outcomes Fund value aspiration

£30 Million

Achieved outcomes

68%	of participants were enrolled in school or college after the Innovation Fund Pilot,
10%	were working on a paid job,
14%	were taking a training course,
7.1%	were doing an apprenticeship and
6.6%	were doing a traineeship[14].[15]

11 Savell, L., Carter, E., Airoldi, M., FitzGerald C., Tan, S., Outes Velarde, J., Macdonald, J. R., 2022. Understanding outcomes funds: A guide for practitioners, governments and donors. Government Outcomes Lab. URL https://golab.bsg.ox.ac.uk/knowledge-bank/resource-library/understanding-outcomes-funds-a-guide-for-practitioners-governments-and-donors/

12 Government Outcomes Lab, n.d. INDIGO Outcomes Fund Directory URL https://golab.bsg.ox.ac.uk/knowledge-bank/indigo/fund-directory/'

13 The variable reads 'Total Outcome Fund – value – aspiration' as we capture the maximum amount of resources that the fund aims to spend as outcome payments. It does not necessarily mean that all those resources have been spent in outcome payments.

14 The Innovation Fund commissioned a quantitative and a qualitative evaluation. The evaluations presented contrasting evidence. While the qualitative evaluation found that the projects had positive impact on participants, the quantitative evaluation results were mostly negative. The figures presented in Table 1 for the Innovation Fund were extracted from the quantitative evaluation: Department for Work and Pensions, 2018. Evaluation of the Innovation Fund pilot: Quantitative assessment of impact and social return on investment. URL https://assets.publishing.service.gov.uk/media/5b87ce4440f0b63cacd32743/evaluation-of-the-innovation-fund-pilot-quantitative-assessment-of-impact-and-social-return-on-investment.pdf

15 Evaluation of the Innovation Fund pilot. Quantitative assessment of impact and social return on investment. September 2018. A report of research carried out by National Centre for Social Research on behalf of the Department for Work and Pensions. https://assets.publishing.service.gov.uk/media/5b87ce4440f0b63cacd32743/evaluation-of-the-innovation-fund-pilot-quantitative-assessment-of-impact-and-social-return-on-investment.pdf

GLA Rough Sleeping Programme

Host Institution: Greater London Authority (GLA)

Date Expression of Interest (EoI) was published: 2012-05

Aims: The GLA Rough Sleeping programme aimed to improve outcomes for homeless individuals in London using an outcomes-focused approach to promote a move into settled accommodation and more stable lifestyles.

Total Outcomes Fund value aspiration

£5 Million

Achieved outcomes: After 3 years of service delivery,

304 people entered stable accommodation,

241 sustained accommodation for 12 months, and

184 sustained accommodation for 18 months.[16]

Commissioning Better Outcomes Fund Social Outcomes Fund

Host Institution: The National Lottery Community Fund

Date Expression of Interest (EoI) was published: 2013-07

Aims: The overarching aim was to grow the market in SIBs, while each fund had a specific focus that reflected the missions of The National Lottery Community Fund and Cabinet Office. For The National Lottery Community Fund, this was to enable more people, particularly those most in need, to lead fulfilling lives, in enriching places and as part of successful communities. For the Cabinet Office, this was to catalyse and test innovative approaches to tackling complex issues using outcomes-based commissioning.

Total Commissioning Better Outcomes Fund value aspiration

£40 Million

Total Social Outcomes Fund value Aspiration

£20 Million

Achieved outcomes: The CBO and SOF funds support a variety of projects addressing several social challenges and each using different outcome metrics. It is difficult to summarise all those achievements in this table. There are :

9 in-depth reviews and

3 update reports for the entire cohort of projects[17].

16 Qualitative Evaluation of the London Homelessness Social Impact Bond (SIB). Available from: https://assets.publishing.service.gov.uk/media/5a821b5ded915d74e6235d19/Qualitative_Evaluation_of_the_London_Homelessness_SIB.pdf

17 A series of evaluation reports and in-depth reviews of impact bond projects supported by Commissioning Better Outcomes Fund can be found in the National Lottery Community Fund Evidence Library: National Lottery Community Fund, n.d. Insights from our funding: documents. Accessed 30 July 2024. URL https://www.tnlcommunityfund.org.uk/insights/documents?q=Commissioning+Better+Outcomes+Fund&programme =&portfolio=

Fair Chance Fund

Host Institution: Ministry of Housing, Communities and Local Government (MHCLG)

Date Expression of Interest (EoI) was published: 2014-01

Aims: The Fair Chance Fund aimed to stimulate innovative, replicable approaches to improve accommodation and work outcomes for young, homeless people (mostly 18-24 years) whose support needs are poorly met by existing services because of the complexity of their circumstances. The fund aimed to reduce long term benefit dependency, health problems and crime.

Total Outcomes Fund value aspiration

£15 Million

Achieved outcomes

1657	people entering accommodation,
1042	people entering education or training,
252	people volunteering for six weeks and
623	entering employment.[18]

Youth Engagement Fund

Host Institution: Department for Work and Pensions (DWP)

Date Expression of Interest (EoI) was published: 2014-07

Aims: The Youth Engagement Fund aimed to help disadvantaged young people to participate and succeed in education or training in order to improve their employability, reduce their long-term dependency on benefits, and reduce their likelihood of offending. The Government aimed to provide funding through social impact bonds and will only pay if projects lead to positive outcomes.

Total Outcomes Fund value aspiration

£16 Million

Achieved outcomes: In total, the Youth Engagement Fund achieved

23,175	outcomes (one person could achieve more than one outcome). For instance,
3,901	young people gained education qualification,
3,859	young people improved their attitude to school and education and
3,591	young people improved their behaviour at school.[19]

18 ICF Consulting Services & Ministry of Housing, Communities and Local Government. (2019) Evaluation of the Fair Chance Fund. London: Ministry of Housing, Communities and Local Government. https://assets.publishing.service.gov.uk/media/5cac6d7340f0b670050bf788/Fair_Chance_Fund_final_report.pdf

19 Ronicle, J. & Smith, K. (2020) Youth Engagement Fund Evaluation. Birmingham: Ecorys. https://assets.publishing.service.gov.uk/media/5ec66044d3bf7f45fa0989d3/YEF_Evaluation_Report_.pdf

Rough Sleeping Programme (DCLG 2016)

Host Institution: Ministry of Housing, Communities and Local Government (MHCLG)

Date Expression of Interest (EoI) was published: 2016-10

Aims: The 2016 Rough Sleeping Programme (DCLG) aimed at supporting the most entrenched rough sleepers in England. The social impact bonds sought to stop entrenched rough sleepers from living on, or returning to the streets, by helping them into accommodation, addressing their other needs (mental health problems, long-term health conditions, etc.) and through more personalised and holistic support.

Total Outcomes Fund value aspiration

£10 Million

Achieved outcomes: This outcome fund was part of a bigger initiative from MHCLG around homelessness. We have not found an evaluation report that allows us to isolate the results of the outcome fund's projects from the overall achievements of the entire initiative. However, there are reports evaluating particular impact bonds under this outcome fund.

In Manchester,

328 individuals entered into accommodation,

315 individuals sustained this accommodation for 6 months and

273 individuals sustained it for 12 months.[20]

Care Leavers

Host Institution: Department for Education (DfE)

Date Expression of Interest (EoI) was published: 2018-02

Aims: The Care Leavers Programme sought to support care leavers to participate in sustained education, employment and training (EET) through Social Impact Bonds and to build an evidence base of what works to support care leavers into EET.

Total Outcomes Fund value aspiration

£5 Million

Achieved outcomes: This fund achieved

1,338 employment outcomes,

988 education and training outcomes,

122 work experience and volunteering outcomes and

2,358 stability and wellbeing outcomes.[21]

20 Greater Manchester Entrenched Rough Sleeping Social Impact Bond: Year 2 and 3 evaluation (July 2021) – GMCA. https://www.greatermanchester-ca.gov.uk/media/5230/gmca-rough-sleeping-sib-evaluation.pdf

21 Davey, C., Elsby, A., Erskine, C., Hill-Newell, M., Monk, L., Palmer, H., Smith, R., Whitley, J., Williams, M., Stanworth, N. & Baker C. (2023) Evaluation of the Care Leavers Social Impact Bond (SIB) programme. London: Department for Education. https://assets.publishing.service.gov.uk/media/64b14dac07d4b8000d3472ea/Evaluation_of_the_Care_Leavers_Social_Impact_Bond__SIB__programme.pdf

Life Chances Fund

Host Institution: Department for Culture, Media and Sports (DCMS)

Date Expression of Interest (EoI) was published: 2016-07

Aims: The Life Chances Fund is a commitment by central government to help people in society who face the most significant barriers to leading happy and productive lives. The fund aims to tackle entrenched social issues and is structured around six key themes: drug and alcohol dependency, children's services, early years, young people, older people's services, and healthy lives.

Total Outcomes Fund value aspiration

£80 Million

Achieved outcomes: Most of the Life Chances Fund projects are still under implementation. Interim performance data for the Life Chances Fund projects can be found in the INDIGO Impact Bond Dataset.

Refugee Transitions Outcomes Fund

Host Institution: Home Office

Date Expression of Interest (EoI) was published: 2022-03

Aims: This initiative aims to increase the self-sufficiency and integration of newly granted refugees, helping them to move into work, learn English, access housing and build links in their local communities. It aims to support innovative approaches, with a focus on achieving employment, housing and wider integration outcomes. It is working with four areas in England to pilot holistic and place-based approaches to addressing the challenges and barriers that newly granted refugees face.

Total Outcomes Fund value aspiration

£13,990,000

Achieved outcomes: The Refugee Transitions Outcomes Fund projects are still under implementation.

Note: *This data includes examples of outcome achievements of funds sourced from publicly available evaluation reports. Outcome achievement figures for the Rough Sleeping Programme (DCLG 2016) have not been found, so they are not included in this figure.*

Figure 7. Number of projects funded by outcomes funds over time

Figure 7 shows the number of projects launched in the UK by year. The bar colours represent the different outcomes funds supporting the projects.

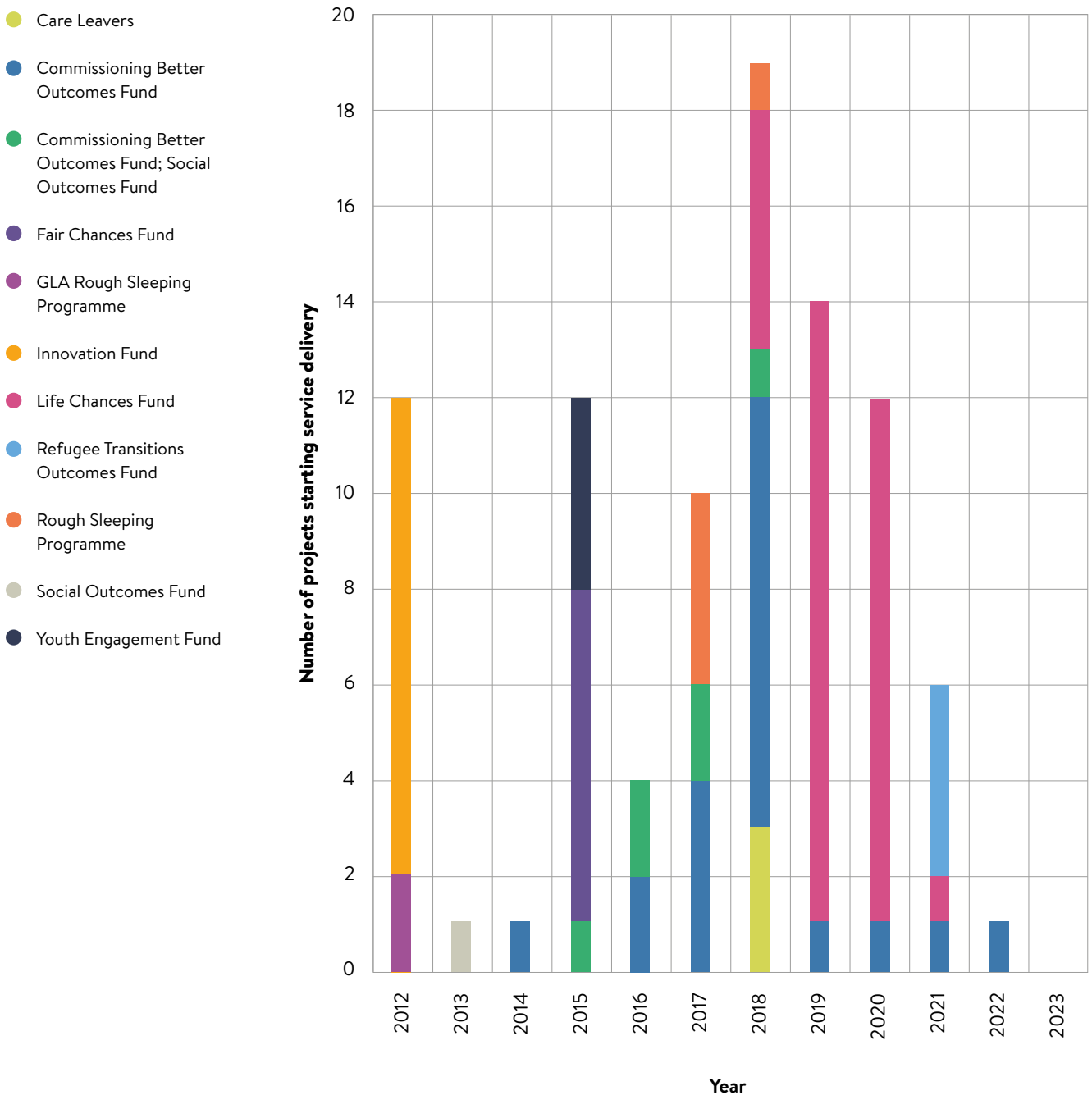
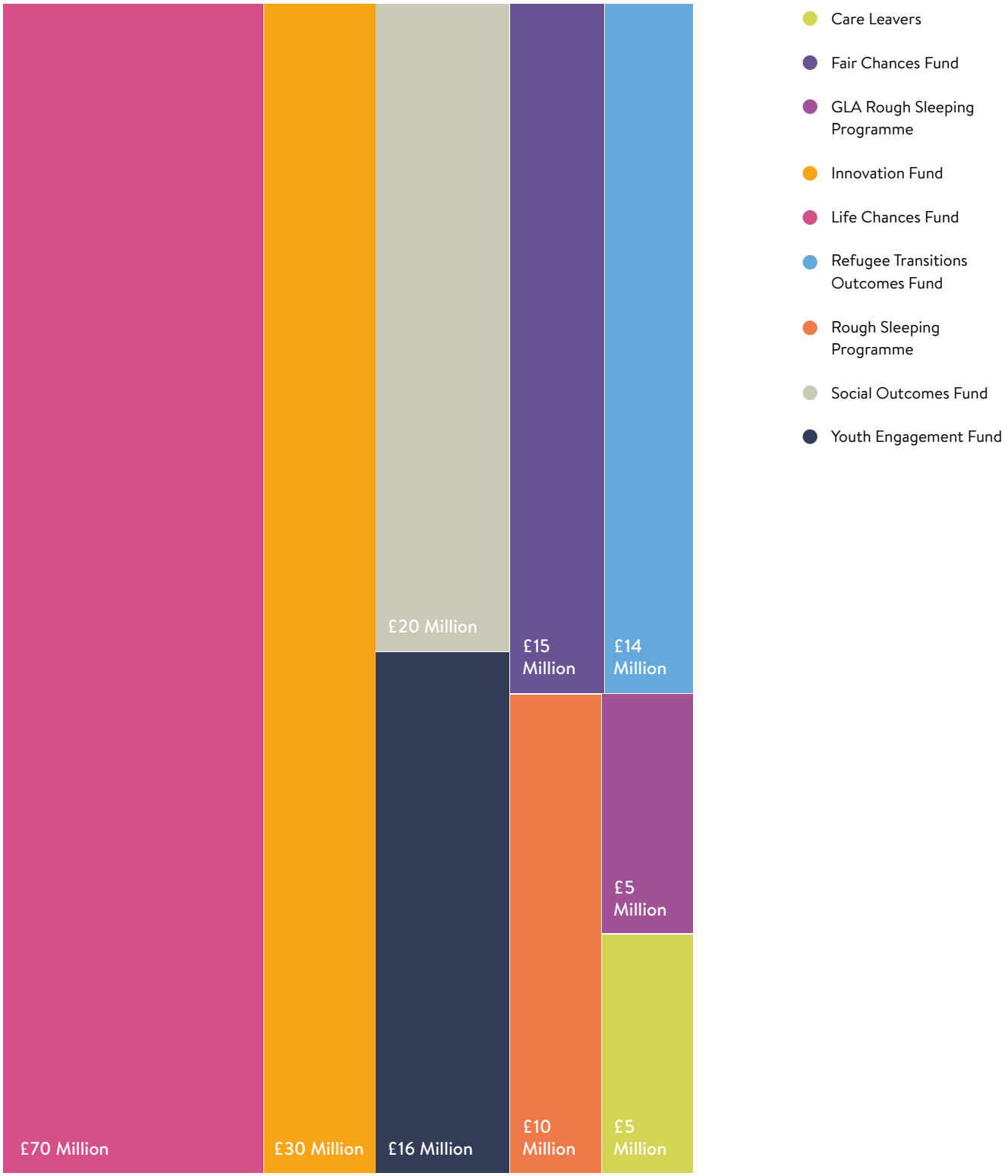


Figure 8: Distribution of central government commitments to outcomes funds



SPOTLIGHT:
THE LIFE CHANCES FUND

The Life Chances Fund (LCF) was launched in 2016. It is a £70 million fund from the Department for Culture, Media and Sport (DCMS), and is managed by The National Lottery Community Fund (TNLCF).

It is the largest outcomes fund launched to date in the UK. The LCF was designed to support people who face the most significant barriers to leading happy and productive lives by supporting the growth of locally developed social outcomes partnerships. In addition, by increasing the number and scale of social outcomes partnerships in England, the LCF aimed to make it easier and quicker to set up future social outcomes partnerships, and to build evidence on what works.

The Government Outcomes Lab is conducting multiple evaluations across the portfolio of 29 projects offered funding by the LCF. According to the TNLCF Administrative Data Platform for the Life Chances Fund, these projects involve an investment commitment of more than £30 million and have reached more than 60,000 service users across England.

Fund value

£70 Million

No. of projects

29

No. of service users reached

60,000

Figure 9: Distribution of LCF projects by policy sector

Figure 9 shows the distribution of implemented LCF projects by policy sector. 10 projects were classified under child and family welfare, 8 under employment and training, 4 under health, 3 under homelessness, 3 under education and 1 under criminal justice.

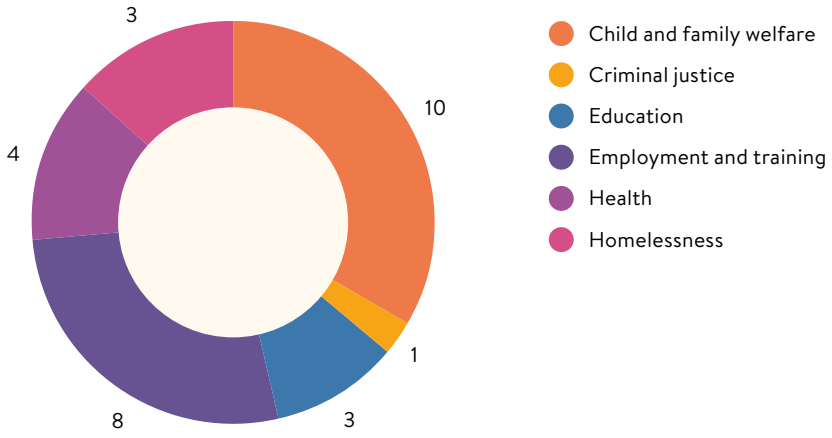


Figure 10: The most used outcome metrics for Life Chances Fund projects

Figure 10 depicts the five most used metrics across implemented LCF projects. Job retention, prevention of children going into care, improvement of learning outcomes, development of personal progress plans and employment rate increase metrics have been used more than 10 times. Please refer to figure 4 to read about the coding methodology for this data visualisation.

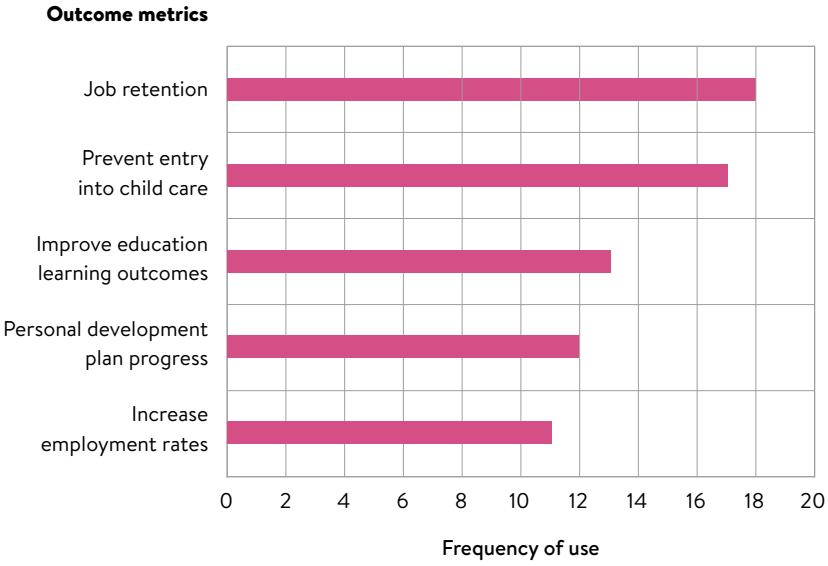
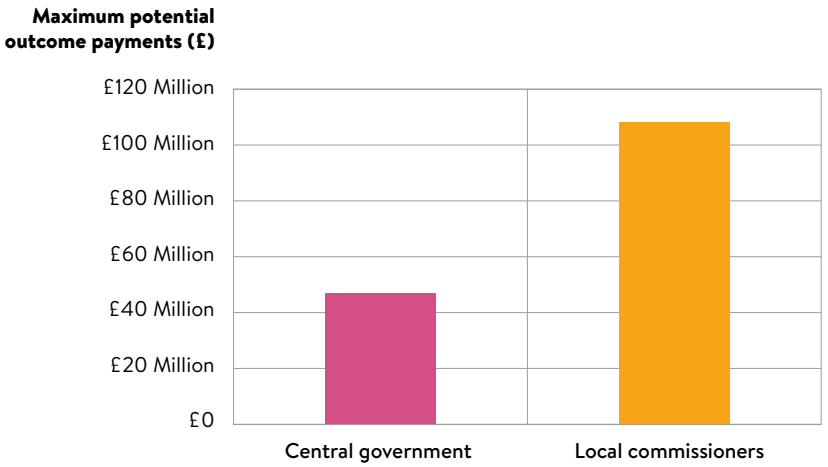


Figure 11: Distribution of maximum outcome payments for central and local government for implemented LCF projects

The Life Chances Fund provides top up contributions to the different social outcomes partnerships. The rest of the outcomes funding comes from local government commissioners in England. For the 29 LCF projects, local commissioners have committed more than £100 million.



Central government / local commissioner total commitments for LCF projects

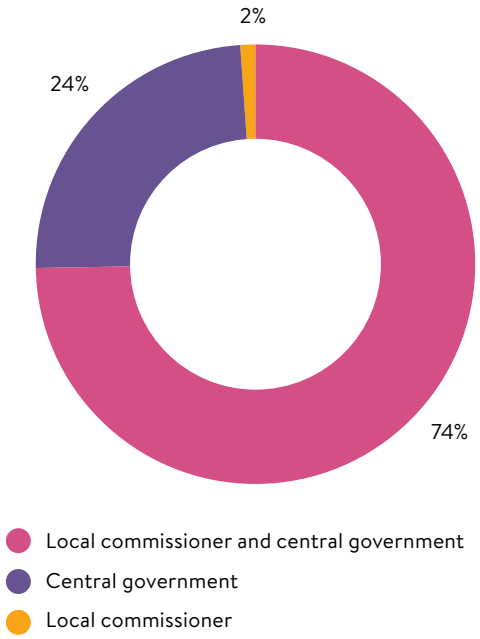
3. SOCIAL OUTCOMES PARTNERSHIPS AT A LOCAL LEVEL

This section offers a snapshot of the state of play of social outcomes partnerships through the lens of local commissioners. Throughout this report 'local commissioners' is used to encapsulate commissioners which are local authorities, as well as other local public service commissioners, including local clinical commissioning groups, NHS foundation trusts, integrated care boards, crime commissioners, and job centres.

Figure 12. Distribution of projects by type of outcomes funder (commissioner)

Figure 12 shows the distribution of social outcomes partnerships projects according to their commissioners or outcomes funders. 74 projects have been commissioned jointly by central and local government, 24 projects have been commissioned by central government and only one project, the Essex County Council Multi-Systemic Therapy project, was commissioned by local government, without a central government outcome funder.

In total, the INDIGO Impact Bond Dataset identifies 123 local government or statutory organisations who have acted as commissioners for social outcomes partnerships in the UK, often co-funding these projects alongside central government departments and/or other local commissioners.



Highlights:

123

The number of local commissioners who are outcome payers.

£134,513,447

The maximum value of potential outcome payments committed by local commissioners.

101,249

The targeted number of unique service users or beneficiaries for projects with local commissioners as outcome payers.

£15,697,917

The largest amount of funding from an individual local commissioner. (From Kirklees Metropolitan Borough Council for the Kirklees Better Outcomes Partnership).

Figure 13. Distribution of project maximum potential outcome payments through time – for projects commissioned by local commissioners

Figure 13 shows the maximum potential outcome payment for the projects that were commissioned by local and central government together. This figure only covers the maximum potential outcome payment where data was available in the Impact Bond Dataset in June 2024. There is no clear upward trend, but 5 projects from the Life Chances Fund are larger than other social outcomes partnerships (maximum potential payment higher than £10 million): Kirklees Better Outcomes Partnership, Single Homelessness Prevention Service, Norfolk Carers Partnership, West London Zone: placed-based support for children and young people and Pyramid Project - Step down from Residential Care Provision. However, this data visualisation has data for only 44 projects.

Note: This figure only covers maximum potential outcome payments where the data was available in June 2024.

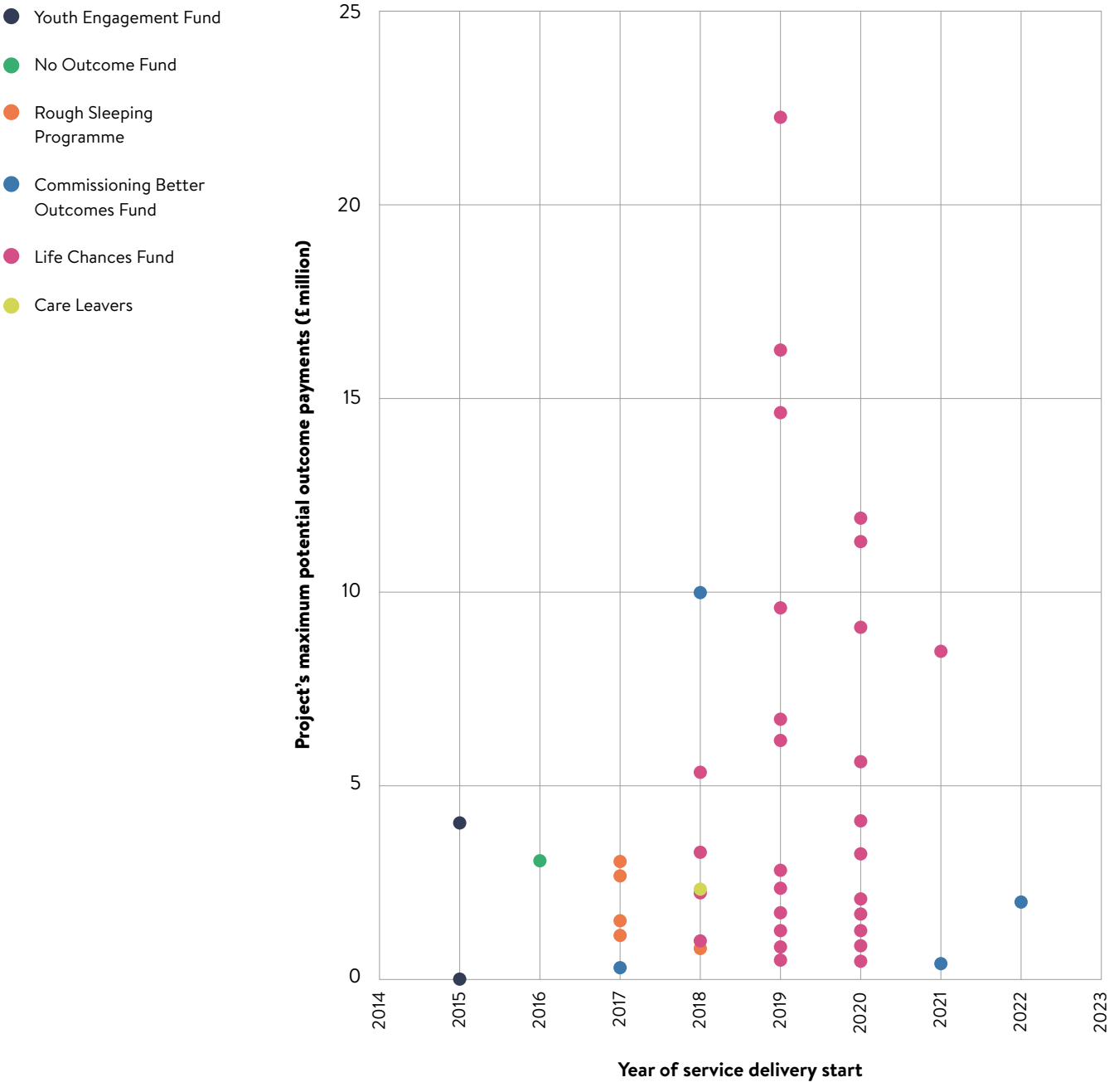


Figure 14. Local commissioners who are outcome payers for multiple projects

38 local commissioning organisations have commissioned more than one social outcomes partnership project. Figure 14 shows the list of commissioners and how many projects they have funded.

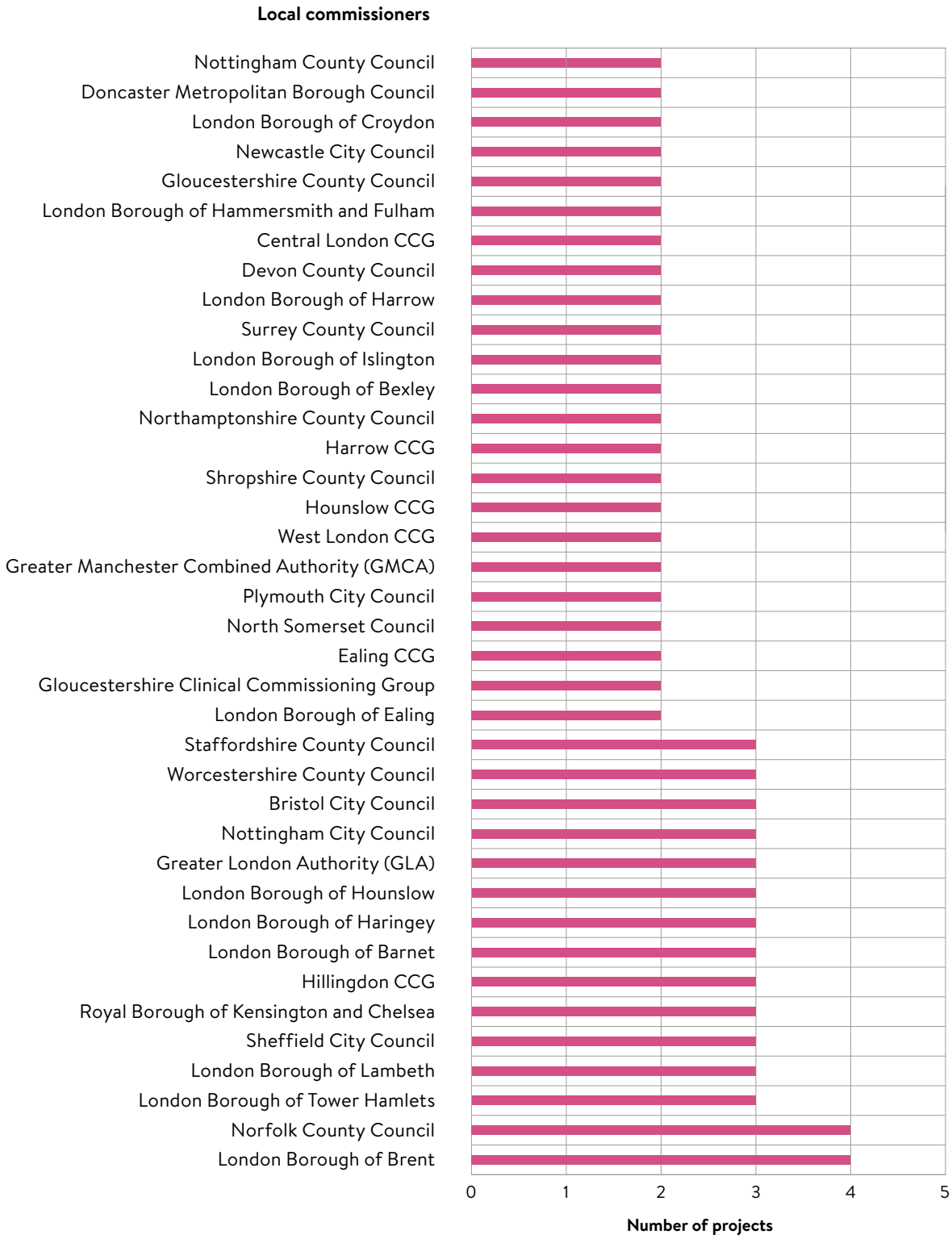
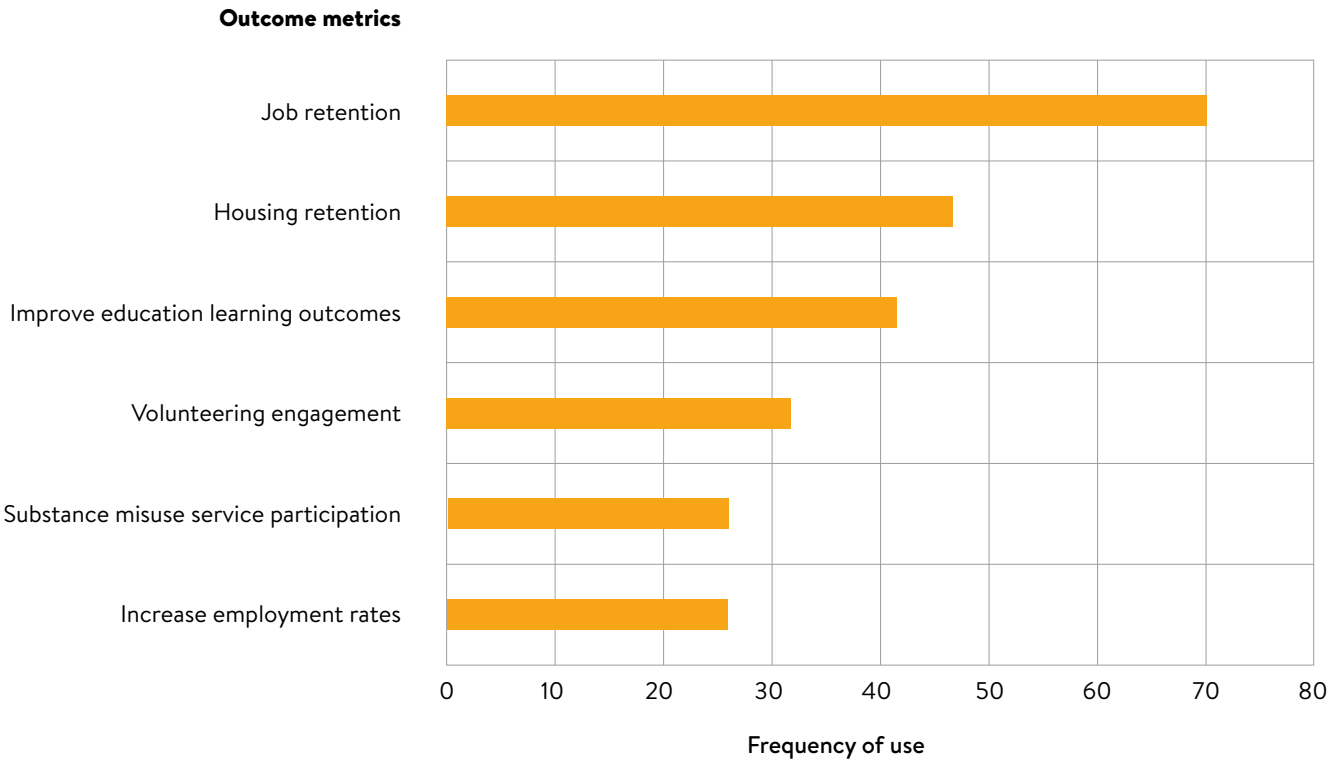


Figure 15. The most used outcome metrics for locally-commissioned projects

Figure 15 shows that job retention, housing retention, improvement of learning outcomes, engagement with volunteering, participation in substance misuse services and increase in employment rates have been the metrics that the UK locally commissioned projects have used the most. Please refer to figure 4 to read about the coding methodology for this data visualisation.



PART II. PERSPECTIVES FROM THE FIELD

Curated by Andreea Anastasiu, Dr Eleanor Carter & Dr Mara Airoldi

This section brings together a rich and diverse set of perspectives from across the field. To add depth and nuance to the picture we paint with data in the previous section of this report, we invited some of the country's leading experts from academia, government and the practice community to reflect on their journey with social outcomes partnerships.

Each of the eighteen essays included in this section deliberately has its own tone and style. This is because we encouraged our guest authors to allow their individual voices and experiences to shine through. The contributions are organised across three core themes: rationales for using social outcomes partnerships, mechanisms of impact, and legacy.

Three further bonus contributions offer wide-ranging reflections on UK's journey with social outcomes partnerships over the past fifteen years, what it means for global practice and how we might move forward in strengthening the evidence around social outcome partnerships.

The views expressed in each of the essays are solely those of the respective author(s) and do not necessarily reflect the views of the Government Outcomes Lab or of any of the other contributors to this report. Our deepest gratitude goes to each of the guest authors in this section for being so generous and open in sharing their learning.

2

2.1 RATIONALES FOR SOCIAL OUTCOMES PARTNERSHIPS

Included in this section:

1. Emma Hanley, Kirklees Council – ***Collaborating*** *to improve local services*
2. Sangita Patel, Substance - *How do social outcomes partnerships enable more* ***innovation*** *and* ***flexibility*** *within local ecosystems for service delivery?*
3. Mila Lukic, Bridges Outcomes Partnerships - *Lessons from medicine: How personalised* ***prevention*** *can save money and reduce demand on public services*
4. Neil Stanworth, ATQ Consultants - *How can social outcomes partnerships improve* ***efficiency*** *in the public sector?*
5. Aman Johal, Better Society Capital - *What is the role of* ***socially motivated investment*** *in social outcomes partnerships?*

COLLABORATING TO IMPROVE LOCAL SERVICES

Emma Hanley,
Kirklees Council

Outcomes-based partnerships offer a compelling route to improve local public services when funding is tight. The lead commissioner for the largest social outcomes partnership in the UK – Kirklees Better Outcomes Partnership – reflects on the practical improvements that this project has brought about. There are practical tips for local commissioners who want to unlock better outcomes.

It is difficult to put your hands up and say that the services you've been funding for years aren't working for some people or could be working better. Back in 2018, the floating housing related support that we funded in Kirklees was delivering a valuable service, but we also knew there were issues.

Back then, the service delivered shorter, focused interventions that aimed to address the immediate, presenting needs of adults experiencing multiple and complex disadvantages. We had a sense that there was a 'revolving door' issue with some participants repeatedly re-entering services as the underlying root causes were not always being addressed. Rather, these sticking-plaster services were just that: barely skin deep. Yet, because we only had very slim information systems, we struggled to coordinate or drive improvements.

The extreme funding constraints in local government since 2010 mean that there aren't many tools available to drive improvement and positive change. Budget cuts, combined with the demands for 'evidence-based practice', mean that it is hard to try new things. Service areas that are classed as 'non-statutory' (even though a lot of what we do so clearly influences statutory services!) are difficult to invest in when budgets are under significant pressure, as they are seen as 'nice to have' rather than essential to prevent escalating costs elsewhere.

We wanted to unlock better outcomes. And a successful application to the Life Chances Fund gave us the opportunity to introduce an outcomes-based partnership model: our 'Kirklees Better Outcomes Partnership' – KBOP. KBOP brought together a network of nine VCSE providers under a single outcomes partnership – the largest in the UK – with support from a coordinating social investment fund manager (Bridges Outcomes Partnership). The outcomes partnership has enabled us to provide a more holistic, inclusive service that removes inefficiencies, duplications, artificial competition and gaps in the prior support arrangement. Crucially, it has enabled providers to adopt a non-judgemental, respectful 'asset-based' approach that puts participants aspirations at the heart of the service.

The powerful impact of KBOP can be seen in the testimony from our participants, like Michael[22], and wellbeing and employment outcomes. 5,514 people have achieved at least one positive outcome through KBOP; 3,675 people have achieved suitable, safe accommodation and 2,727 people have achieved an employment or training outcome.

22 Michael's reflections are shared in "After fifty years of trauma...I began to heal" - The real-life impact of social outcomes partnerships in this report.

Focusing on outcomes, and suspending local government's fixation with service specifications, brought a big change in culture and approach. You have to let these shackles off a bit to get to the outcomes! With embedded principles around services operating within legal, ethical and moral parameters, this space for innovation can bring a different – and exciting – way of working. We had to support our procurement and finance colleagues to understand the model. Ultimately, our procurement team won an award for best procurement delivery in local Government at the UK National GO Awards. We were also a finalist in the Local Government Chronicle (LGC) for Private-Public Partnerships.

I often reflect on what we have learned that can help other local council teams. There is a bunch of technical jargon around these SIB/OBC/SOC models that is deeply unhelpful and can be quite daunting! We worked to get the principles right and found it helpful to develop the rate card of outcome measures ourselves, rather than overly rely on external consultants. We also built in the ability to revise the outcome measures over time, giving ourselves space to learn and adapt across the 5-year project.

Early intervention and prevention are widely used terms but capture a range of very different approaches. With KBOP, we are confident in the business case, because we are investing in the short window available to take action before someone becomes homeless and before a real crisis situation. It feels like a more compelling business case than preventing something which may or may not happen in, say, 5 years' time.

Councils need to go into this clear eyed. There are massive improvements that can be made under an outcomes model, but this is not a quick fix! You can't squeeze this into a typical 4-month procurement window. Teams need to have a good understanding of the challenges they are facing, the outcomes that they want to see and, of course, have a dedicated budget to commit to outcomes payments. Commissioners who know their stuff already have the skills to adopt this approach.

Of course, there are some essential pre-conditions and known blockers that will need to be overcome. A willing and engaged provider network is essential. Supportive leadership is key. We also need to overcome the fear of working with social investors. We were confident that investors would only make a positive return beyond inflation under a best-case performance scenario.
We're looking at maximum returns in the region of 5 – 7%, which is not a lot at all when you look at the performance demands on this project. Elsewhere, the widely used LaingBuisson model for calculating costs in the care sector advises a 12% return on capital invested, in much lower-risk settings.

But there are still funding challenges that we haven't been able to resolve. The quest for cashable savings seems naïve. In our situation, these are not very cashable savings. We might avoid some costs, or more likely, KBOP helps reduce demand and avoid costs for other parts of the system. It is not always the Council that benefits from improving outcomes and this is more of a challenge when money is tight. LCF recognised this by co-paying for outcomes. But now that top-up support is gone, it is difficult to justify paying for employment outcomes from a strained local council budget. Council members rightly note that other national-level commissioners at the Department for Work and Pensions and Ministry of Justice ought to come alongside us to value and pay for outcomes.

Adopting an outcomes-based approach has given us the opportunity to really problem solve and find personalised solutions using innovation and creativity. By working in this way, we have made a real difference to some of the most vulnerable people in Kirklees, supporting them to achieve outcomes (and more importantly sustain these) and therefore improve their life chances. It also has impacts across the public sector, in both central and local government, providing evidence that by working together in a more flexible way, outcomes can be achieved while simultaneously saving money for the wider public purse.

The powerful impact of KBOP:

5,514

people have achieved at least one positive outcome through KBOP;

3,675

people have achieved suitable, safe accommodation and

2,727

people have achieved an employment or training outcome.

Emma is a Senior Contracting & Procurement Manager at Kirklees Council. In her role Emma manages the Contracts Team and is responsible for the Council's Adult Social Care contracts (including housing related support, supported housing domiciliary care, extra care, care homes, day care and day opportunities contracts). She also leads commissioning for housing related support, which included developing the Kirklees Integrated Support Services with funding from the Life Chances Fund.

Prior to this role, Emma held the position of Supporting People Manager at Kirklees Council, and she has worked in housing related support contracting since 2005.

HOW DO SOCIAL OUTCOMES PARTNERSHIPS ENABLE MORE INNOVATION AND FLEXIBILITY WITHIN LOCAL ECOSYSTEMS FOR SERVICE DELIVERY?

Sangita Patel, Substance

For service delivery organisations in the voluntary, community, and social enterprise sector, social outcomes partnerships can offer a way to more flexible and person-centred support. How is this achieved by the voluntary sector in practice, and what are the skills, capacities, and mindsets required to do so successfully?

In the traditional ecosystem of social outcomes partnerships, the Chances programme might be considered an outlier. As a group of academics, practitioners, and programme managers in the fields of sport and social policy, Substance[23], the developers behind Chances, had been examining the impact of sport for many years. Building on this work, interest turned to the potential application of social impact bonds in sport around 2018, as another more direct lens with which to understand the efficacy of sports-based interventions to deliver, and fund measurable social outcomes.

When the Chances project[24] was finally launched in 2020, the Covid-19 pandemic and wider socio-economic pressures led to a new reality of rising anxiety and mental health concerns in young people, weeks, if not months, of learning lost and record numbers of families struggling to cope.
The social policy context had definitely shifted, and for 'us' - Substance plus the seventeen voluntary, community and social enterprise (VCSE) delivery partners that make up the Chances delivery system - it felt like the stakes had been raised and expectations of what could be achieved through Chances intensified.

Looking back now, there is no doubt that the Chances delivery system responded to the challenge, successfully engaging 6,500 young people of whom 45% were referred directly from children's social care, the police, youth justice, alternative provision and schools. Commissioners from across the partnership said that Chances was highly effective at supporting vulnerable young people experiencing multiple layers of deprivation and exclusion, and the evidence demonstrated that 75% of participants successfully achieved a positive outcome. So, through our experience of Chances, what was learned about how outcomes are achieved? To what extent was this due to the innovation and approach of VCSE delivery partners? Did the structure and partnership model provide an enabling effect?

Firstly, it is worth pointing out that in this country the voluntary sector in sport is well-established and has been central to its delivery since the emergence of modern sports, often driven by social purpose, from the nineteenth century. Responding to constant myriad challenges, the voluntary sport sector has always innovated and responded to changing

23 Substance is a research and social impact consultancy that uses data, technology and management experience to help organisations increase the impact of their work.
24 Government Outcomes Lab, 2022. Chances Programme social impact bond. URL https://golab.bsg.ox.ac.uk/knowledge-bank/case-studies/chances

By moving to an investment model where outcomes are actively pursued, measured and demonstrated, Chances has shown there is much greater potential for impact with young people who face the most complex social issues and who are furthest from engagement in physical activity and all of the wider benefits this brings.'


Photo credit: Substance

societal needs from supporting the emergence of mass participation in sport, producing elite competitive athletes, protecting open spaces, rights to roam and playing fields to supporting wider community health and wellbeing.

More recently, and following the decline of direct public sector sport and leisure provision, the role of the voluntary sport sector expanded again over the last 30 years to include the more routine use of sport to purposefully support disadvantaged communities through the model of 'sport for development'. Sport for development is where the attributes of sport and physical activity are intentionally leveraged for the purpose of achieving positive personal and social outcomes in communities prioritised over sports performance objectives. Good quality sport for development approaches requires agility and logical thinking to effectively respond to constantly evolving community needs and social policy. As such, a sub-sector, with specific sport for development entities, has emerged.

It is with this sub-sector of sport for development organisations that Chances is concerned. Although Chances may be the world's first implemented sports-based social outcomes partnership, it in fact built on a sports-based 'Payment by Results' (PbR) programme called Positive Futures[25]. Established and funded by the Home Office in 2000, Positive Futures ran successfully for 13 years in partnership with 123 pioneering place-based sport organisations. Substance's own evaluation of Positive Futures delves deeply into the characteristics of these organisations; identifying them as structurally independent, choosing an organisational form that allowed autonomy and the freedom to innovate. This in turn enabled them to adapt to changing community needs by adopting a problem-solving and 'can-do' approach to service delivery. Positive Futures had shown that the sport for development sector could take on these types of challenge.

When setting up Chances, we sought to engage with VCSE organisations that strongly displayed these attributes. In fact, a small number of agencies that had originally delivered on Positive Futures became involved in the Chances partnership, with the added bonus that beneficiaries from 20 years ago were in some cases now managing or leading those organisations and so directly transferring knowledge, creative approaches, and innovative thinking into Chances. Chances delivery partners came from across the VCSE spectrum, consisting of professional football club trusts/ foundations, education/ training providers, youth clubs, a boxing club, a social enterprise gym provider and an outdoor recreation centre. These organisations are staffed by passionate individuals, usually with local lived experience and a deep desire to disrupt the perceived inevitability of social or economic decline in their communities.

Establishing outcomes-based thinking as the norm is of course no easy task and is as much as anything about enabling a shift in the approach to delivery away from the constructs of conventional output-based funding. This required a subtle re-framing in

25 Crabbe, T., Bailey, G., Blackshaw, T., Brown, A., Choak, C., Gidley, B., Mellor, G., O'Connor, K., Slater, I., Woodhouse, D., 2006. Knowing the score: Positive Futures Case Study Research: Final Report. Positive Futures. URL https://www.substance.net/wp-content/uploads/2023/11/Knowing_the_score.pdf

mindset, and empowering project staff to break free from formulaic 'project thinking' towards participant-based outcomes thinking. Looking back now at the default position of delivery partners to think in terms of activities, sessions, tournaments, competitions etc. is obvious; the market was established on grant-funding and has over many years fine-tuned its accounting of activities and inputs, and reporting of outputs.

Although there's no doubt that these competences are advantageous and welcome in the management of a social outcomes contract, we needed delivery partners to recognise that these measures would not, in isolation, demonstrate outcome achievement or tell the full impact story.
They needed support with gathering credible evidence of outcomes which, fortuitously, became part of the process of 'freeing' delivery partners – by reducing the need for formulaic output data, project staff started to understand that they could work outside the constraints of pre-prescribed 'models' and be more creative and responsive with their style of engagement and delivery with young people.

From our own action research project that ran alongside the Chances programme two key themes characterising this flexible and creative thinking emerged as critical to achieving positive impacts: 'relationship strategy' and 'personalisation'.

The rapport and trust built between a young person and project staff is central to the approach. We know that many of the vulnerable young people engaged in Chances lack a positive parental influence or guardian and Chances brings a trusted, reliable and consistent adult presence into the young person's life. This provides a platform, a 'safe space' for the young person to regain confidence, and a recognition that they can resume learning, develop life skills and build other positive relationships.

The relationship strategy cannot be timebound or prescribed and is therefore often over-looked or under-valued in conventional prescriptive service delivery models.

Secondly, and critical to Chances' success, it is the subsequent tailor-made support provided to each individual young person. The trusted relationship provides the starting point for a co-created approach which meets the needs of each young person. This is where the SOP model comes into its own. Chances deliberately provides no blueprint for activity, timings or locations. Delivery partners are given maximum flexibility to draw from their range of strengths and assets to build a holistic plan of sport, physical activity, mentoring, therapy, volunteering, personal and life skill development which is designed to meet individual interests and needs. Within SOPs the delivery model is flexible enough to allow the time to build trusted relationships and then to encourage a collaborative approach that focuses on the needs of each participant.

Furthermore, as an outcomes-based contract, Chances benefited from delivery partners' existing organisational infrastructure and their capability for good quality delivery. There was some prior experience of engaging in a PbR contract, with experienced staff and existing partnerships allowing them to hit the ground running, and with the financial savvy to weather discrete fluctuations in cashflow if they occurred. In fact, through this combination of organisational preparedness, the freedom of outcomes-based delivery, and perhaps some competitive spirit that is inherent in the voluntary sports sector, one of our earliest performance management tasks was to support delivery partners to 'ease off' a little; guiding them to target their resources more intentionally with participants who most needed the type of support that Chances was set up to offer, rather than a desire to 'race to the finish line'.

The Chances journey has showed us that traditional project-based funding approaches in sport, the system itself, can have a restrictive effect on VCSE innovation. By moving to an investment model where outcomes are actively pursued, measured, and demonstrated, Chances has shown there is much greater potential for impact with young people who face the most complex social issues and who are furthest from engagement in physical activity and all of the wider benefits this brings.

Whilst the focus of SOPs is often on how it provides a risk-free model for commissioners/ outcome payers, this does not necessarily address the core risk at the heart of public sector which, in this case, is young people being let down again. By shifting the mindset of VCSE providers away from doing specified things to a focus on achieving specified things this risk can be mitigated.

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LESSONS FROM MEDICINE: HOW PERSONALISED PREVENTION CAN SAVE MONEY AND REDUCE DEMAND ON PUBLIC SERVICES

Mila Lukic,
Bridges Outcomes Partnerships

For many complex, multi-faceted social issues, established approaches to prevention are not fit for purpose. More tailored, person-focused support is needed, and social outcomes partnerships offer a model for enabling a focus on personalised prevention across a wide range of social challenges from tackling homelessness to supporting individuals with chronic physical and mental health issues.

In medicine, it is widely acknowledged that a focus on prevention saves lives and money. Other people-focused services can undoubtedly learn from that. But there is another emerging area of best practice which also offers a crucial learning for wider public services: personalised medicine.

Most practitioners will tell you that we spend too much of our precious public service budgets on crisis management – rather than investing in early intervention that might prevent the crisis from happening in the first place. In part, this is a function of budget constraints. When money is tight, it's hard to divert funding away from front-line crisis services. But there's another issue: for many of these complex, multi-faceted issues, the established approach to prevention is not fit for purpose.

Fortunately, a better model already exists. And outcomes-based models – which focus on what success looks like, rather than trying to prescribe and pay for a standard set of activities – are key to unlocking this.

The standardised model of prevention

Much of our thinking about prevention comes from broad-based, public health approaches – referred to as 'universal' approaches in medicine. Clearly, a successful public health campaign about (say) the cancer-related risks of smoking is infinitely preferable to treating multiple cases of cancer further down the line. Likewise, the benefits of a population-wide vaccination programme to eradicate diseases like polio are self-evident.

There is an obvious parallel here with other people-focused services. Take homelessness, for example. Preventing a person from becoming homeless in the first place is evidently a better solution – for both the individual, and society as a whole – than dealing with the manifold consequences further down the line if a person ends up sleeping rough. That's why in the last five years, multiple far-sighted commissioners around the UK have been investing in preventative programmes[26 27].

But there is a problem with this analogy. With universal medical prevention, the most obvious

26 The Workshop Bolton, 2023. Pathfinder – Homelessness Support. The Workshop Bolton. URL https://www.bolton.gov.uk/theworkshopbolton/news/article/13/pathfinder-homelessness-support
27 London Borough of Brent, 2023. Single Homeless Prevention Service: A Contract Award Notice. bidstats. URL https://bidstats.uk/tenders/2023/W49/812384259


Photo credit: Thrive.NEL

successes typically involve one standard activity, rolled out consistently to the population at large. In some areas of public services, this can be a very effective model: mass vaccination, for instance.

But for society's 'wicked problems' – complex, multi-faceted challenges like family breakdown, multiple long-term health conditions or homelessness – this 'one size fits all' model just doesn't work. The idea that we might one day 'find what works' in these areas, and 'do it to everyone' is fundamentally flawed[28].

Each person's journey is unique

When I was a child, my family and I came to Canada as refugees from a war-torn country. Of course, it was Canada's humanitarian policy and blanket support that allowed us to reach this place of safety.

But when I got to Canada and I didn't want to go to school – because my confidence was at rock bottom; because I was embarrassed that I didn't speak English well enough; because we lived in temporary housing; because I was poor relative to my peers; because I didn't fit in and just generally had no clue how to live this new life – it was not a blanket policy that came to my rescue. It was one school councillor, who put aside the standard forms and procedures and just listened to me. She helped me identify my passions and engage in them and slowly, gradually, enabled me to build up my self-esteem.

Could an official in the central government have defined this intervention? Maybe. But could they define the best support for every other struggling child in Canada? I am certain not. The journey to thriving, to being a positively engaged member of a society, is wildly different for each individual – it's personal. To deliver personalised support effectively it is key to focus on goals and outcomes that are meaningful to that individual, and create a tailored journey that helps them achieve those outcomes.

When we think about the future of complex public services, rather than universal interventions, we should be looking to the rapid growth of 'personalised medicine', which tailors medical treatment to the individual characteristics of each person. Here, healthcare professionals draw on the best research available to bring together the active ingredients of each package of treatment, but the package designed is unique for everyone.

A new paradigm for prevention

If we want to improve the lives of people facing complex, interconnected challenges, we need to acknowledge that there won't be a simple solution that 'works' for everyone. (In reality,

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28 Bridges Outcomes Partnerships, 2024. People-Powered Partnerships.
URL https://bridgesoutcomespartnerships.org/wp-content/uploads/2024/03/BOP_People-powered-Partnerships_website.pdf

the status quo is actually worse than this – multiple departments each administer their own disconnected but standardised response.)

We need personalised solutions: an approach that gets to know the 'whole' person, works to understand what they really need and want (in what combination, and in what order), and empowers them to help themselves. Because ultimately – as I discovered in Canada – that's the best way to create sustainable change in people's lives.

But creating services like this requires us to place much greater trust in the front-line experts who are building that relationship. Instead of using research and evaluation to try to find a simple universal solution, we need to see the purpose of learning and evaluation in a completely different way. We need to build the knowledge base around each of the potential active ingredients of the package of support. Like in personalised medicine, we need a better understanding of which ingredients work, in what combination, for whom, and in what circumstances. And then make this learning available to the front-line experts building the relationship, so they can use it to work with each individual and design the most appropriate pathway alongside them.

Bringing about personalised support also requires a revamp of service governance. Instead of mandating a service 'specification' and auditing to ensure 'fidelity' (with evaluation of outcomes happening much later, if at all), government instead needs to specify the outcome desired for each individual (e.g. improved physical and mental health, good employment, stable safe housing) and allow delivery organisations and participants the freedom to personalise how they get to those outcomes.

This personalised, outcomes focused model is already being applied in multiple service areas and locations. And the impact speaks for itself. Within Bridges Outcomes Partnerships (BOP), in the UK, with partners we have tested such an approach across 60+ partnerships[29], supporting 57,800 individuals and catalysing £159m of outcomes[30].

In North-east Lincolnshire, Thrive North-east Lincolnshire (Thrive.NEL) uses relational, non-medical support for people with chronic physical and mental health conditions to help make meaningful, sustained changes in their own lives. Patients with diabetes, respiratory, circulatory and mental health issues are referred by their local GP to the partnership – and then get a much wider range of support options and a much more personalised and holistic experience than available through a basic GP appointment. The service has already worked with over 1,600 people in north-east Lincolnshire: it succeeded in reducing hospital attendance and costs by 35% against a comparison group with the same characteristics, while also reducing GP usage by 11%[31].

Rather than creating a contract specifying precisely which activities must be performed and which input costs must be provided, the innovative local NHS commissioners instead focused on the desired outcomes (improved health of the individuals, and thus reduced cost and effort treating their conditions in the future). This gave Thrive.NEL the freedom to design whatever support was needed around each individual, blending whatever inputs were most appropriate[32].

The potential impact of rolling out this approach nationally is huge: in total around 70% of the total health and care spend in England is attributed to caring for people with long-term conditions[33]. By identifying the desired outcome, and then leaving local experts to personalise the medical, and non-medical routes to get there, we can achieve dramatically better results.

If we want to improve the lives of people facing complex, interconnected challenges, we need to acknowledge that there won't be a simple solution that 'works' for everyone. (In reality, the status quo is actually worse than this – multiple departments each administer their own disconnected but standardised response.)

We need personalised solutions: an approach that gets to know the 'whole' person, works to understand what they really need and want (in what combination, and in what order), and empowers them to help themselves.'

29 Bridges Outcomes Partnerships, 2024. People-Powered Partnerships.
URL https://bridgesoutcomespartnerships.org/wp-content/uploads/2024/03/BOP_People-powered-Partnerships_website.pdf
30 Bridges Outcomes Partnerships, n.d. Our Impact. URL https://bridgesoutcomespartnerships.org/impact/
31 Bridges Outcomes Partnerships, n.d. Thrive. URL https://bridgesoutcomespartnerships.org/work/adults/health-wellbeing-independence/thrive/
32 Bridges Outcomes Partnerships, 2022. In practice: Community health and diabetes prevention in North-East Lincolnshire and Devon. Case Study.
URL https:/bridgesoutcomespartnerships.org/in-practice-community-health-and-diabetes-prevention-in-north-east-lincolnshire-and-devon/
33 Department of Health, 2012. Long Term Conditions Compendium of Information; Third Edition. National Health Service. URL https://assets.publishing.service.gov.uk/media/5a7c638340f0b62aff6c154e/dh_134486.pdf ; Quality Watch, 2024. Care and support for long term conditions. Nuffield Trust.
URL https://www.nuffieldtrust.org.uk/resource/care-and-support-for-long-term-conditions


Photo credit: Thrive.NEL

Lisa Hilder, Assistant Director for Strategic Planning at Humber and North Yorkshire ICB[34], who commissioned Thrive.NEL, adds: "I think this approach can be adopted for a whole range of clinical areas of practice… The ability to understand the outcomes and the impacts that we are achieving is quite significant both in terms of improving local people's health and making the best use of our public sector investment."

But such personalised prevention is not only helping people with long term conditions, it is also preventing youth homelessness across Greater Manchester[35], supporting families to stay together across London and the East of England[36], preventing homelessness for refugees in the North East and Plymouth[37 38], and preventing young people from getting trapped in the negative cycles of mental health challenges, being excluded from school, and/or falling into the 'not in education, employment or training' category[39].

Just as in the rapidly growing field of personalised medicine, the benefits of a more personalised, preventative approach to complex social problems are increasingly measurable and well-evidenced. We need to empower front-line experts to design solutions alongside the people they are working to help. We need to stop searching for a simple, universal process which will 'work' for everyone, focus instead on the outcomes we want, and empower local experts to find the best ways to reach them. So the question should no longer be whether we can afford to invest in prevention and early intervention. The evidence is clear: we can't afford not to. And now we have a proven model of prevention that works, it's time to do much more of it.

Mila is Founder and Chief Executive Officer of Bridges Outcomes Partnerships.

Mila founded and leads Bridges Outcomes Partnerships (BOP). At BOP we work to radically improve human services and environmental initiatives to improve outcomes for people and value for society. Programmes BOP supports are dedicated to empowering people across the world to improve their lives, in areas ranging from education and wellbeing to housing, family support, employment and environmental protection. With partners, BOP has supported 70+ Outcomes Partnerships globally, to date creating: £159m of outcomes in high-income countries, for over 57,800 people (estimated to be worth £1bn+ of public value in the UK); and £6.2m of outcomes in low- & middle-income countries, for over 300,000 people.

Mila is also a Trustee for Clore Social Leadership, an organisation dedicated to providing social leaders with world class leadership development. Prior to Bridges, Mila's career spanned the public, private, and third sector. Mila helped create and run Education Generation, a crowdsourcing social enterprise focused on enabling young leaders in low-and middle-income countries to participate in some of the world's most forward-thinking education programmes

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34 Note: North East Lincolnshire is part of Humber and North Yorkshire ICB
35 Bridges Outcomes Partnerships, 2024. GMBOP recognised for 'innovative and impactful contribution' to preventing homelessness. Press Release. URL https://bridgesoutcomespartnerships.org/gmbop-wins-demonstrating-impact-award/
36 Bridges Outcomes Partnerships, 2021. In practice: Family support in London and the East of England. Case Study. URL https://bridgesoutcomespartnerships.org/in-practice-family-support-in-london-and-the-east-of-england/
37 Bridges Outcomes Partnerships, n.d. Refugee Better Outcomes Partnership (RBOP). URL https://bridgesoutcomespartnerships.org/work/adults/refugee-support/refugee-better-outcomes-partnership/
38 Casablanca Media, 2023. We All Rise. URL youtube.com/watch?v=IijHmYwOnmk
39 Allchild, n.d. Allchild. URL https://www.allchild.org/

HOW CAN SOCIAL OUTCOMES PARTNERSHIPS IMPROVE EFFICIENCY IN THE PUBLIC SECTOR?

Neil Stanworth, ATQ Consultants

An invest to save logic has been key to the appeal of social outcomes partnerships for both local and central government, but do the numbers stack up? Looking back on over a decade of practice and research, what role can social outcomes partnerships play in improving efficiency and effectiveness in the public sector?

It is perhaps an indication of the sort of life I lead that I can still remember where I was when I first heard about the HMP Peterborough social impact bond (SIB) – much as normal people can remember where they were when they heard about the death of Elvis or John Lennon. It was on the World at One on BBC Radio 4 in 2010, and I was listening to it on my iPod (remember those?) in Kentish Town High Street.

I thought it was a great idea and an interesting extension of the concept of payment by results, in which I had been involved for some time. The HMP Peterborough SIB was taking something large-scale and national and moving it to a local context. It was also moving payment by results from something largely transactional (employability) into something much more personal and aimed at people with much more complex needs, and drawing on the skills and commitment of VCSEs and social investors rather than relying largely on the private sector.

Within a year or so I was cutting my teeth on my first project to address the numerous challenges involved in designing successful social outcomes partnerships (SOPs), working with the Cabinet Office[40] and four sometimes enthusiastic, sometimes sceptical, local authorities.

In those days – when government policy was heavily centred on what the Treasury and Ministers called fiscal responsibility, and critics called austerity – SIBs were largely of interest to officials because of the potential to improve efficiency and effectiveness, and ultimately – and very bluntly – save money. Much of this came from the "invest to save" logic built into many of the earliest projects. As others contributing to this report cover in more detail, prevention is better than cure, and early intervention is better – and ultimately cheaper – than intervening late, and usually in a crisis.

But public bodies must fund crisis intervention, and struggle to fund early intervention at the same time, particularly at the scale needed to create real impact. This applies even when funding is plentiful – which it certainly has not been since 2010.

Projects like those we worked on with the Cabinet Office centred on families with complex needs. Social Finance's pioneering work in Essex and Manchester focused on preventing children entering local authority care or moving to foster care from more expensive residential care and had a very strong emphasis on invest to save. The logic was that social investment would fund interventions that would

40 Cabinet Office, 2013. Payment by results for troubled families. URL https://www.gov.uk/government/publications/payment-by-results-for-troubled-families

ultimately pay for themselves because they would prevent or reduce the use of much more expensive services. Moreover, these interventions would only be paid for if the outcomes sought were achieved, so a win-win for commissioners.

But even then, many of those engaging in projects had broader and different efficiency objectives. A decade ago, I chatted to one of the lead commissioners of the Essex SIB that funded Multi-Systemic Therapy to reduce the number of young people in or entering local authority care. 'Of course we want savings', he said, but he and colleagues also wanted to 'shake up' the Children's Services Department. In other words, they saw the SIB playing a major role in challenging current practice, whilst having a secondary and longer-term effect on efficiency and effectiveness in the local system.

So a decade on, what does experience and research tell us about the role social outcomes partnerships can play in improving efficiency and effectiveness in the public sector? I would highlight three key potential benefits.

Firstly, 'invest to save' is still a key driver of many of these partnerships. The pay back on many interventions is significant and appears to make SOPs attractive (or more attractive) to many commissioners. Our own recent research[41], for Better Society Capital, estimated the value created by 86 of the SOPs implemented in the UK to date, building on previous research in 2022. It found that these projects generated around £1.8bn in public value, adjusted for the likelihood that some outcomes would have occurred without the contracts, from expenditure on outcome payments of £217m. On the narrower measure of direct 'fiscal' return to commissioners, we found that these contracts generated more than £500m of return: more than twice the amount invested by the public purse.

There are some limitations to our analysis, but even if we have overestimated value there is, in our view, no doubt about the positive return in some areas. For example, SOPs which support children and young people to move from very expensive residential care to foster care generate substantial savings almost immediately.

It is of course possible to generate this kind of returns through conventional contracts or in-house provision, but if properly designed and constructed SOPs have two key advantages: the commissioner does not have to fund the new provision in the short term, avoiding the double funding of crisis and prevention outlined above; and the commissioner does not have to pay until the agreed outcome has been achieved, rather than funding the intervention without knowing that it will produce the desired results.

Some argue that the drive for value from SOPs on this invest to save principle is no longer a key issue for commissioners, but again our own research, in partnership with Ecorys[42], suggests that it is still a key justification. Under the longitudinal evaluation of the Commissioning Better Outcomes (CBO) programme for The National Lottery Community Fund, we have studied nine projects in depth, and have found that[43] invest to save was a critical driver in three of the contracts, and an important factor in a further two.

> *Social outcomes partnerships can support efficiency in the public sector first by funding early interventions that avoid more expensive provision later, and thus save money, and second by showing how things can be done differently, and challenging existing services to reform and improve.'*

The second potential benefit is an extension of the point made by that Essex County Council commissioner: SOPs provide a test bed for innovation that disrupts and challenges the existing system, and potentially leads to longer-term change. Other essays in this report cover this in more depth and much better than I can. But to give just one example, again from the CBO evaluation, the Zero HIV social impact bond[44] used the SIB mechanism and the reputation, leadership and influence of the Elton John Aids Foundation to enable massive change.

The Zero HIV project galvanised and brought together stakeholders across the health system in South London. It cut through the complexities of HIV/AIDS funding to support more than 400 people living with HIV into treatment. And arguably most importantly, it helped demonstrate the benefits of blanket 'opt-out' testing of

41 Stanworth, N. and Hickman, E., 2024. The value created by social outcomes contracts in the UK – updated analysis and report. ATQ Consultants. URL https://www.atqconsultants.co.uk/wp-content/uploads/2024/06/VF-SOC-Social-value-report-update.pdf
42 Wooldridge, R., Stanworth, N., Ronicle, J., 2019. A study into the challenges and benefits of commissioning Social Impact Bonds in the UK, and the potential for replication and scaling: Final report. URL https://assets.publishing.service.gov.uk/media/60177d3b8fa8f53fbf42bde4/A_study_into_the_challenges_and_benefits_of_the_SIB_commissioning_process._Final_Report_V2.pdf
43 Ronicle, J., Stanworth, N., Wooldridge, R., 2022. Commissioning Better Outcomes. 3rd Update Report. URL https://www.tnlcommunityfund.org.uk/media/research-documents/social-investment/CBO-3rd-update-report.pdf?mtime=20220616134448&focal=none
44 Stanworth, N., 2024. The Zero HIV Social Impact Bond. ATQ Consultants. URL https://www.tnlcommunityfund.org.uk/media/insights/documents/Zero-HIV-Social-Impact-Bond-3.pdf?mtime=20240409095754&focal=none

those at high risk of HIV to government and the NHS, contributing to a successful campaign to change government policy and provide wider funding for HIV testing[45].

Finally, a point that is sometimes overlooked is the way that funding for SOPs has itself been efficient in levering in more funding for a wide range of projects. Both the CBO and Life Chances Fund (LCF) have provided top-up funding for the commissioning of SOPs, through a contribution to outcome payments for locally-commissioned projects. These outcome funds have therefore created considerable leverage – central contributions have typically been between 15-30% depending on fund and project[46], so the total commitment by local commissioners has been a multiple of the funding from The National Lottery Community Fund (for the CBO) and central government (for the LCF).

This is a bigger picture point that extends beyond the efficiency gains (claimed or actual) of individual projects. Since both the CBO and LCF were intended in part as proofs of concept, some now argue that SOPs have to 'stand on their own two feet' without further subsidy.

But it is equally arguable that the type of interventions that SOPs have supported are ultimately funded by central government, and always have been (and have traditionally required central government to pick up 100% of the bill). Moreover, over the course of our evaluation of the Commissioning Better Outcomes Fund, numerous local stakeholders have told us that the top-up funding from CBO and LCF has helped oil the wheels, and enabled local commissioners to commit much more funding than the top-up (sometimes because they know they will get the pay back later, as argued above).

So having spent more than a decade developing and researching outcomes-based funding models, my view is that a similar outcomes fund that pools together central and local government contributions could be a very efficient way of funding and ultimately commissioning SOPs for similar interventions in the future. But any fund would need to be more focused, and targeted at the policy areas where the evidence we have now indicates that the contracts would have the greatest impact – both social and financial.

Neil is a founding Director of ATQ Consultants, a boutique consultancy which, since 2012, has specialised in outcome based commissioning including social impact bonds (SIBs) / social outcomes partnerships (SOPs); and the use of social investment to support new models of public service delivery by the social sector.

He has worked extensively with both commissioners and providers to develop social outcomes partnerships, and has also supported major research and evaluation of SOPs, working in partnership with Ecorys UK, including evaluations of the Commissioning Better Outcomes (CBO) Fund and Care Leavers SIBs for the Department for Education. Neil's experience and expertise in outcome based commissioning build on more than 30 years involvement in the reform and improvement of public services, with a particular focus on complex commissioning and contracting with both the private and social sectors.

45 Mahese, E., 2023. Opt-out HIV testing programme in England will be expanded to high prevalence areas. BMJ. 383. URL https://doi.org/10.1136/bmj.p2842
46 Outes Velarde, J., Chauhan, M., Grennan, E., Nagarajan, S. & Paul, O., 2023. INDIGO Impact Bond Insights Report – Fifth edition. Government Outcomes Lab. URL https://doi.org/10.35489/BSG-GOLAB-RI_2023/002

WHAT IS THE ROLE OF SOCIALLY MOTIVATED INVESTMENT IN SOCIAL OUTCOMES PARTNERSHIPS?

Aman Johal,
Better Society Capital

The provision of upfront capital from socially motivated investors can be an important feature of social outcomes partnerships. What has been drawing impact investors to this way of funding public services, and what has their impact been on the quality and efficiency of service delivery?

Better Society Capital exists to improve the lives of people in the UK through social impact investing. We unite ideas, expertise and funding to create investment solutions for the UK's social challenges, drawing in more funding to the system that can help to improve people's lives. Since we were set-up, we have been involved in social outcomes partnerships (SOPs) as a meaningful tool (amongst many) to support effective public service delivery.

Through our many years of involvement (since 2012) as a cornerstone investor in four dedicated outcome investment funds[47] and numerous independent evaluations[48], we have seen that SOPs can indeed be effective in policy areas where services need to be highly personalised and where local communities and the voluntary sector can play a leading role. This is because SOPs can empower local authorities and communities to implement local solutions, bringing together genuine collaboration across stakeholders and much stronger accountability for results compared to traditional contracting mechanisms.

SOPs have also been successful in leveraging significant amounts of additional capital to support improved UK public service delivery from socially motivated investors across the globe. These investors vary from charitable foundations to housing associations, local authority pension funds and high-net-worth individuals. Fund managers, who manage the capital on behalf of these investors, are the principal conduits through which SOP projects receive investment (should organisations choose to raise this capital from social investors).
The funding is used to invest into innovations, which aim to improve the quality and productivity of the services, and takes on the risk of whether these innovations are successful. It also covers any up-front working capital needs of the service. Investment is only repaid if results and value are achieved for government. In our experience, these impact driven investors are drawn to SOPs as they are tackling deep complex issues in the UK, such as homelessness, children on the edge of care, long-term health conditions and so on, as well as being extremely data driven and evidenced, such that investors are assured and confident in the positive change their funding is delivering for vulnerable people.

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47 Note: BSC's work in partnership with others has catalysed 90 SOPs, more than any other country, and the model is being replicated across the world. These projects have involved more than 180 commissioners and 220 social sector organisations, benefiting over 55,000 people facing complex issues in areas like homelessness, health, children's services, education and employment.
48 Stanworth, N. and Hickman, E., 2024. The value created by social outcomes contracts in the UK – updated analysis and report. ATQ Consultants.
URL https://www.atqconsultants.co.uk/wp-content/uploads/2024/06/VF-SOC-Social-value-report-update.pdf

Investing in people
This socially motivated investment also aims to improve quality and productivity, for example by investing in the people delivering these services through better recruitment processes, improved training, enhanced clinical supervision, better working conditions and additional expertise (as well as high quality information systems and secure data architecture). All of which can improve both the quality and productivity of public services compared to more traditional 'pay for input' approaches. When it works, this approach can result in better outcomes[49] for citizens, but also better value for money per outcome achieved for government[50 51 52].

Many public services supporting those with complex needs underperform their original business case
Traditional public service projects are usually contracted using a 'pay for inputs' method. Government specifies a precise list of input costs which it wishes to pay for (people, offices, etc.), and what activities they must perform. It assumes how many people will be helped, and the success rate of the intervention, and thus the implied 'cost per outcome' from the service, when creating the business case for the service to be funded.

Government pays delivery organisations for the input costs as scheduled, and then conducts an evaluation after delivery has ended, to understand what outcomes were actually achieved for the intended beneficiaries of the service. However, many such projects achieve fewer successful outcomes than originally anticipated, and as a result, end up being much more expensive (per outcome) than planned in the original business case for the service[53].

A simple example of the implications of this under-performance might look like this (Table 1):

Table 1

Pay for inputs example	Payment for inputs costs	# people treated	Success rate	# outcomes achieved	Cost per outcome
Design	£10m	1000	60%	600	£17k
Actual	£10m	800	40%	320	£31k

The desired 'outcomes' might be the number of previously homeless people who now have a safe stable home, or the number of people with prediabetes who do not go on to develop full diabetes, the number of children falling behind age-related expectations at school who catch up, or the number of families known to social care who do not subsequently break down.

Traditional public contracts inhibit innovation
In these pay for input contracts (and in many grant-funded services), delivery organisations are forced to provide the precise set of inputs, at the pre-agreed price, for the duration of the contract. Government performs regular audits to check that the inputs are being provided as specified, and that the service is delivering the activities exactly as described in the 'service specification'. Contract management meetings are primarily an exercise in validating 'fidelity' to the original procurement. Penalties, including contract termination, are available to government if delivery organisations are found to have deviated from the specification or inputs budget in any way. The number of actual outcomes achieved by the service, and thus the ultimate cost per outcome to government, is only measured years later (if at all).

It is inevitable, under these contracting methods, that so many services help fewer people than originally planned, with a lower quality of delivery, and hence end up costing the government much more (per outcome achieved) than originally hoped.

Focusing on outcomes can lower cost of underperforming services
In outcomes-based commissioning, government looks at things the other way around. Instead of fixing and controlling the precise input costs, government instead focuses on the positive outcomes it wants to achieve for people, and specifies what these look like. Delivery organisations are offered the target cost per outcome as payment, once each outcome has been achieved and verified. This has the immediate benefit of ensuring that

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49 Note: This article uses the word 'outcome' in the way it is used by Government (Barber, M., 2017. Delivering better outcomes for citizens: practical steps for unlocking public value. OGL) to describe tangible improvements to the lives of citizens (e.g. someone who was previously homeless now has a stable, safe home). Some commentators use the term 'outcome' to describe a much more complex, less tangible concept approximating to 'lifetime happiness'.
50 Examples of delivery innovations are captured in the Government Outcomes Lab's evaluation of Kirklees Better Outcomes Partnership
Rosenbach, F., Van Lier, F., Domingo, F., Carter, E., 2023. Life Chances Fund Second Stage Evaluation Report: Kirklees. Government Outcomes Lab.
URL https://golab.bsg.ox.ac.uk/documents/KBOP_Interim_Report2.pdf
51 Examples of delivery innovations are also captured in the evaluation of Essex Multi-Systemic Therapy Social Impact Bond
Sin, C. H., 2016. Evaluation of the Essex Multi-Systemic Therapy Social Impact Bond: Findings from the first three years. OPM. URL https://golab.bsg.ox.ac.uk/documents/OPM_2016.pdf
52 Bridges Outcomes Partnerships, 2024. People-Powered Partnerships.
URL https://bridgesoutcomespartnerships.org/wp-content/uploads/2024/03/BOP_People-powered-Partnerships_website.pdf
53 Barber, M., 2017. Delivering better outcomes for citizens: practical steps for unlocking public value. OGL.
URL https://assets.publishing.service.gov.uk/media/5a82d139e5274a2e8ab59803/PU2105_Delivering_better_outcomes_for_citizens_practical_steps_for_unlocking_public_value_web.pdf

government only pays (at most) the target cost per outcome, and no more. If the service underperforms expectations, then government pays less, and can repurpose this underspend into other areas (Table 2).

Table 2

Pay for outcomes example	Cost per outcome	# people treated	Success rate	# outcomes achieved	Total payment made
Design	£17k	1000	60%	600	£10m
Actual	£17k	800	40%	320	£5m

It can also create the conditions for overperformance

However, the potential benefits of this focus on outcomes are much greater than just reducing the cost of underperforming services. Delivery organisations, often supported by social investors, are given freedom to personalise their service design around each individual, and freedom to continually learn and make improvements to the service as a whole (all of which would be punished under the traditional pay for inputs contracting model). For example, we have seen this in projects such as Be the Change Mayday Trust[54] and Greater Manchester Homes Partnership[55], both innovative approaches working on the issue of homelessness prevention.

More than that, they are able to invest into improvements, if those improvements have the potential to significantly increase the quality and effectiveness of the service, or improve its productivity to help more people. Therefore, this model can make services more likely to attempt to overperform expectations.

If a bidder[56] believes that investing into the people delivering the service, and into the systems and support around them, might achieve disproportionate benefits to quality and productivity, they are allowed to try this approach. For example, if a bidder believes that investing an additional 30% up front will raise quality by 20% and productivity by 20%, and believes that the improved service will be popular enough to expand or extend (e.g. into surrounding geographies) to help more people, then they can bid on this basis. They offer a lower price per outcome, but are able to recoup their 30% investment if (and only if) the improvements work (Table 3).

Table 3

Pay for outcomes example	Cost per outcome	# people treated	Success rate	# outcomes achieved	Total payment made
Design	£17k	1000	60%	600	£10m
Actual	£15k	1200	72%	860	£13m

The cost per successful outcome is now even lower than the original design price, but now the service has overachieved original expectations, and helped more people across the country, more successfully than planned. Investment into improved quality and productivity, when it works, results in better outcomes, and better value for money per outcome.

By focusing on outcomes instead of inputs, government has unleashed the creativity and innovation of delivery organisations, resulting in 860 successful outcomes vs 320, and at a cost of £15k per success vs £31k in the underperforming 'pay for inputs' example. There are now many examples of projects following this model, who have achieved dramatic improvements in both quality and productivity compared against their traditional 'pay for input' equivalents, as explored in the '*Has paying for outcomes in the UK cost more or less than paying for inputs?*' essay in this report.

Under this model, bidders are free to raise whatever financing they might need for this up-front investment, but many in the UK have partnered with social investors – who are actively seeking investments where financial performance is only achieved in tandem

54 Stanworth, N., 2023. Be the Change Social Impact Bond. Final in-depth review, produced as part of the independent Commissioning Better Outcomes evaluation. ATQ Consultants. URL https://maydaytrust.org.uk/wp-content/uploads/2023/09/Be_the_change_indepth_review_2023.pdf

55 Greater Manchester Combined Authority, 2021. Greater Manchester Entrenched Rough Sleeping Social Impact Bond. Year 2 and 3 evaluation. URL https://www.greatermanchester-ca.gov.uk/media/5230/gmca-rough-sleeping-sib-evaluation.pdf

56 Note: By law, any organisation or consortium is allowed to bid to deliver these contracts and can use a variety of financing methods, e.g. investing their own financing, borrowing from other charities, taking social investment loans, through forming a partnership where the coordinator raises funding and enters the bid on behalf of the partnership. From government's perspective, proposed structure is typically not known until the bid is reviewed.

with impact performance and achievement of outcomes. The social investment market in the UK overall has grown to over £10bn of commitments from a wide variety of impact focused investors. There is huge potential to leverage in further upfront funding from those who are looking to improve the quality and productivity of public services, and willing to risk capital into local delivery organisations and services which have the potential to achieve significant improvements in outcomes, and value for money.

Aman is Managing Director, Head of Social Outcomes at Better Society Capital (BSC). She leads Better Society Capital's work on social outcomes, an innovative approach to public service delivery that enables social sector organisations to deliver outcomes-based contracts that support individuals facing complex needs, from homelessness to long-term health conditions. Better Society Capital is the UK's leading social impact-led investor, whose mission is to grow the amount of money invested in tackling social issues and inequalities in the UK. BSC is both an investor and a market builder, that takes a systems-led approach, collaborating and investing with others who also want to create a better, sustainable future.

Before joining Better Society Capital, Aman worked for J.P. Morgan, leading the firm's philanthropic programme across the UK on employment and skills. During her time there she also played a leadership role in the roll out of signature programmes and in building the visibility of the impact of the firm's philanthropic efforts across Europe, Middle East and Africa. Prior to this she held a number of positions across the non-profit and public sectors in the UK, including at the Young Foundation, the Foreign and Commonwealth Office, in public affairs for a national health charity and as a caseworker for a benevolent fund working on the frontline to administer support to beneficiaries.

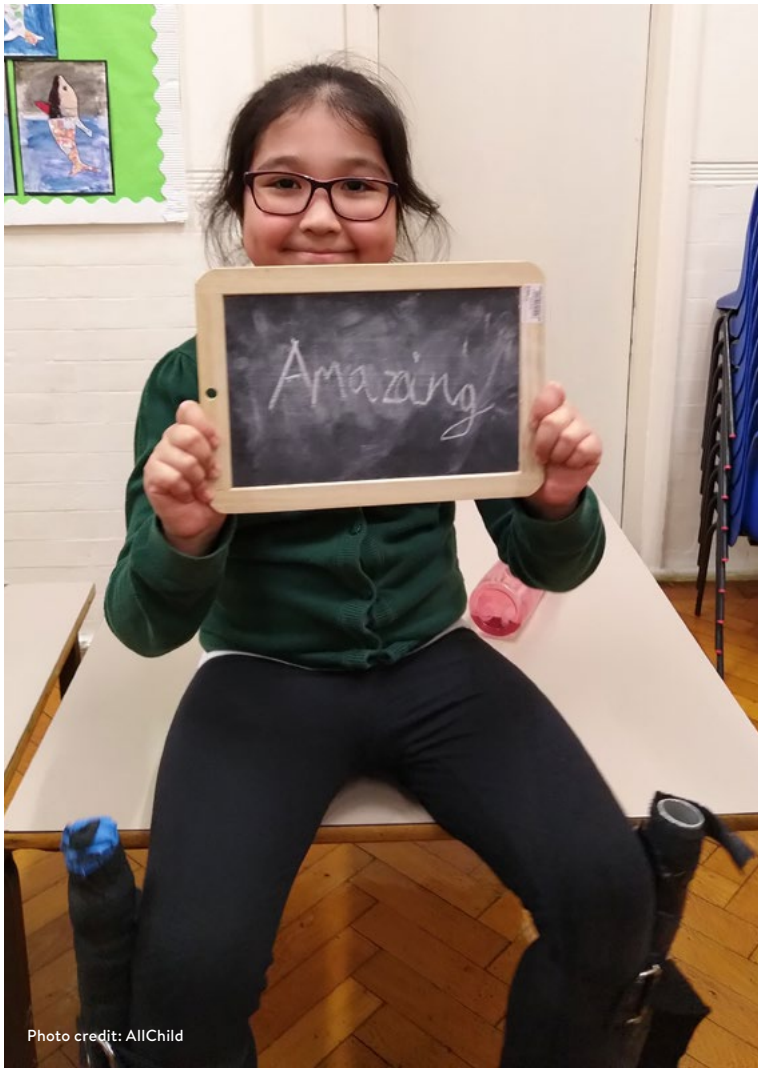

Photo credit: AllChild

Social outcomes partnerships in the UK have successfully leveraged millions in socially motivated investment to support local delivery organisations with upfront funding, whilst also taking on the performance risk of the contracts. Although additional investment is not always needed for outcomes-based commissioning, we have seen tangible evidence and examples where this type of partnership enables enhanced investment into people and improvements in service delivery that can drive improved outcomes for individuals at better value for government.'

2.2 MECHANISMS OF IMPACT

Included in this section:

1. Juliana Outes Velarde, Government Outcomes Lab – *How can we use **data** to make collective learning happen in social outcomes partnerships?*
2. Clare FitzGerald, King's Business School, King's College London – *Enforceable commitments: what goes in the **contract**?*
3. Michael Gibson & Felix-Anselm van Lier, Government Outcomes Lab – *Adapting together: the role of **formal relational contracting** in addressing complex social problems*
4. Andrew Levitt, Bridges Outcomes Partnership – *Has **paying for outcomes** in the UK cost more or less than paying for inputs?*
5. Emily Hulse, Government Outcomes Lab & Alec Fraser, King's Business School, King's College London – *How can we **scale up** evidence-informed health care interventions through social outcomes partnerships?*

HOW CAN WE USE DATA TO MAKE COLLECTIVE LEARNING HAPPEN IN SOCIAL OUTCOMES PARTNERSHIPS?

Juliana Outes Velarde, Government Outcomes Lab

Data transparency is often seen as one of the key strengths of social outcomes partnerships. But for data to enable a virtuous cycle of learning for improved service delivery, stakeholders in a social outcomes partnership need to be intentional about their approach to data and evidence-generation. The experience with the Life Chances Fund offers invaluable insights as to how to translate data into collective learning.

Data is central to social outcomes partnerships (SOPs) at every stage of their development and execution. From the very start, when a group of practitioners are putting together a business case or a funding application, to the final stages, where projects share data with third-party evaluators, data is always present.

In the context of SOPs, data is not just an 'add-on', but a key component of the entire project. Policy makers and practitioners often say that one of the rationales behind working with an outcomes focus is to collect more and better data, to understand where the gaps are and to use this to improve public service delivery. The focus on data is meant to be the starting point to answer a more complex question: how can we make public services better?

Since their inception, SOPs' intensive data use has offered the possibility of unleashing a virtuous, two-fold learning process. First, it was expected that during service delivery, practitioners would use the interim outcomes data as a key input for board meetings. The analysis of this data would generate improvements in the service, and trigger course correction actions when needed.

The second promise was linked to the transparency mandate of many SOPs. Outcome payers often embark on outcomes-based partnerships because they expect that the focus on performance and measurable results would encourage transparency and accountability. In this sense, the data on outcome achievements is expected to be shared with a wider community of practitioners, evaluators, researchers, and policy makers with an interest in outcomes-based partnerships. This second promise is where the International Network for Data on Impact and Government Outcomes – INDIGO – plays a key role.

The INDIGO initiative was created in 2019 with the aim of hosting a diverse community of practitioners and policy makers who wanted to see this second promise formalised in a tangible way. INDIGO aims to be a global knowledge hub around outcomes-based partnerships. We host a unique dataset with data on social and environmental impact bonds, a pipeline dataset where we receive data on outcomes-based initiatives under development, an outcomes fund directory, with information on outcome funds all over the world, and other datasets and tools to help practitioners make sense of data and extract valuable insights for their work. The growing breadth and

depth of INDIGO represents significant progress on the use of SOPs data in recent years. Proof of this is the level of data granularity that we have shown for the some of the latest SOPs in England supported by the Life Chances Fund (LCF).

The LCF's approach to data collection and data transparency has been different from other approaches in the past. The LCF was designed from the beginning as a fund that would provide better evidence of the effectiveness of the SOP mechanism and the savings resulting[57]. In order to achieve this objective, the LCF set up a data portal administered by The National Lottery Community Fund (TNLCF). Every piece of data that LCF projects shared with the Fund was hosted in this complex database. As the UK government's learning and evaluation partner for the LCF, the GO Lab was granted access to the data platform. The GO Lab is able to repurpose data that was collected as administrative data as key inputs for the formal evaluation of the LCF, and to generate learnings that can inform further practice & policymaking. In adopting this approach, I believe that the partnership between DCMS, TNLCF and the GO Lab has helped to connect the first level of learning (learning within the partnership to course correct and adapt) with the second level of learning (collective learning of a community interested in outcomes-based partnerships). This connection has facilitated access to very granular data coming from projects addressing several social issues and working towards different outcome metrics, which is shared openly and transparently on the GO Lab Knowledge Hub[58].

The set up and maintenance of the data portal was only possible because the Life Chances Fund was intentional about learning. The intentionality was reflected in three different ways. First, the learning purpose was clearly included in the design of the fund. From the very beginning, projects applying for funding from LCF knew that collecting data, providing evidence, and learning about the SOP mechanism was one of the goals of the fund. Second, the LCF allocated appropriate resources for database set up and maintenance, including the cost of the database, but also training sessions for the staff involved in the administration of the fund. Third, when the LCF selected the projects that would receive funding, the Award Letter reinforced the learning purpose by including the expectation of projects to share data and actively participate in learning and evaluation as part of the agreement. In this way, all stakeholders participating in the LCF were aware of this goal from the start and were incentivised to properly consider and budget for data collection and monitoring.

Even though the LCF was carefully designed to enable and encourage data sharing and learning, challenges remain. The Covid-19 pandemic, for instance, forced some projects to temporarily return to grant payments (instead of outcome payments)[59]. The data portal was designed in such a way that every time a project reports outcome achievements, it triggers an outcome payment. The switch of some projects to grant payments meant that the data portal had to be adjusted to take data on outcomes achieved during the Covid-19 pandemic, without triggering any outcome payments. In addition, the database had to record many changes and adaptations as projects adjusted service delivery to new contexts, or new commissioners decided to be part of the SIB once the service had already started. The LCF approach to data was a big step towards better data on outcomes partnerships, but there are still some gaps that could be addressed in the future.

> *Collective learning does not happen in a void and working in an outcomes-focused way does not guarantee that collective learning will occur. We need to be intentional about collective learning, and that means allocating time and adequate resources.'*

When it comes to data, the LCF experience leaves us with two big lessons. First, collective learning does not happen in a void, and working in an outcomes-focused way does not guarantee that collective learning will occur. We need to be intentional about collective learning, and that means allocating time and other resources for data collection, quality assurance, web hosting, data visualisations, collective interpretation sessions etc.

Second, outcomes funds can play a catalytic role in collective learning. By connecting learning initiatives to the projects where data is being produced and routinely collected, outcomes funds can incentivise the growth of this learning space. Aligning goals and expectations with projects and being clear about the value of evidence are some of the activities that outcomes funds can do to accelerate collective learning.

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57 Department for Culture, Media and Sport, 2023. Social Outcomes Partnerships and the Life Chances Fund. URL https://www.gov.uk/guidance/social-outcomes-partnerships
58 Government Outcomes Lab, n.d. Knowledge Bank. Accessed July 25th, 2024. URL https://golab.bsg.ox.ac.uk/knowledge-bank/
59 More information on the LCF early adaptation to the challenges of the COVID pandemic can be found here: FitzGerald, C., Hameed, T., Rosenbach, F., Macdonald, J.R., Outes Velarde, J., Dixon, R., 2022. An introduction to Life Chances Fund projects and their early adaptations to Covid-19. Government Outcomes Lab. URL https://golab.bsg.ox.ac.uk/documents/LCF_early_adaptations_to_COVID-19_Digital.pdf

What is the way forward?
We have an open, global knowledge hub where everyone can access data on SOPs, the size of the contracts, the size of cohorts, the list of involved organisations, the outcome metrics and their achievements (for some projects). The knowledge hub also offers academic papers, evaluation reports, case studies, and many other useful resources to keep up to date with the state of play with SOPs.

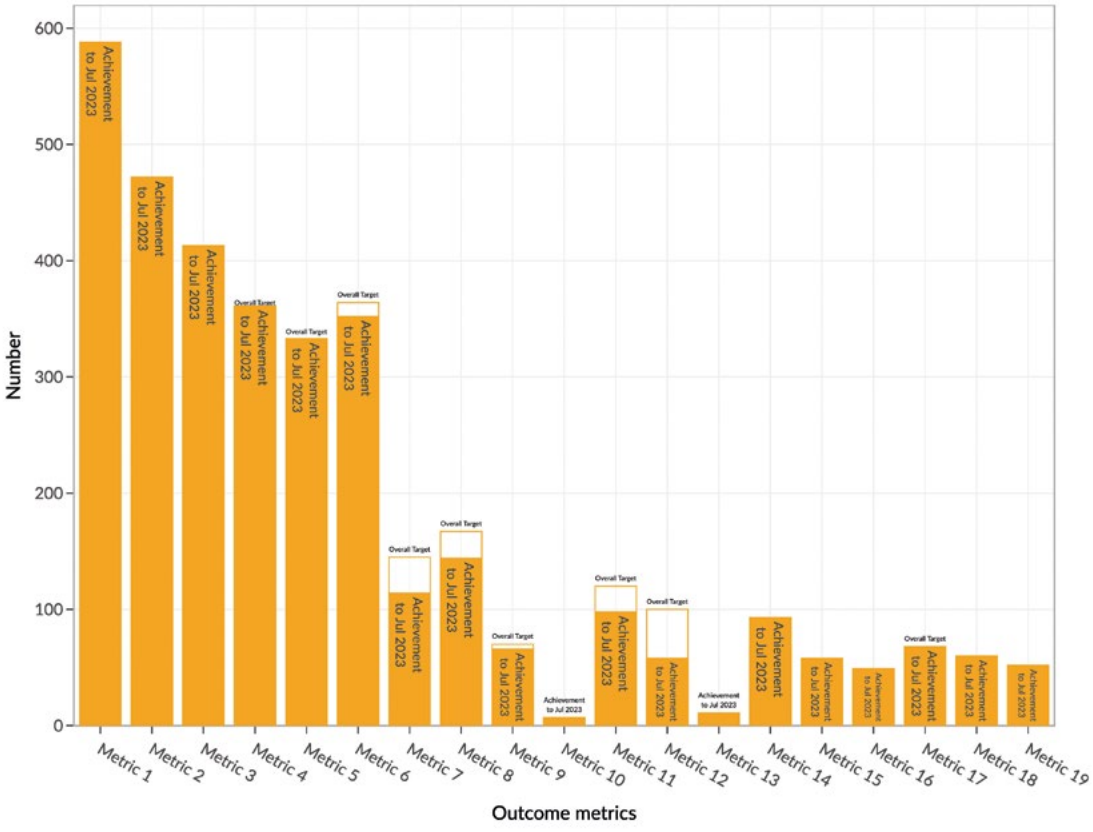
However, there is still more to be done. For example, we could unlock deeper insights about the SOP mechanism if our database could be completed with redacted contracts. As streams of research suggest that particular contractual configurations might lead to better outcomes[60], we need to access contracts to better understand what those configurations look like and how and under what circumstances they lead to better outcomes.

Data on costs and transaction costs would be another asset to complement the existing database. Many practitioners and policy makers are asking the question: are the costs worth it? This can only be answered if we collected data on costs in a comparable way. Finally, an overall improvement in the availability of data on public services and their results would be highly beneficial for the outcomes-based partnerships ecosystem.

Better data on the outcomes of regular public services will help us disentangle the value of the outcomes-focused contracting mechanism (against non-outcomes based mechanisms). More insights on the value added of outcomes-based partnerships will help us answer our initial and overarching question: how can we make public services better?

Juliana is a Senior Data Steward at the Government Outcomes Lab. She leads the work of the International Network on Data for Impact and Government Outcomes - INDIGO - a data and learning collaborative with the goal of collecting more and better data for better social outcomes. Her work is motivated by a desire to understand best practices to improve the use of data and evidence in the design of social policies and programmes.

Juliana completed a Masters in Politics, Big Data and Quantitative Methods at the University of Warwick in 2020 and holds a degree in International Relations from the Catholic University of Argentina. She is particularly interested in understanding how academic organisations can support governments, and how a data stewardship model can both enhance the quality of data assets and curate a meaningful conversation around the social outcomes data ecosystem.



Illustrative outcomes achievement visualisation drawn from the Impact Bonds Dataset

60 Heinrich, C.J., Malatesta, D., Ball, N., Carter, E., Gibson, M., Forthcoming. Contracting for Public Value. Oxford University Press.

ENFORCEABLE COMMITMENTS: WHAT GOES IN THE CONTRACT?

Dr Clare FitzGerald, King's Business School, King's College London

Contract specifications are at the heart of ensuring that social outcomes partnerships offer value for money for outcome funders. What features and clauses do outcomes contracts need to include to avoid opportunism and set the conditions for effective collective action?

From a handshake between friends to an international trade agreement, contracts are fundamental to the exchange of value - be that money, an action, or some other outcome. At the heart of every contract are enforceable commitments, those duties and responsibilities which bind parties to each other. Savvy specification of enforceable commitments is integral to ensuring that contracts offer value-for-money. Specification is not, however, a straightforward task.

As a public administration scholar, I am preoccupied by the role and functioning of the state and the public services we all benefit from. This preoccupation runs right through this essay: I am most concerned about supporting governments to contract well. In my published work and own thinking, I broadly frame contract success as meaningful progress against policy goals. This notion, of meaningful progress, is a critical nuance in outcomes-based contracting where contracts can deliver payable outcomes and achieve financial success without 'having made a durable difference in the lives of individuals they intended to help'[61] [62] [63] [64].

To discuss the complexities of contract specification, I start with some basics on contract theory, offering general reflections on why designing contracts can be challenging. I then zoom in on outcomes-based contracts and social outcomes partnerships, exploring how public purchasers might specify both the outcomes they are willing to pay for and the relational dynamic they wish to have with delivery partners.

Contract Theory

When designing a contract, purchasers often consider two things: i) to what extent will a supplier serve their own interests above my own; and ii) how capable am I of anticipating the ways a supplier might rip me off. The terms academics use, particularly economists, to describe these phenomena are opportunism ('self-interest seeking with guile') and bounded rationality ('incomplete knowledge of the current and future situation')[65] [66].

Theoretically, in any given transaction, purchasers can emphasise one of these two elements in the design of their contract. Where they are less concerned with opportunism, purchasers might rely on a general

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61 Tse, A., Warner, M. E., 2020. 'The razor's edge: Social impact bonds and the financialization of early childhood services', Journal of Urban Affairs, 42(6), pp. 816–832. URL https://doi.org/10.1080/07352166.2018.1465347

62 Hajer, J., Loxley, J., 2021. Social Service, Private Gain: The Political Economy of Social Impact Bonds. University of Toronto Press.

63 Fitzgerald, C., Tan, S., Carter, E., Airoldi, M., 2023. Contractual acrobatics: a configurational analysis of outcome specifications and payment in outcome-based contracts. Public Management Review 25(9), 1796-1814

64 Hevenstone, D., Fraser, A., Hobi, L., Przepiorka, W., Geuke, G., 2023. The impact of social impact bond financing. Public Administration Review, 83(4), 930-946 URL https://doi.org/10.1111/puar.13631

65 FitzGerald, C., Carter, E., Dixon, R., Airoldi, M., 2019. Walking the contractual tightrope: a transaction cost economics perspective on social impact bonds. Public Money & Management. 39(7). 458-467. URL https://doi.org/10.1080/09540962.2019.1583889

66 Williamson, O.E.,1985. The Economic Institutions of Capitalism: Firms, Markets, Relational Contracting. Free Press.

clause contract which broadly requires that both parties act in good faith. Where opportunism is a concern, purchasers can try to design a complete contract, one that specifies enforceable commitments in minute detail across all foreseeable eventualities.

Endeavouring to complete a contract, however, can be expensive – especially for health and social care services. This is in part because public services are highly interactive and intangible[67], making it challenging for governments to define and monitor provision against multifaceted performance criteria including equity of access, efficiency of provision, 'effectiveness in producing outcomes and results', client responsiveness and 'accountability to elected officials and organised stakeholders'[68] [69].

Thus, a central challenge for public purchasers is to design a contract which constrains supplier opportunism whilst boosting performance, however defined, without over-spending. To do this, governments can use an array of contract forms, for example, fixed price contracts which stipulate a set value for provision, cost-reimbursement contracts that include payment for incurred costs by suppliers as allowed, or time and materials contracts priced according to the resources required by service suppliers to fulfil the agreed scope of work.

Notionally, any of these contract forms can include some kind of performance incentive.

What differentiates outcomes-based contracts (OBCs) is that their 'definitive' enforceable commitments 'occur further into the delivery period than is traditionally the case'[70]. While governments typically focus on detailing the type, amount, frequency, or minimum requirements of public services with live monitoring for verification, OBCs use the ex-post validation of outcomes achieved to confirm contract fulfilment. In other words, they use outcomes as a way of completing the contract[71].

Specifying outcomes

Crucially, outcomes specifications vary greatly in their ability to constrain supplier opportunism. In OBCs, two areas of opportunism are of primary concern: i) that suppliers will reduce costs on 'non-contractible service elements'; and ii) that suppliers will appropriate value by focusing their efforts 'on more profitable service users' (i.e. gaming behaviours like cherry-picking, cream-skimming, or parking)[72] [73]. While these forms of opportunism broadly apply, especially the risk that suppliers will cost squeeze, the risk of value appropriation is more salient for health and social care contracts given the complexity and heterogeneity of service cohorts.

Of the various forms of OBC, SOPs minimally include two profit-seeking entities working in collaboration – service suppliers and investors. For purchasers, especially government purchasers, this may raise concerns about paying inflated prices for outcomes of questionable value.

> *In social outcomes partnerships, public purchasers should pay attention to clarifying eligibility criteria and referral pathways, assessing the strength of the conceptual links between payable outcomes and their overarching policy goals, and reconciling the rigour of attributional claims in outcomes price-setting.'*

67 Osborne, S., 2018. From public service-dominant logic to public service logic: are public service organizations capable of co-production and value co-creation? Public Management Review. 20(2), 225-231. URL https://doi.org/10.1080/14719037.2017.1350461
68 FitzGerald, C. Macdonald, J. R., 2024. Public Contracting for Social Outcomes. Cambridge University Press
69 Heinrich, C., Lynn, L., Milward, B., 2010. A State of Agents? Sharpening the Debate and Evidence over the Extent and Impact of the Transformation of Governance. Journal of Public Administration Research and Theory 20(1), i3-i19. URL https://doi.org/10.1093/jopart/mup032
70 FitzGerald, C. Macdonald, J. R., 2024. Public Contracting for Social Outcomes. Cambridge University Press
71 Lazzarini, S.G., 2022. The Right Privatization: Why Private Firms in Public Initiatives Need Capable Governments. Cambridge University Press.
72 Carter, E., Whitworth, A., 2015. Creaming and Parking in Quasi-Marketised Welfare-to-Work Schemes: Designed Out Of or Designed In to the UK Work Programme? Journal of Social Policy, 44(2), 277-296. URL https://doi.org/10.1017/S0047279414000841
73 Fitzgerald, C., Tan, S., Carter, E., Airoldi, M., 2023. Contractual acrobatics: a configurational analysis of outcome specifications and payment in outcome-based contracts. Public Management Review 25(9), 1796-1814.

Thus, when deployed in such policy areas as homelessness prevention, children's welfare, end-of-life care, or youth unemployment, public purchasers may elect to design a contract which specifically bears down on suppliers' ability to appropriate value[74] [75].

- **First**, public purchasers might include contractual features which clearly define eligibility criteria and referral pathways for service users to reduce heterogeneity within the cohort. At their most stringent, these might include identifying a named cohort based on key attributes using administrative data (e.g. a minimum number of nights spent sleeping rough in the preceding six months; all incarcerated individuals serving a less than 12-month sentence for a non-violent crime in a specific prison). Where a high degree of heterogeneity is anticipated within the cohort, or where eligibility criteria is non-standard, purchasers may rely on independence at the point of referral such that suppliers are constrained in their ability to simply engage those individuals most likely to generate an outcomes payment. This may mean convening an independent referral body or even utilising statutory referral mechanisms already in place.

- **Second**, public purchasers might articulate payable outcomes which have strong conceptual links with their overarching policy goals. This can mean limiting the amount of payment available for activities or outputs which are only loosely coupled with longer-term outcomes (e.g. creation of a personal treatment plan, continued engagement payments, service completions) in favour of compensating suppliers for the results that matter most (e.g. reduced non-urgent hospital admissions, improved secondary school graduation rates, reduced reconvictions). Typically, a focus on outcomes requires a longer contract term with clear procedures for capturing any renegotiations that occur during project implementation.

- **Third**, public purchasers must set a fair price for outcomes delivered. This means counterbalancing how attributable the outcomes achieved are to the intervention delivered, the realisation of savings to the public purse, the direct benefits to participants, the indirect benefits to the general public, and the costs of provision. For example, SOPs may achieve outcomes which would have happened even in the absence of their funded intervention suggesting some discounting should be applied where attributional claims are particularly weak[76].

Specifying relationships

Crucially, these approaches to specifying outcomes emphasise the importance of constraining opportunism and appropriation as rather technical mechanisms for ensuring contractual success. An alternative way to set contractual conditions for effective collective action instead amplifies relationalism and the importance of spelling out governance mechanisms which promote what Brown and colleagues call 'consummate behavior' – action which reduces supplier 'gains but by a smaller amount than the gains it creates for the other side'[77].

Relationalism features as an enabler of success in orthodox contract theories although it is more commonly referred to as probity or trust[78]. Relationalism also has a rich history in public procurement which has long foregrounded 'the enabling role of trust between parties' as integral to improving ongoing contractual partnerships between governments and third-parties[79] [80] [81] [82].

Nevertheless, efforts to design and codify relational elements like common goals, guiding principles, or relationship management processes are somewhat nascent outside of business-to-business deals[83] [84]. Even in the recent push for government exploration of formal-relational contracting, the character of enforceable commitments remains vague with little applied guidance on how governments might realise the promises of enhanced flexibility, reduced costs, and improved value, whilst upholding their unique public duties of transparency, accountability, and fairness.

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74 FitzGerald, C., Carter, E., Dixon, R., Airoldi, M., 2019. Walking the contractual tightrope: a transaction cost economics perspective on social impact bonds. Public Money & Management. 39(7). 458-467. URL https://doi.org/10.1080/09540962.2019.1583889
75 Fitzgerald, C., Tan, S., Carter, E., Airoldi, M., 2023. Contractual acrobatics: a configurational analysis of outcome specifications and payment in outcome-based contracts. Public Management Review 25(9), 1796-1814.
76 FitzGerald, C., Carter, E., Dixon, R., Airoldi, M., 2019. Walking the contractual tightrope: a transaction cost economics perspective on social impact bonds. Public Money & Management. 39(7). 458-467. URL https://doi.org/10.1080/09540962.2019.1583889
77 Brown, T.L., Potoski, M., Slyke, D.V., 2016. 'Managing Complex Contracts: A Theoretical Approach', Journal of Public Administration Research and Theory, 26(2), pp. 294–308. URL https://doi.org/10.1093/jopart/muv004
78 FitzGerald, C. Macdonald, J. R., 2024. Public Contracting for Social Outcomes. Cambridge University Press
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83 Frydlinger, D., Vitasek, K., Bergman, J., Cummins, T., 2021. Contracting in the New Economy. Springer Books. URL https://econpapers.repec.org/bookchap/sprsprbok/978-3-030-65099-5.htm
84 Carter, E., Ball, N., 2023. Social outcomes contracting: Seeding a more relational approach to contracts between government and the social economy? Social Economy Science, 416–440. URL https://doi.org/10.1093/oso/9780192868343.003.0017

Conclusion

The success or failure of public contracts is hugely influenced by the negotiation, design, and oversight of enforceable commitments throughout the life of a contract. In this essay, I have almost exclusively spoken about the design of public contracts, but the capability and capacity of public purchasers during negotiation and delivery is likewise uniquely determinative.

Public purchasers can improve the odds that a contract will succeed by investing in technical and relational aspects of contract specification. Technically, they can endeavour to specify enforceable commitments related to the precise mechanics of delivery and payment terms. In OBCs and SOPs in health and social care, I recommend that public purchasers pay attention to clarifying eligibility criteria and referral pathways, assessing the strength of the conceptual links between payable outcomes and their overarching policy goals, and reconciling the rigour of attributional claims in outcomes price-setting. Relationally, they can invest time in building relational capital with suppliers en route to contractualising collaborative ways of working as enforceable commitments.

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In this world of polycentrism and multi-stakeholder collaboration, governments have pursued a host of differently configured policy instruments, contracting arrangements, governance mechanisms, incentive schemes, and managerial routines to facilitate decentralised, interorganisational ways of working.

Clare uses mixed methods to understand how organisations independently and collectively serve the public with a particular focus on the constraining and enabling powers of law, rules and regulations, and administrative routines. Her interest in contemporary governance has led her to undertake applied research on complex government contracts, including novel private investment-backed, outcomes-based contracts in health and human services; outcomes funds, cutting-edge policy tools pioneered in the UK to support co-occurring outcomes-based contracts; public procurement in the US and UK; and resilience and homophily in pandemic and natural disaster emergency response networks. Her work has been funded by UK Research & Innovation Economic and Social Research Council as well as the UK Home Office and UK Department for Digital, Culture, Media and Sport.

Her recent book with Ruairi Macdonald, Public Contracting for Social Outcomes, is now available with Cambridge University Press, Elements in Public Policy Series.

ADAPTING TOGETHER: THE ROLE OF FORMAL RELATIONAL CONTRACTING IN ADDRESSING COMPLEX SOCIAL PROBLEMS

Michael Gibson, Government Outcomes Lab

Felix-Anselm van Lier, Government Outcomes Lab

What makes outcomes contracts actually work? It's not just about financial incentives. An emerging approach called "formal relational contracting" is shifting the focus to collaboration, trust, learning and adaptability. In this essay, Michael Gibson and Felix-Anselm van Lier describe how this innovative approach to contracting is reshaping social outcomes partnerships and unlocking the potential for transformative change in complex social programmes.

The rebranding of 'social impact bonds' to 'social outcomes partnerships' reflects a broader change in how people involved in these projects perceive them to work. No longer are they positioned as a whizzy financial instrument, but rather as a means of fostering collaboration between partners around a common goal. This reflects a growing understanding of the important roles that adaptation and cooperation play in underpinning the success of partnership projects, and a recognition that placing these features at the heart of the model will be crucial as we look to the next fifteen years of cross-sector partnerships to deliver better social outcomes.

How we came to formal relational contracting

The Government Outcomes Lab was launched in 2016 in 'a bid to assess the impact of outcome-based commissioning schemes'[85]. As we sought to identify whether social impact bonds and other forms of outcomes-based contracting 'worked', we approached a rather unsatisfying (but typically academic) conclusion: it depends. Some social impact bonds do seem to help build cross-sector partnerships which deliver better social outcomes; others do not.

Our attention then turned to what it was that seemed to be tipping the scales towards success. Here again, there is no silver bullet. Much relies on the technical design of the contractual mechanism: the cohort, the outcome metrics, and the prices set for payable outcomes must all be appropriate[86]. But equally as important are the less tangible elements: the ability of the contract to bring stakeholders together and learn and adapt to changing circumstances as a partnership.

It was this observation that led us to examine a body of literature on 'relational contracting' spanning back to the 1960s and 70s in law and economics. In recent years, relational contracting has seen something of a resurgence, spurred on by innovations in 'formal relational' contracting. This work, pioneered by David Frydlinger, Sir Oliver Hart, Kate Vitasek and colleagues has moved beyond relational contracting as

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85 Dunton, J., 2016. Cabinet Office launches research centre to probe success of payment by results. Civil Service World. URL https://www.civilserviceworld.com/professions/article/cabinet-office-launches-research-centre-to-probe-success-of-payment-by-results-schemes

86 FitzGerald, C., Carter, E., Dixon, R., Airoldi, M., 2019. Walking the contractual tightrope: a transaction cost economics perspective on social impact bonds. Public Money & Management. 39(7). 458-467. URL https://doi.org/10.1080/09540962.2019.1583889

descriptive concept, to a feature that may be intentionally pursued and legally enforced[87]. This concept of 'formal relational' has been further refined and applied to the public sector by authors from the GO Lab, in collaboration with colleagues from the United States[88].

At its core, formal relational contracting shifts the focus away from rigidly defining the specific details of a product or a service upfront. It emphasises the importance of structuring relationships that lead to better outcomes, by establishing a shared vision of the goal of the project; principles for working collaboratively such as transparency and reciprocity; and clear processes and governance mechanisms that bring parties together to discuss challenges and allow for adaptation and collaboration as the project unfolds. This approach acknowledges the inherent uncertainty and complexity of many public services, particularly those addressing social issues, where outcomes may be difficult to define or quantify in advance. Formal-relational contracting creates a more flexible and responsive framework that can adapt to changing circumstances and service user needs, while enhancing accountability through transparent processes.

The formal and the relational in social outcomes partnerships

Of course, not all social outcomes partnerships embody a formal relational contracting arrangement.

But we have seen instances of formal relational contracting approaches emerge, which illustrate how this new approach might work in practice. For example, the Kirklees Better Outcomes Partnership, a social outcomes partnership designed to address and prevent homelessness of people with multiple and complex needs, intentionally incorporated relational principles into its contractual and governance structures. Formal contractual features were matched with a culture of collaboration and open communication, which facilitated an environment of shared learning. Contractually mandated performance reviews were operationalised as a collective learning exercise among all stakeholders, thereby shifting performance measurement from a punitive exercise to a space for sharing of best practice, learning and service innovation. A key feature of the KBOP model was its 'adaptive rate card', a mechanism that allowed for the modification of outcome measures during project implementation. Crucially, this flexibility was facilitated by a formal contractual change procedure, creating a feedback loop that enabled the learnings from collective governance and performance reviews to be integrated into the formal contractual structure[89].

The KBOP case study demonstrates how formal relational contracting can be operationalised in practice, offering valuable insights into the potential benefits of this approach. Further research is needed to better grasp the nuances of how such contractual mechanisms function in diverse contexts, ranging from healthcare to the procurement of AI. A deeper understanding of the interplay between formal and informal relational practices, the role of leadership, and the individuals who bring contracts to life is crucial. While we do not believe that formal relational contracting is a panacea, our hope is that it offers a promising framework for shifting the odds of success in complex public service contracts by fostering positive relationships and collaboration, rather than hindering them.

We do not believe that formal relational contracting is a panacea, but it offers a promising framework for shifting the odds of success in complex public service contracts by fostering positive relationships and collaboration, rather than hindering them.'

The future of formal relational contracting and social outcomes partnerships

As much of the discourse surrounding SOPs moves from the model itself to the use of elements of that model when appropriate, formal relational contracting represents more of an overarching approach, and so is not tied to a particular contracting model. Nevertheless, some of the features of SOPs are closely aligned with the key ingredients in a formal relational contract. In defining a set of outcomes the project will pursue, a SOP articulates a broad focus and scope of work that defines a shared mission for the parties, centered on concrete outcomes.

SOPs may incorporate appropriate collaborative governance mechanisms, as in the case of Kirklees. But this collaborative governance is not an inherent feature of the model. Indeed, KBOP began with only bilateral structures, until collective meetings were developed over time.

There are also potential tensions between the SOP approach and formal-relational contracting. In principle, SOPs transfer the financial

87 Frydlinger, D., Hart, O., Vitasek, K., 2019. A New Approach to Contracts. Harvard Business Review. URL https://hbr.org/2019/09/a-new-approach-to-contracts
88 Heinrich, C.J., Malatesta, D., Ball, N., Carter, E., Gibson, M., Forthcoming. Contracting for Public Value. Oxford University Press.
89 van Lier, F.-A., Gibson, M., Carter, E., Rosenbach, F., Domingos, F., Forthcoming. The Contract as a Living Instrument: Formal and informal relational practice in a Complex Public Delivery Contract.

risk of non-performance to investors. In practice, the political risk of failure remains largely with government. If not adequately addressed, this can risk so-called 'collaborative gaming' by parties to ensure the project is perceived as successful, without necessarily delivering the outcomes it was intended to support.

The future, then, is one of cautious optimism. As the model evolves, social outcomes partnerships have the opportunity to foster more relational ways of working while maintaining formal accountability structures. To do so, they will need to adapt and learn from the successes and challenges of past partnerships, to tip the scales towards success. Ultimately, however, such changes will help us to better respond to complex policy areas and hence better support the vulnerable people these partnerships aim to serve.

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Felix is a Postdoctoral Research and Policy Fellow at the Government Outcomes Lab, where he investigates new approaches to better organise the provision of public services. He works with academics, investors, and local and central government to build evidence around how innovations in social policy and outcomes-based commissioning can improve citizens' lives and their long-term prospects.

Felix was previously a Research Fellow at the Max Planck Institute and a Visiting Fellow at the Alan Turing Institute, where he investigated and co-developed digital tools to advance public decision making. Alongside data scientists, he produced evidence-based research on how digital democracy tools can be harnessed to support law and policy making and leveraged the use of machine-learning tools into different policy areas, including constitution-making and peace mediation.

HAS PAYING FOR OUTCOMES IN THE UK COST MORE OR LESS THAN PAYING FOR INPUTS?

Andrew Levitt, Bridges Outcomes Partnerships

For 15 years, the UK government has trialled outcomes-oriented contracts to address complex social issues – offering greater freedom to innovate and personalise solutions around each individual. When commissioning these projects, government has tended to offer a lower budget per outcome than more traditionally contracted public services – forcing delivery consortia to invest into improved productivity, as well as much better quality of service.

My background in public services

15 years ago, the UK government decided to offer flexible investment to social enterprises delivering innovative public services[90]. The Cabinet Office appointed Bridges (on a not-for-profit basis) to: manage a portion of that investment[91]; raise matching financing from other impact-first investors[92], and; find areas where innovations could improve the quality and productivity of complex public services[93]. My family had experienced the life changing impact of complex public services delivered well, but also the frustrations of trying to find help from a dysfunctional complex system. This is why I decided to join Bridges to work on these projects and expand their impact.

Traditional public contracting

Most complex public services are contracted using a 'pay for inputs' method. A government department (or local area) applies for funding from HM Treasury (or local finance team) to address a social issue – submitting their desired budget and expected outcomes for approval. The department then specifies a list of input costs which it wishes to pay for, specifies what those inputs must do, and contractors (within or outside government) agree to provide these inputs at a pre-agreed price for each. Government pays the contractors as scheduled, and then it might commission an evaluation after delivery has ended, to understand how many successful outcomes were actually achieved, compared to expectations.

Many 'pay for inputs' services have historically under-performed expectations[94], and in recent years the government has also tried outcomes-oriented approaches. This essay looks at two examples where government chose to address a complex social issue using both methods side-by-side, in overlapping geographies.

Example 'pay for inputs' approaches – target costs and outcomes

In 2014 the Department of Education (in partnership with three London boroughs) launched a family therapy service to help families at risk of breakdown in London. They specified a list of inputs

90 "Social Enterprise Fund - Request for proposals", 2018. UK Cabinet Office. URL: https://bridgesoutcomespartnerships.org/wp-content/uploads/2024/08/Risk-capital-fund_Tender-proposal.pdf
91 Cabinet Office, 2013. Achieving social impact at scale: Case studies of seven pioneering co-mingling social investment funds. URL: https://assets.publishing.service.gov.uk/media/5a7af731ed915d71db8b3c80/2900897_HMGCO_Co-mingling_acc.pdf
92 Bridges, 2010. Investing for Impact: Case Studies Across Asset Classes. URL https://www.bridgesfundmanagement.com/2010/03/07/investing-for-impact-case-studies-across-asset-classes/
93 Bridges Outcomes Partnerships, 2024. People-Powered Partnerships. URL https://bridgesoutcomespartnerships.org/wp-content/uploads/2024/03/BOP_People-powered-Partnerships_website.pdf
94 Heywood, J., 2017. The Barber Public Value Review. Civil Service. URL https://civilservice.blog.gov.uk/2017/11/29/the-barber-public-value-review/

totalling £3.3m[95] to deliver 'Family Functional Therapy' and 'Multi Systemic Therapy', hoping that these services would offer high quality therapy to about 170 families[96] (implying an expected cost per family treated of around £19k).

In 2016 the Ministry for Housing, Communities and Local Government (in partnership with three devolved regions) launched a support service to help individuals with long-term experience of homelessness. They specified a list of inputs totalling £25m to deliver these services, hoping to help 1,000 people move into safe, stable homes (implying an expected cost per person housed of around £25k)[97].

The costs of under-performance

A straightforward problem with this 'pay for inputs' approach is that when projects achieve fewer outcomes than expected, they become more expensive than originally planned. The family therapy services ultimately only attempted to treat 95 families (resulting in a cost of ~£35k per family; 80% higher than expected) and achieved average levels of therapy quality[98]. The homelessness services revised down their original targets after the first year[99], and ultimately managed to house 738 people (resulting in a cost of ~£34k per person housed; 35% higher than expected)[100].

Focusing instead on the outcomes

Over the last 15 years, national and local government experimented with outcomes-oriented contracting[101]. Instead of specifying line-by-line the cost items which must be provided, and how these services are required to be delivered, government simply offers the expected cost per outcome to contractors – to be paid only once each one has been successfully achieved. This results in much greater freedom for delivery consortia to innovate, and find personalised approaches which really work for each individual. This also brings much greater accountability for public spending. Government knows that the offered 'cost per outcome' is the maximum it will pay.

> *Gathering (and publishing) really high-quality data about the outcomes achieved by public services, and what each outcome actually ends up costing, is a universal good. It should be possible for all public services to follow the example set by the projects featured here, and make such information freely available for everyone to learn from.'*

Example outcomes-oriented approaches – target costs per outcome

The Greater London Authority (GLA), in partnership with the National Lottery Community Fund, offered to contract identical family therapy services, also offering 'Family Functional Therapy' and 'Multi Systemic Therapy' to families identified by children's social care (with a slightly tighter inclusion criteria than the equivalent 'pay for inputs' project described above). Instead of paying up-front for specified inputs, the partnership would pay up to an average of approx. £17k per family in total – contingent on the therapy 'working' (i.e. families remain stable, and children do not need to be taken into care)[102].

The Ministry for Housing, Communities and Local Government (MHCLG), in partnership with local areas, offered to contract housing-led services to help individuals with long-term experience of homelessness (with a slightly tighter inclusion criteria than the equivalent 'pay for inputs' projects). Instead of paying for specified inputs, government would pay up to an average of approx. £10k per person successfully housed (with the majority of the payment contingent on longer-term stability in that safe home)[103].

A focus on outcomes created freedom to innovate ...

Despite a lower ultimate budget per outcome, these projects were allowed to personalise their services, and to raise up-front investment into innovations focused on improving quality and productivity, as Aman Johal discusses in her essay "*What is the role of socially motivated investment in social outcomes partnerships?*". The family therapy services invested heavily into the therapist teams[104]. And the homelessness services reached into surrounding public systems, to reconfigure their ways of working[105].

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95 Gov.UK, n.d. Innovation Programme Project Directory. URL https://assets.publishing.service.gov.uk/media/623317f5d3bf7f047efff7de/Innovation_Programme_Project_Directory_1.xlsx
96 Blower, S., Dixon, J., Ellison, S., Ward, J., Thorley, K., Gridley, N., 2017. Step Change: an evaluation. University of York. Children's Social Care Innovation Programme Evaluation Report 13. URL https://assets.publishing.service.gov.uk/media/5a80e3b440f0b62305b8db80/Step_Change_an_evaluation.pdf
97 Brady, D., 2018. MHCLG names rough sleeping reduction pilot areas. Public Finance. URL https://www.publicfinance.co.uk/news/2018/05/mhclg-names-rough-sleeping-reduction-pilot-areas
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100 Department for Levelling Up, Housing & Communities, 2022. Evaluation of the Housing First Pilots; Third Process Report. URL https://assets.publishing.service.gov.uk/media/6311c6f88fa8f5578fbb84f5/Housing_First_Evaluation_Third_process_report.pdf
101 Gray, T., O'Sullivan, J., 2021. Social Impact Bonds 2.0? People Deserve Better - That's the Key Point About SIBS. URL https://socialinnovation.usc.edu/wp-content/uploads/2021/05/People-deserve-better-Gray.pdf
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103 Ministry of Housing, Communities & Local Government, 2018. Rough Sleeping Social Impact Bond; Guidance. URL https://bridgesoutcomespartnerships.org/wp-content/uploads/2024/08/2018_MHCLG_Rough-Sleeping-Social-Impact-Bond-Guidance.pdf
104 Bridges Outcomes Partnerships, 2021. In practice: Family support in London and the East of England. Case Study. URL https://bridgesoutcomespartnerships.org/in-practice-family-support-in-london-and-the-east-of-england/
105 Bridges Outcomes Partnerships, 2023. In practice: Helping people experiencing long-term homelessness across Greater Manchester. Case Study. URL https://bridgesoutcomespartnerships.org/in-practice-helping-people-experiencing-long-term-homelessness-across-greater-manchester/

... catalysing more and better outcomes, at lower cost

The outcomes-based GLA project achieved 25% higher quality therapy than all other identical therapy services across the country, and ultimately offered this improved therapy to 410 families (against an original aspiration of 384)[106].
The families worked with had more complex situations, and were referred to the service at a later stage of escalation, than in any comparable therapy service. Total payment from government will be £6.5m, resulting in an actual cost per family of ~£16k[107].

The MHCLG projects had already successfully housed over 1,000 people nine months before their scheduled end date, despite working with some of the most complex cases in each local area. The evaluation of the largest programme (in Greater Manchester) confirmed that it housed 357 people with significantly better than expected ongoing stability rates[108], at a total cost of £2.6m (£7k per person,) against original aspirations of housing 183 people at a total cost of £1.8m (£10k per person)[109].

An outcomes focus should also be quicker and cheaper to launch

These examples are consistent with the pattern we have seen across UK outcomes approaches. Outcomes-oriented contracts should (in theory) be quicker to design and launch than projects which specify detailed inputs and activities. Government simply takes the hoped-for 'cost per person helped' from the original business case (which all public services are required to calculate at the outset) and offers this price (or less) to suitable delivery organisations or consortia. In addition, these projects typically use open procurement, inviting bids from any relevant delivery organisation or consortium with appropriate skills and ideas, offering the best outcomes at the best value for money per outcome achieved[110]. Bidders are free to raise any financing they need from whatever sources are most appropriate, including 'social investment', which has experience of supporting the innovations required.

These contracts have typically operated with full transparency – outcomes definitions, evidence requirements and prices are clearly documented and published during the tendering process[111]. The 'outcomes contract' itself usually follows a standard template published by the Cabinet Office[112]. For most UK outcomes-based projects, the number of outcomes achieved, and amount paid for them, is published[113]. And unlike traditional public services, government typically does not pay for any mobilisation costs. It simply offers a price per outcome successfully achieved, once each one has been evidenced.

What is needed to expand this approach?

The theory is that outcomes-oriented contracting should aim for better outcomes and better value for money, but also be easier to mobilise than heavily specified 'pay for inputs' approaches. In the policy areas above, this worked well. But some policy areas have encountered practical difficulties when trying to understand historical outcomes and costs to improve against. Although traditional 'pay for inputs' public services are supposed to estimate their costs and outcomes at the outset, and then count what was actually achieved, this data is often less detailed, and less accurate, than it should be114. Gathering (and publishing) really high-quality data about the outcomes achieved by public services, and what each outcome actually ends up costing, is a universal good. It should be possible for all public services to follow the example set by the projects featured here, and make such information freely available for everyone to learn from.

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113 Mason, P., Lloyd, R., Nash, F., 2017. Qualitative Evaluation of the London Homelessness Social Impact Bond (SIB): Final Report. Department for Communities and Local Government. URL https://assets.publishing.service.gov.uk/media/5a821b5ded915d74e6235d19/Qualitative_Evaluation_of_the_London_Homelessness_SIB.pdf ; Bridges Outcomes Partnerships, n.d. Accessed 2024. Our Impact. URL https://bridgesoutcomespartnerships.org/impact/projects/ ; ICF Consulting Services, 2019. Evaluation of the Fair Chance Fund: Final Report. Ministry of Housing, Communities & Local Government. URL https://assets.publishing.service.gov.uk/media/5cac6d7340f0b670050bf788/Fair_Chance_Fund_final_report.pdf
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URL https://assets.publishing.service.gov.uk/media/5a82d139e5274a2e8ab59803/PU2105_Delivering_better_outcomes_for_citizens_practical_steps_for_unlocking_public_value_web.pdf

HOW CAN WE SCALE UP EVIDENCE-INFORMED HEALTH CARE INTERVENTIONS THROUGH SOCIAL OUTCOMES PARTNERSHIPS?

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Dr Alec Fraser,
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Social outcomes partnerships have been described as a promising way to fund innovative health and social interventions at scale. In practice however their use as mechanisms for scaling-up evidence-based interventions in the UK healthcare sector has been limited. What can we learn from the handful of examples where scale was achieved through a social outcomes partnership and what does this tell us about their applicability and legacy more widely?

One of the many attractions of social outcomes partnerships or social impact bonds is that they may enable promising health care and wider social policy interventions to achieve scale. However, this has not proven to be a straightforward proposition. From our research, we've found that overall, there is limited evidence that SIBs function as mechanisms for scaling up evidence informed interventions in the UK health care sector over the past decade. However, there are some interesting cases we might term as 'positive outliers' through which scale up does appear to have been achieved: HIV-opt out testing and Individual Placement and Support (IPS). We outline a couple of these cases and distil key reasons drawn from longitudinal research we have conducted that may hold lessons for policymakers.

These two cases highlight that SIBs can be used to demonstrate the utility of evidence-informed interventions that previously have not been implemented at scale within the NHS. They can help provide qualitative and quantitative evidence to enable policy champions to convince commissioners of the value of the respective interventions. These cases also show that as we already know – evidence alone is not enough – for scale up, we need wider support and dedication.

Case study 1: Opt-out HIV Testing
This SIB-financed project ran from October 2018-December 2021 in South East London. It was effectively co-commissioned by the Elton John Aids Foundation (EJAF) alongside the London Borough of Lambeth. It brought together 3 NHS Acute Trusts, 4 GP Federations, and 6 community providers. Investors included EJAF alongside Big Issue Invest, Comic Relief Red Shed Fund and VIIV Positive Action Fund.

The target cohort were people living across South East London with HIV who were either undiagnosed, or diagnosed, but not actively receiving treatment. The aim of the project was to reach the target cohort, diagnose those unaware they were living with HIV, and increase the numbers of people actively receiving treatment. The key principle behind the project was the implementation of an HIV 'opt-out' testing model (as opposed to an 'opt-in' HIV testing model). There is good evidence that 'opt-out' HIV testing is more effective than other approaches[115],

115 Soh, Q. R., Oh, L., Chow, E., Johnson, C., Jamil, M., Ong, J., 2022. HIV Testing Uptake According to Opt-In, Opt-Out or Risk-Based Testing Approaches: A Systematic Review and Meta-Analysis. The Science of Prevention, 19, 375-383.

particularly in areas like South East London with very high HIV prevalence rates.

The project was successful. Despite being coterminous with the Covid-19 lockdown period, it exceeded all its targets and enabled 465 people living with HIV to start or re-commence HIV treatment. There are published reports that detail why, and how the project was so effective[116 117]. However, for many key HIV service champions in South East London and beyond, the biggest marker of success is the fact that at the completion of the SIB-financed project, NHS England agreed to directly fund opt-out HIV testing across Emergency Departments (EDs) in areas of the highest prevalence – effectively keeping the opt-out testing interventions running in London EDs and beyond[118].

The contribution of the SIB model was to prove to policymakers that opt-out HIV testing is a valuable intervention that can be embedded into practice and is very effective in identifying those living with HIV and helping them to access treatment.

Case study 2: Individual Placement and Support

The Mental Health and Employment Partnership (MHEP) project was established in 2015 to drive the expansion of high-quality employment support programmes, based on the IPS model, for people with mental health issues[119]. MHEP was implemented from April 2016 to April 2019 under Commissioning Better Outcomes Fund and Social Outcome Fund and January 2018 to March 2024 under the Life Chances Fund, resulting in 9 separate SIBs. MHEP functions as a special purpose vehicle (SPV) that supports multiple SIB projects, run by

> *Social outcomes partnerships can help provide qualitative and quantitative evidence to enable policy champions to convince commissioners of the value of the respective interventions. These cases also show that as we already know – evidence alone is not enough – for scale up, we need wider support and dedication.'*

Social Finance, backed by investment from Big Issue Invest and involving a range of local commissioners, service providers and centrally administered 'top up' funding for outcome payments.

Unlike other SIBs that adopt a 'black box' model, allowing significant discretion in defining the service, each MHEP project is expected to deliver IPS as a prescribed, manualised intervention that is supported by a well-defined operating framework. IPS involves the integration of employment specialists in mental health teams to promote the return to work for people experiencing mental health (and addiction issues), using a 'place then train' approach, which has been found to be more effective than traditional employment support intervention according to 27 randomised control trials[120].

As a result of MHEP's experience with supporting local IPS service delivery, especially through bespoke analytical support and collaborative working, Social Finance began collating evidence on 'what good looks like' for high-quality IPS service provision. Using this evidence, Social Finance created IPS Grow in 2019 in partnership with the Centre for Mental Health to support the national scale up of IPS as prescribed by the NHS Long Term Plan (2019) and 5 Year Forward View (2014). IPS Grow was initially commissioned by NHS England and NHS Improvement in March 2019 to be the IPS support system to enable scale-up with support from the Department for Work and Pensions (DWP) and the Office for Health Improvement and Disparities (OHID). IPS Grow delivers support for workforce development, data reporting, and implementation support through regional leads to IPS sites. It was modelled after the MHEP projects' support to IPS providers but without the outcome payments. Many MHEP stakeholders have seen this as a key success of the SIB projects.

Synthesis of lessons learned

1. **Leadership:** In the HIV SIB case, informants from across the different organisations involved all highlighted the significant role played by EJAF in the coordination of the project. Notably, a key leader from EJAF switched across to an NHS coordinating role at the end of the SIB-financed project thus ensuring stability and continuation of leadership post-SIB. In the IPS case, Social Finance developed a business plan in 2017 for how and why a centralised infrastructure for implementation support (IPS Grow) for the IPS national scale up is needed, using the evidence collated from the MHEP SIB projects and national trials. Key informants highlighted that Social Finance's leadership in helping partners in NHS, DWP, and OHID by collating

116 Fraser, A., Coultas, C., Karamanos, A., 2022. Service Evaluation of the Elton John AIDS Foundation's Zero HIV Social Impact Bond intervention in South London: An investigation into the implementation and sustainability of activities and system changes designed to bring us closer to an AIDS free future. Kings College London. URL https://www.kcl.ac.uk/assets/research/project-upload-2021/service-evaluation-of-the-elton-john-aids-foundations-zero-hiv-social-impact-bond-intervention-in-south-london.pdf
117 Stanworth, N., 2024. The Zero HIV Social Impact Bond. URL https://www.tnlcommunityfund.org.uk/media/insights/documents/Zero-HIV-Social-Impact-Bond-3.pdf?mtime=20240409095754&focal=none
118 Department of Health and Social Care, NHS England, The Rt Hon Victoria Atkins MP, 2023. New research into expansion of life-saving HIV testing programme. Gov.UK. URL https://www.gov.uk/government/news/new-research-into-expansion-of-life-saving-hiv-testing-programme
119 Hulse, E., Shiva, M., Hameed, T., Carter, E., 2023. Mental Health and Employment Partnership evaluation for the Life Chances Fund. Government Outcomes Lab.
120 Brinchmann, B., Widding-Havneraas, T., Modini, M., Rinaldi, M., Moe, C.F., McDaid, D, Park, A-L., Killackey, E., Harvey, S.B., Hykletun, A., 2019. A meta-regression of the impact of policy on the efficacy of individual placement and support. Acta Psychiatrica Scandinavica, 141(3), 206-220. URL https://doi.org/10.1111/acps.13129

evidence, convening, and adopting the right language of government assisted the success of the scale-up.

2. **Advocacy:** EJAF are a high-profile and very well networked organisation able to harness powerful partnerships and build coalitions with other significant players to lobby government for policy change in relation to HIV and the target of Zero HIV by 2030. This appears to be an important factor in the successful scale up of ED opt-out HIV testing beyond the SIB financed project. Policy advocates were also a key part of the IPS case. For instance, advocates in DWP and NHS were instrumental in persuading senior executives and finding allies to ensure buy-in for IPS's scale-up and IPS Grow's role. Social Finance formed a coalition of experts (including from the Centre for Mental Health, the international learning community, IPS Works) while maintaining a collaborative culture. The Health Led trials, advanced by these key policy advocates, generated the evidence needed to persuade ministers to fund IPS for new population groups.

3. **Adaptability:** A key finding in relation to the HIV SIB case was the high level of adaptability within and across organisations to the ways the suite of interventions were developed and outcomes were delivered – particularly outside of the hospital setting and in the community. In the IPS case, the SIB allowed for reduced contract insecurity previously experienced by the VCSE providers. This meant teams could focus on adapting organisation structures through improved IT systems to collect data and evidence outcomes to their local commissioners.

We know that implementing and scaling-up evidence-informed interventions is complex, contested and influenced by macro- and micro-political factors – these are neither rational nor linear processes[121]. Nonetheless – the two cases presented above – demonstrate that with the requisite *Leadership*, *Advocacy*, and *Adaptability* skills, SIBs can be utilised to do so.

The research literature on SIBs often highlights the paradoxical nature of the model[122]. Our findings highlight a new 'paradox of success' here. With the scale-up of both opt-out HIV testing and IPS in the NHS we see the removal of the outcomes-focused payment element as the respective interventions become institutionalised into the existing NHS strategy, operations and funding approach. Instead, both cases demonstrate a reversion to a payment for activity model, rather than a payment for outcomes approach.

There are pros and cons to this 'paradox of success'. On the one hand, through greater adoption across new geographies and jurisdictions, both opt-out HIV testing and IPS reach wider populations which is to be welcomed. On the other hand, there are some SIB-linked practices that are lost as these interventions are institutionalised within the existing NHS structures. For instance, in the HIV case, small VCSE providers testing for HIV in community settings lament the loss of the SIB-structure and the generosity and incentivisation of the outcome payments model. One of the successes of the SIB model in this case was that it empowered and flexibly funded these small providers to improve their focused outreach to marginalised communities. There is a fear amongst some of these parties that the mainstream NHS funding for testing that funds the new model may further the dominance of large NHS institutions – i.e., large hospitals – at the cost of smaller VCSE organisations. Likewise, in the IPS case commissioners highlighted that there remains hesitancy to work with outcome-payments in the NHS, despite the fact that their presence in the SIB-funded IPS reassured NHS staff that they did not have to pay for services that were not delivering.

While there are some adjustments in the delivery of IPS and opt-out HIV testing after the SIB, the legacy of the SIB cannot be overstated in ensuring a greater probability of more effective scale-up. Cases of outliers highlight what might be possible more widely if we learn the right lessons. Despite scaling-up evidence-informed interventions through SIBs being a fluid, overlapping, and ambiguous process, cases of outliers such as those discussed above, may give hope that it's a possibility for future practitioners.

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Alec is a Senior Lecturer in Public Policy & Management at King's Business School. His research focuses on evidence use, financial incentives, and public management reform in the UK and EU countries. He has a particular interest in health and social care. He has extensively researched the development of Social Impact Bonds over recent years.

He previously spent five years at the Policy Innovation Research Unit at the London School of Hygiene and Tropical Medicine. Prior to entering academia he worked in NHS administration and management. He has an MA in Public Policy and a PhD in Management - both from King's College London.

121 Oliver, K., Boaz, A., 2019. Transforming evidence for policy and practice: creating space for new conversations. Palgrave Communications, 5(60).
122 Maier, F., Barbetta, G. P., Godina, F. 2018. Paradoxes of Social Impact Bonds. Social Policy and Administration, 52(7), 1332 - 1353. URL https://doi.org/10.1111/spol.12343

2.3 IMPACT & LEGACY

Included in this section:

1. Michael Peoples & Victoria Busby, Bridges Outcomes Partnerships - *'After fifty years of trauma…I began to heal'- The **real-life impact** of social outcomes partnerships*
2. Andreea Anastasiu, Government Outcomes Lab – *What can social outcomes partnerships offer to a **local government** in crisis?*
3. James Magowan, Department for Culture, Media and Sport - ***Learning** together, from each other*
4. Sarah Pattinson & David Knott, The National Lottery Community Fund - *What has the impact of social outcomes partnerships been for **voluntary, community, and social enterprise organisations** delivering public services at local level?*
5. Mara Airoldi, Government Outcomes Lab - *After the project ends: what can bring about the **sustainability** of outcomes and of learning?*

‘AFTER FIFTY YEARS OF TRAUMA…I BEGAN TO HEAL’ - THE REAL-LIFE IMPACT OF SOCIAL OUTCOMES PARTNERSHIPS

Michael Peoples, Kirklees Better Outcomes Partnership

Victoria Busby, Kirklees Better Outcomes Partnership

Social outcomes partnerships can enable a relational approach that focuses on individuals’ strengths and lived experience. The Kirklees Better Outcomes Partnerships illustrates how putting outcomes at the heart of service provision can create the space to co-design and tailor support to empower individuals and achieve lasting change in their lives.

At the Kirklees Better Outcomes Partnership (KBOP), we believe that when a relational approach to support is taken, which focuses on people’s strengths, their attributes, and their life experiences, this creates better engagement and the space for more meaningful support. Our approach empowers people to believe that things can be different, and their goals can be achieved. Investment in the teams delivering services to people is our priority. We believe that recruitment of people to deliver the service should be based around people’s values and behaviours and their life experience, prioritising those before competencies that can be learned through experience in the workplace.

Developing the programme in collaboration with people with lived experience is intrinsically woven within everything we do at KBOP. We are committed to co-producing and co-designing our service and its developments. We believe that we learn best from the people who come to the service for support, as they are experts in their life and their challenges. Outcomes-based contracting approaches enable flexibility for us to respond and redesign how we work with people, adapting and evolving as a service to deliver in a way that works best for each individual.

We co-design the outcomes we record with commissioners, services, stakeholders and the people who use the service. This means that the outcome measures have meaning and align with what people need from the service. The pre-defined outcomes are created to be used flexibly as enablers of change, with varying ways of evidencing to adapt to the varying ways each is achieved, in the same way as we recognise the journeys and interventions required to meet a goal will not the same for everybody. Instead of trying to impose standardised, clearly specified solutions, our programmes give delivery teams the freedom to tailor their approaches to local and individual circumstances. Instead of following a rigid specification set by commissioners, focusing on outputs, we have the flexibility to analyse the impact data dynamically, so we learn from what works and keep iterating or adapting to make programmes more effective.

A common misconception of outcomes-based contracts is that the outcomes set lead the work. The reality is that the relational and strength-based approach acts as an enabler for people to achieve the outcomes they choose. When you start the support relationship with a person from a place of having a human connection, understanding their

challenges and long term goals and ambitions, you can focus on the skills, personal motivators and attributes they possess to achieve their goals. This means the outcomes become personalised, realistic and achievable.

The Peer Mentor Programme is an example of our commitment to lived experience and co-production. This is a programme-funded innovation pilot, the social outcomes contracting arrangement enabled us to reinvest in the programme's continued development. It is 100% delivered and co-designed by people with lived experience. Providing 1-2-1 mentoring support strengthens both the mentor and mentee's sense of purpose through shared experience and empathy, in a way that is complementary alongside the holistic support at KBOP.

Michael's story conveys where this approach has been transformative. Michael worked with many services over many years to try to stabilise his addictions and mental health and rebuild his life. His experiences through linear, traditional services were focused on the problems he faced and failed to look holistically at his life and the reasons he was in the place he was in. An over reliance on continuous 'clean' time in recovery services, lack of trust and a missed opportunity to learn from relapses meant that Michael was never able to fully engage and progress with his recovery. Participating in these traditional services exacerbated feelings of shame and guilt.

Michael's journey through support with KBOP put emphasis on his strengths, creating opportunities and human connections. Support was grounded in an understanding that journeys take many different paths and removed the shame and guilt that surrounded addiction. Michael reframed that experience as an opportunity to learn about himself, but also to help others going through similar journeys. He became involved in co-production activities which bolstered his belief in himself that things could be different. When the opportunity to apply for a role as part of the KBOP Peer Mentor Programme arose, Michael went through the recruitment process and was successful. He is now a very valued member of the KBOP and wider team at Bridges Outcomes Partnership.

> *A common misconception of outcomes-based contracts is that the outcomes set lead the work. The reality is that the relational and strength-based approach acts as an enabler for people to achieve the outcomes they choose.'*

Michael shares some of his story below:

Turning Trauma into Triumph – The Transformative Power of Lived Experience

For fifty years, life for me was incredibly painful. I was a child to extremely traumatised parents; I suffered horrendous poverty, abuse, and neglect; and was raised in a country blighted by civil war. Life was consistently terrifying – both inside and outside of the home. I had no respite. I was diagnosed with Complex PTSD in 2021.

The legacy of my childhood was badly damaged mental health and zero self-esteem. I had no idea how to live life as an adult. Not a clue. I was never really taught anything. I started using alcohol at the age of twelve and drugs shortly followed thereafter. Then, in later life I developed the gambling bug too. Anything and everything that would distract me, I have used at one point or another. My solution for all this pain in my life was to get away from myself, to get out of my mind.

I was an addict for 38 years. I had no resilience to be able to adapt to or cope with even the most innocuous of ups and downs of life. So, when after a seven-month period between 2009 and 2010 in which my dad passed following heart surgery, my mum took her own life (blaming me in her note), I was made redundant from my job and my son was born, I lost my mind completely, and proceeded to burn my entire life to the ground through addictions to cocaine, gambling and alcohol. I became homeless in 2017 and ended up in supported housing. My decline culminated during the pandemic with my taking a serious overdose of prescription drugs.

I believed unequivocally that I was completely and utterly broken beyond repair. A lost cause. I was so fortunate that I had been assigned a KBOP worker called Zoe around 2020. She had the lived experience of addiction, she was in recovery herself, and she understood me completely. She never ever gave up on me. She focused relentlessly on my strengths. She turned my last (hopefully ever) relapse into the most positive example of my resilience and courage! What a stark contrast to the feelings of shame and failure that are associated with relapse at the recovery services I attended at the time. My support was tailored to my specific needs; I was virtually a recluse at the time, but the simple act of Zoe accompanying me on a bus one day changed everything for me.

Zoe knew what worked because she herself had been through it. Through her own lived experience, she knew that *connection is the catalyst for recovery*, so she supported me to join peer groups, recovery fellowships and the KBOP co-production forum. From these, I began to find *hope* and – for the first time in my life – *self-belief*.

After 50 years of horrendous trauma, I began to heal.

Peer support works!

Lived experience works!

My life experience gives me greater empathy, greater understanding, and therefore *connection* with the people I work alongside. It also gives me precious knowledge of what works, and what does not. For example, addiction is a shame-based illness and people in recovery ALWAYS relapse. It can feel frustrating when working with somebody who has been doing well but then relapses. I understand that showing disappointment will only exacerbate feelings of failure and shame, so I turn relapses into positives. I commend them on their courage in being honest and admitting the relapse. I tell them about my many relapses and how that final relapse of mine was the catalyst – finally - for recovery. My experience with Zoe showed me what works in these sorts of situations.

And this model can be applied to all adverse life experiences people have, certainly not limited to addiction. For example, we now have a peer mentor who had an awful time navigating the asylum system in the UK who mentored an Ethiopian refugee who was struggling to integrate into her community. We have volunteers with experience of homelessness, ex-offenders, domestic abuse survivors, and those who have suffered debilitating mental illnesses. They are all incredible people and so inspirational. It is an immense privilege to collaborate with them all. We now have people using their lived experience to help others. We have former mentees becoming well and becoming mentors! There are mentors who have found meaningful and fulfilling employment following their time with the programme. It is so beneficial for mentees, mentors, and the service itself.

My adverse life experiences now have incredible meaning, purpose, and value. By using them to help others, I have turned my *trauma into my triumph*. By redefining it, *I have redefined myself*. I am finally realising my potential as a human being. I am the very best version of myself.

The pure magic of this is that *what has worked for me, will work for others too.*

The absolute belief in the transformative power of lived experience is the ethos, *and the very heart and soul* of the KBOP peer mentoring programme.

Vic is the Programme Manager at Kirklees Better Outcomes Partnership and the newly formed Kirklees Domestic Abuse Partnership (KDASS). She has 20 years' experience working in frontline housing, homelessness and substance use services. She was a Delivery Partner Manager on the Greater Manchester Homes Partnership, before joining Kirklees Better Outcomes Partnership in 2020.

Michael is Peer Mentor Coordinator at Kirklees Better Outcomes Partnership. He is an activist, change maker, and a passionate advocate for people. Outside work he is a keen participant and mentor in recovery fellowships. He is the lead on KBOP's Coproduction work and has a wide range of personal lived expertise which he brings to the Partnership.

WHAT CAN SOCIAL OUTCOMES PARTNERSHIPS OFFER TO A LOCAL GOVERNMENT IN CRISIS?

Andreea Anastasiu, Government Outcomes Lab

The world's first social impact bond commissioned by a local authority was launched in 2013 by Essex County Council to support children on the edge of care and their families. Since then, over 120 local commissioning authorities across the country have acted as outcome funders in social outcomes partnerships. What has the impact of social outcomes partnerships been at local level? Have these partnerships transformed local public services in the way their early supporters envisaged?

In the mid-2010s, the chief executive of the local authority I was working for at the time asked me to look into a novel funding mechanism that was gathering attention in the public sector - something called a social impact bond. Following multiple rounds of budgetary cuts, our local authority – like many others across the country – was looking for new ways to manage the growing demand for social services amid a drastic reduction in funding.

At the time only a handful of social impact bonds had been launched in the UK and public information on these projects was scarce. Nevertheless, despite this limited information, the promise of social impact bonds as a win-win-win proposition for government commissioners, delivery organisations and impact investors came across strongly. In fact, it was such a compelling case that shortly after, I left local government to join the newly established partnership between the government's Centre for Social Impact Bonds and the University of Oxford – the Government Outcomes Lab.

Nearly a decade on, 75 social impact bonds have been locally commissioned[123] to address some of the most complex challenges in their communities, from preventing children entering social care, to supporting young people into employment, and enabling individuals facing homelessness to secure stable accommodation. With the total value of outcomes funding committed by local authorities at just over £134m[124], we are today far from the initial ambition of building 'a social impact bond market [that] could be worth £1billion' as envisaged by the then Minister for Civil Society at the launch of the Life Chances Fund in 2016[125].

If local government felt like it was in crisis back then, today local services are close to breaking point[126]. A 2024

123 We include here projects commissioned by local government, local integrated care boards, local hospital trusts, local crime commissioners and clinical commissioning groups. This and other SOPs data used throughout this piece are drawn from the GO Lab INDIGO Impact Bond Dataset.
124 Note: For context, the total social care expenditure figure for all local authorities in England in 2022/23 was approximately £33bn. Ogden, K., Phillips, D., 2024. How have English councils' funding and spending changed? 2010 to 2024. Institute for Fiscal Studies.
URL https://ifs.org.uk/publications/how-have-english-councils-funding-and-spending-changed-2010-2024
125 Wilson, R., Cabinet Office, 2016. Launch of Life Chances Fund: Rob Wilson Speech. URL https://www.gov.uk/government/speeches/launch-of-life-chances-fund-rob-wilson-speech
126 Oliver, T., Lewis, B., Corcoran, S., Roodhouse, J., German, J., 2024. General Election 2024: Local services could face breaking point without long-term funding and 'fundamental' reform. County Councils Network. URL https://www.countycouncilsnetwork.org.uk/general-election-2024-county-councils-network-warn-local-services-could-face-breaking-point-without-long-term-funding-and-fundamental-reform/

survey of senior local government officials found that only 4% of respondents had confidence in the sustainability of council finances. Just over half of them thought their council would declare effective bankruptcy in the next five years.[127] Given the multiple crises in local government and the multiple promises of social outcomes partnerships to transform local services – be it through more funding for preventative services, more innovation and flexibility in delivery, better collaboration and pooling of resources for local priorities – what role is there for social outcomes partnerships in improving the commissioning of public services at local level?

How have local authorities used social outcomes partnerships?
As explored in more detailed in the Mapping the Landscape section of this report, in total 123 local commissioners in the UK, mostly in England, have acted as outcome funders in social outcomes partnerships, with about a third of them acting as outcome funders for more than one project. Norfolk County Council and the London Borough of Brent have commissioned the most social outcomes partnerships, with each of the two councils having supported four such projects.

Out of the 99 social outcomes partnerships launched to date in the UK, 75 have at least one local public body as an outcome funder. Most of these projects bring together pooled outcome funding from central government departments and/or the National Lottery Community Fund (TNLCF). So far, outcomes funding was provided solely by a local commissioning authority in only one project – the Essex County Council Multi-Systemic Therapy SIB.

Outcomes funds like Commissioning Better Outcomes (CBO) and the Life Chances Fund (LCF) were launched with an explicit goal of driving up the adoption of social impact bonds at a local level. Indeed, respective evaluations have shown that the availability of additional funding through outcomes funds has been a significant factor in encouraging local authorities to fund social outcomes partnerships[128]. Encouragingly, as LCF nears its conclusion in March 2025, some outcome-based services are continuing, while others are evolving. For example, in Norfolk, following the implementation of the Stronger Families project, supported through the LCF, the local county council agreed to extend the service beyond the life of the LCF. Ongoing evaluation work for both the CBO and LCF aims to capture some of these transitions and/or legacy when a social outcomes partnership concludes. However, in the absence of a systematic way to track the different pathways that services take at the end of a social outcomes partnership, our understanding remains incomplete. With that, tremendous opportunities to fully understand the potential of SOPs to genuinely transform public services at scale might be missed.

So why haven't we seen larger-scale adoption of social outcomes partnerships at local level?
While the number of locally-commissioned social outcomes partnerships has been growing, the adoption at local level hasn't quite matched the original political ambition for these partnerships. Many of the barriers are well documented – technical complexities, ideological concerns, often simply a lack of awareness or understanding of the model[129]. Beyond project-level challenges, there are significant system-level barriers – from the lack of multi-year financial settlements that would allow a long-term focus in the commissioning of public services to a rigid approach to service specification in public procurement[130].

> *To fully understand the impact of social outcomes partnerships at local level, we need to look beyond the number or size of projects to date. We ought to look deeper at what the ways of working within these partnerships tell us about how to improve public sector commissioning and strengthen local systems for service delivery.'*

Having worked in local government at a time when the need to balance the books meant we had to reduce resourcing for core functions like data analysis, commissioning, and contract management, my hunch is that some of the barriers to wider adoption at local level are linked to deep capacity gaps within local government. The financial pressures that local councils have been facing for well over a decade have taken their toll not just in terms of

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127 Stride, G., Woods., M., 2024. The State of Local Government Finance in England 2024. Local Democracy Research Centre. URL https://lgiu.org/wp-content/uploads/2024/02/State-of-Local-Government-Finance-in-England-2024.pdf
128 Ronicle, J., Stanworth, N., Wooldridge, R., 2022. Commissioning Better Outcomes Evaluation. Ecorys. URL https://golab.bsg.ox.ac.uk/documents/CBO-3rd-update-report.pdf; Hameed, T., Gibson, M., Carter, E., 2021. The use of social impact bonds in children's social care: A comparative analysis of project justifications and design considerations in the Life Chances Fund. URL https://assets.publishing.service.gov.uk/media/6294e0fd8fa8f503978288d1/The_use_of_social_impact_bonds_in_children_s_social_care_key_findings.pdf; Government Outcomes Lab, 2023. Life Chances Fund introductory primary evaluation report. Department for Culture, Media and Sport. URL https://www.gov.uk/government/publications/life-chances-fund-introductory-primary-evaluation-report
129 Wooldridge, R., Stanworth, N., Ronicle, J., 2019. A study into the challenges and benefits of commissioning Social Impact Bonds in the UK, and the potential for replication and scaling: Final report. URL https://assets.publishing.service.gov.uk/media/60177d3b8fa8f53fbf42bde4/A_study_into_the_challenges_and_benefits_of_the_SIB_commissioning_process._Final_Report_V2.pdf
130 Bridges Outcomes Partnerships, 2023. Next Frontiers: How Outcomes Partnerships Enable Better Outcomes and Better Value. Impact Taskforce. Bridges Outcomes Partnerships. URL https://www.impact-taskforce.com/media/m3yijyge/bop-itf-input-paper_vf-1.pdf

budgetary cuts to preventative or universal services[131], but also on staff[132] and on core commissioning capacities and analytical skills[133]. The words of the local commissioner for one of the Mental Health and Employment Partnership (MHEP) SIBs are illuminating: *'MHEP sense-check the quality and the accuracy of the provider-submitted data and that's something [that] as the statutory commissioner, we've not been doing. There are various functions, data analysis and support that we would need to make sure we build into our arrangements going forward.'*[134]

To me, these words point to the fact that we shouldn't measure the success of social outcomes partnerships at local level simply in terms of the number or size of projects commissioned and outcomes achieved. We ought to also look at the system-level impacts and the ways in which the experience of funding services through a social outcomes partnership has led to improved practices within local commissioning authorities.

What can the experience with social outcomes partnerships tell us about what it takes to improve local public services?

One of the things I've consistently heard over the past eight years from local commissioners involved in designing and managing social outcomes partnerships is that for their organisations, the benefits of embarking on a social outcomes partnership went beyond the project-level outcomes achieved. Many emphasise wider, system-level impacts such as being a more outcomes-focused, data-led, and collaborative organisation. This is of course anecdotal, but it seems to be backed by the experience of other practitioners who share their perspectives in this report, as well as our own emerging evidence from the evaluation of the Life Chances Fund.

For example, our longitudinal survey of providers and commissioners from the 29 projects supported through the LCF found that the 'main benefits occurring during implementation were the development of new, valuable relationships and enhanced ability to serve service users... which was consistently reported regardless of the organisation's role in the SIB'[135]. This is echoed in our interim evaluation of the MHEP projects supported through the LCF, which found that commissioners felt they had gained skills in partnership working with a third party and a better understanding of what is required for successful delivery of services[136].

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It's been nearly a decade since I started my journey into the world of what we used to call social impact bonds and now increasingly refer to as social outcomes partnerships. It seems to me that regardless of what we're calling these cross-sector partnerships that put outcomes at the heart of public service provision, the more subtle but certainly more significant win with social outcomes partnerships is what they tell us about what it takes to improve public services.

It is easy to feel pessimistic about the current state of local government, but the experience with social outcomes partnerships at local level offers much learning and grounds for hope. Outcomes funds such as the Life Chances Fund offer a clear model for bringing together multi-year, central and local government funding for local solutions to cross-cutting, complex social problems. Social outcomes partnerships can offer the scaffolding for a radically different way for local commissioners to work with voluntary and community groups in the provision of public services.

But to secure a long-lasting legacy, we need to embed the best practice and learning from the local experience with social outcomes partnerships into public sector commissioning practice more widely. Doing so will require investment in core commissioning and analytical skills within local government, as well as a shift in mindsets in what it means to uphold public value in ever more complex and fragmented local delivery systems.

Andreea is the Executive Director of the Government Outcomes Lab. Her work focuses on building bridges between academia and policymakers for better social outcomes. As such she works closely with leading academics, government officials and practitioners around the world to improve the understanding and practice of outcomes-focused cross-sector partnerships.

Andreea has over a decade of experience in public policy and government. Prior to joining the GO Lab in 2016, she worked on policy development and public service transformation programmes in local government in England.

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131 Institute for Government, 2024. The precarious state of the state: Public Service. URL https://www.instituteforgovernment.org.uk/publication/general-election-2024-precarious-state/public-services
132 Hyde, R., O Regan, N., 2024. Local heroes? Assessing leadership and management in local government. URL https://www.smf.co.uk/publications/local-leadership-and-management/
133 Coughlan, E., 2024. From insight into action: how can local government better use its data to address inequalities? The Health Foundation.
URL https://www.health.org.uk/news-and-comment/blogs/from-insight-into-action-how-can-local-government-better-use-its-data
134 Hulse, E., Nagarajan, S., Carter, E., 2024. Mental Health and Employment Partnership: second interim report as part of the LCF Evaluation. Government Outcomes Lab.
135 Government Outcomes Lab, 2023. Life Chances Fund intermediate evaluation: data release. Department for Culture, Media and Sport.
URL https://golab.bsg.ox.ac.uk/knowledge-bank/resource-library/life-chances-fund-intermediate-evaluation-data-release/
136 Hulse, E., Nagarajan, S., Carter, E., 2024. Mental Health and Employment Partnership: second interim report as part of the LCF Evaluation. Government Outcomes Lab.

LEARNING TOGETHER, FROM EACH OTHER

James Magowan, Department for Culture, Media and Sport

The experience with social outcomes partnerships in the UK has generated a wealth of learning and has inspired practice across the globe. Much of this was possible thanks to a deliberate and comprehensive approach to learning and evidence-generation by the UK government. How can the insights from the work of the past decade and a half help policy-makers, both locally and nationally, to build and develop solutions that benefit from rich data, learning and expertise?

'In social outcomes partnerships, the nature by which some local partners have worked together to find the right solutions, then iterate those solutions to adjust for improvement has been really impressive.'

It's been almost a decade since plans for the latest wave of locally-based social impact bond projects were conceived and longer still since the HMP Peterborough SIB was launched. Suffice to say, a lot has been learned. One thing is for sure, this type of funding was never a 'bond' in the financial sense; rather, the concept binds together a group of people and organisations in a working arrangement that pools knowledge, experience, and a sense of purpose. Projects have demonstrated that frontline delivery teams have been able to engage in continuous dialogue with commissioners on what works, informed by well-marshalled data and monitoring overseen by social investment intermediaries. They are partnerships that pursue better social outcomes. It is this community of practice that has done the learning; central government's role has been to create the conditions for successful social outcomes partnerships to grow[137].

I've reached out for views from colleagues in government who've been involved in this learning process along the way. What's clear is that there has been a steady upwards curve of acquiring experience, gathering information, listening to partners and building mutual reliance on the ideas and solutions that have led to tens of thousands of people across the country benefiting from targeted, yet holistic support to address the challenges that life has thrown at them. It is a practice that has had international ramifications, with a growing number of countries learning from one another in pursuit of the same goals. The various examples from this learning community are being curated in the Government Outcomes Lab's global Impact Bond Dataset[138], which enables users to search examples by country and policy theme. A notable, future addition to this dataset is the Australian Government's recently announced Entrenched Disadvantage Package[139], which includes an $100m outcomes fund.

Social outcomes partnerships emerged alongside, but distinct from, larger payment by results programmes that have formed part of UK government spending in recent decades. The premise for their introduction and continued evolution is based on the recognition that too much effort and spend is focused on the inputs to a theory of change and not enough on the objective of the exercise; the impact. While certainly not the only tool in the box to achieve this aim, social outcomes partnerships, by their nature, drive a focus towards outcomes and impact. Projects have made great strides in impact measurement. However, in

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137 Department for Culture, Media and Sport, Updated 2023. Social Outcomes Partnerships and the Life Chances Fund. Cabinet Office.
URL https://www.gov.uk/guidance/social-outcomes-partnerships
138 Government Outcomes Lab, n.d. INDIGO Impact Bond Dataset. Accessed 17 July 2024. URL https://golab.bsg.ox.ac.uk/knowledge-bank/indigo/impact-bond-dataset-v2/
139 Department of Social Services, 2023. Entrenched Disadvantage Package. Australian Government.
URL https://www.dss.gov.au/publications-articles-corporate-publications-budget-and-additional-estimates-statements/entrenched-disadvantage-package?HTML#:~:text=A%20new%20%24100%20million%20Outcomes,that%20deliver%20outcomes%20in%20communities.

order to gauge the particular impact of the funding structures used (rather than the intervention), we need to look closely at system level impact, requiring a long-term project of ongoing iteration.

Learning from existing social outcomes partnerships

1. **Invest in decent data capture**
   The delivery of successive outcomes funds has underlined the commitment to iterating and learning. It has meant keeping a laser sharp focus on outcomes via the building of capability to capture data on what is being achieved. In doing so, it enabled us to bake-in our evaluation approaches from the off. The research and learning partnership with the Government Outcomes Lab is an example of this. Not only does it enable us to capture and analyse what works, but in addition, baseline and performance data can also be published for anyone to digest and gauge the success of a given project. Making sure that the facility is in place to collect and then order this information has been one of the big challenges in our work, but it has been worthwhile.

   This process of data capture helps to mitigate against the risk of institutional memory loss, which at national, local and international levels is a continuous challenge. People and politicians change jobs and momentum can flag. Creating a place where core information can be retained, that is publicly available, is an attempt to pass on the baton of learning to support future decision making.

2. **Catering for local and national needs is possible**
   The ability to draw upon data from local projects to inform programme management at the national level offers wider learning. The connection between national and local was a key facet of more recent social outcomes partnerships funds. We have been keen to allow local projects to design and develop what works for them, but agree with us – at national level - how this would add up to outcomes that were aligned to identified social issues and related policy objectives. The trick is in enabling a line of sight to the achievement of those policy objectives, without specifying the means to achieve them. The mechanics of social outcomes partnerships have been a helpful tool in this regard, to which the reported benefits[140] of the local stewardship and accountability enhancements attest.

   Much of the perceived benefit is in the flexibility that local partnerships have to conduct 'in-flight' course correction to projects, uninhibited by prescriptive contract criteria from above. This is not new news, the enablement of 'black-box' approaches is a feature of previous outcomes-based commissioning. However, the nature by which some local partners have worked together to find the right solutions, then iterate to adjust for improvement or indeed, to stop doing things that are not working, has been really impressive. This manner of working is not to be underestimated. Service fragmentation is too often cited as a challenge for the effective support of those with complex needs. What we have learned is that well-stewarded partnerships can align services behind a set of outcomes which, when clearly specified for a well-identified group of people, provide demonstrable impact for people's lives and give policy-makers assurance that money is targeting needs.

3. **Resilient funding can strengthen partnerships**
   Evidently, partnerships and collaborations exist in many forms, but the social outcomes partnership is clearly an enabling tool in the commissioner's toolbox. By locking funding into a mutually agreed outcomes framework with pre-financed commitments, it is resilient to external forces over a period of time. It also allows for funding partners to coalesce behind clear routes to measurable change. Social investors provide working capital for projects to launch, but for the payment of outcomes, central government has been able to marry spend with local government and health systems, schools, charitable trusts and philanthropic donors, creating targeted pots of spend on locally identified areas of need.

Where do we go from here?

The work of the past decade and a half provides rich insights which can help policymakers, both locally and nationally to build and develop solutions that benefit from rich data, learning and expertise. Many people contributing to this agenda, not just government officials, have worked to capture this information and to share it, in an attempt to avoid reinventing the wheel and losing the power of collective experience. No doubt many of those people will acknowledge that the varied social challenges that exist are not easily solved and that attempts to do so will never be perfect. However, most would agree that by learning together, from each other, we have been able to demonstrate that significant benefits can be achieved.

James is Head of the VCSE Public Service Partnerships Team, Civil Society & Youth Directorate, Department for Culture, Media and Sport (UK)

James leads a policy team with a focus on supporting voluntary, community and social enterprise organisations to support more efficient, effective and preventative public services. This includes the development of social outcomes partnerships (also known as social impact bonds) through the £70m Life Chances Fund and work to enhance social value in wider public service contracting.

140 Rosenbach, F., Van Lier, F., Domingo, F., Carter, E., 2023. Life Chances Fund Second Stage Evaluation Report: Kirklees. Government Outcomes Lab. URL https://golab.bsg.ox.ac.uk/documents/KBOP_Interim_Report2.pdf

WHAT HAS THE IMPACT OF SOCIAL OUTCOMES PARTNERSHIPS BEEN FOR VOLUNTARY, COMMUNITY, AND SOCIAL ENTERPRISE ORGANISATIONS DELIVERING PUBLIC SERVICES AT LOCAL LEVEL?

Sarah Pattinson, The National Lottery Community Fund

David Knott, The National Lottery Community Fund

For over a decade The National Lottery Community Fund has supported social outcomes partnerships co-funded through programmes such as Commissioning Better Outcomes and the Life Chances Fund. What can their experience on these programmes tell us about how a focus on outcomes can strengthen and stretch delivery organisations from the community sector?

Thanks to the National Lottery players, The National Lottery Community Fund (the Fund) is able to support communities to come together, be environmentally sustainable, help children and young people thrive and enable people to live healthier lives. Tackling inequality and taking an equity-based approach is at the core of what we do, focusing on where there is greatest need. This is made possible due to the excellent services that voluntary, community, or social enterprise (VCSE) organisations are delivering.

Following our 'It starts with community' strategy, we recently launched our new Corporate Plan[141] where we aim to be more than a funder, supporting VCSEs to help increase their impact and organisational resilience. We are also a convener, bringing different organisations together to explore challenges and develop new opportunities and partnerships. We remain committed to learning, exploring proportionate ways to gather data, evidence and learning, creating useful insights and helping to understand impact. We'll continue to share learning to increase understanding of communities in a way that is useful to grant holders, those interested in delivering and supporting community-led change, and wider society.

The Fund has played a major role in the development and delivery of social impact bonds/social outcomes partnerships[142] (SIBs/SOPs). We have been involved from the beginning of the journey with the HMP Peterborough SIB in 2010, then in 2013 we launched our own Commissioning Better Outcomes[143] programme. More recently, we have managed the administration of the Life Chances Fund on behalf of the Department for Culture, Media and Sport (DCMS). We have been involved in over 50 of the UK's SOPs[144]. The programme evaluation for Commissioning Better Outcomes, by Ecorys and ATQ Consultants, will be

141 National Lottery Community Fund, 2024. Corporate Plan. URL https://www.tnlcommunityfund.org.uk/media/documents/corporate-documents/Corporate-Plan-2024-27.pdf
142 Department for Culture, Media and Sport, 2023. Social Outcomes Partnerships and the Life Chances Fund. Cabinet Office.
URL https://www.gov.uk/guidance/social-outcomes-partnerships
143 Commissioning Better Outcomes Fund, 2023. Commissioning Better Outcomes Fund – United Kingdom. INDIGO FUND 003. Government Outcomes Lab.
URL https://golab.bsg.ox.ac.uk/knowledge-bank/indigo/fund-directory/INDIGO-FUND-0003/
144 Government Outcomes Lab, n.d. INDIGO Impact Bond Dataset. Accessed 17 July 2024. URL Accessed 17 July 2024.
URL https://golab.bsg.ox.ac.uk/knowledge-bank/indigo/impact-bond-dataset-v2/

published in Spring 2025. Insights from the Life Chances Fund will continue to be published in 2024 and 2025.

Many of the SOPs we have worked with involve interventions that are preventative in nature, delivering support at an earlier stage, addressing entrenched social issues. Initially, the expectation was that, attracted by its up-front financing from investors, commissioners seeking to use the SOP mechanism were doing so to afford VCSEs' preventative work until savings were released from outcomes. In practice, most projects have sought to help public services avoid costs rather than cash savings. It is also worth noting that in both Commissioning Better Outcomes[145] and Life Chances Fund[146] the availability of top-up funding aided and incentivised the development of many of the SOP.

Despite many changes to how SOPs are described and delivered, a constant intention for us has been to support the VCSEs at the centre of each partnership, delivering services to those most in need. Since 2010, the Fund has supported over 200 VCSEs in SOPs. During this time, we have seen VCSEs taking on new roles, as investors, intermediaries and as commissioners within SOPs.

So why do VCSEs decide to get involved in a social outcomes partnership?

This is a good question, as it might seem much easier to deliver services through a traditional grant or standard fee-for-service model. However, SOPs seek to allow VCSEs more flexibility than seen in some more conventional contracting practices. Yes, these partnerships do have outcomes they aim to achieve, but the partnership, which includes the VCSE, can decide on the best way to achieve the outcomes. A SOP allows the VCSE to adapt their delivery methods quickly to support service users and maximise the number of outcomes they achieve.


Photo credit: The Skill Mill

The additional 'top-up' funding made available to commissioners by the Commissioning Better Outcomes and Life Chances Fund programmes, has encouraged commissioners to try new, more flexible, ways of working. This in turn enables the VCSE to deliver in a different, often more learning-driven, partnership context. This can help strengthen the VCSE by giving them the space and time to develop or adopt a new intervention or service delivery model, testing what works and making adaptations as and when necessary. Alongside their SOP partners, VCSEs can use their vast knowledge and experience of working with their beneficiaries to support the continuous development of the service.

For any kind of outcomes-focused partnership to work well, it requires a strong, positive relationship between all the partners. Partnership work may initially be daunting and different for some, but can help strengthen VCSEs, developing new professional relationships and raising the profile of their work. It allows them to share knowledge and expertise to drive the delivery of the service. For example, one of the Life Chances Fund projects, the Chances Programme, includes 17 service providers (VCSEs) and 21 commissioners, with active communication key to the success of the project[147].

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145 Ronicle, J., Stanworth, N., Wooldridge R., 2022. Commissioning Better Outcomes Evaluation 3rd Update Report. Ecorys, ATQ Consultants. URL https://golab.bsg.ox.ac.uk/documents/CBO-3rd-update-report.pdf

146 Government Outcomes Lab, 2023. Life Chances Fund intermediate evaluation: data release. Department for Culture, Media and Sport. Life Chances Fund. URL https://golab.bsg.ox.ac.uk/knowledge-bank/resource-library/life-chances-fund-intermediate-evaluation-data-release/

147 Government Outcomes Lab, 2022. Chances Programme. Department for Culture, Media and Sport. Life Chances Fund. URL https://golab.bsg.ox.ac.uk/knowledge-bank/case-studies/chances

SOPs rely on a high level of monitoring and a robust dataset. This is sometimes a new and different way of collecting and reporting data for VCSEs. This can be time consuming and more complicated, as mentioned in the project-level evaluation of the Life Chances Fund-supported Future Impact Service[148]. The benefits to the VCSE of having a robust and rich data set are huge. Demonstrating capability to use data to meaningfully track and monitor outcomes and can also be used as a selling point for new contracts.

We have seen many SOP projects continuing and even expanding their services, or parts of them, under a variety of contracting arrangements. Their sustainability has been helped by the strong evidence they have collected and the positive impact that they have had on their communities. In Commissioning Better Outcomes, a large proportion of providers sustained delivery after the end of the SIB.

SOPs can also open up opportunities for VCSEs to access different types of funding from new kinds of 'commissioners'. This can lead to them being more financially resilient or systemically influential. For example, AllChild Limited (formerly the West London Zone) have delivered SOPs through both Commissioning Better Outcomes and the Life Chances Fund and have secured funding from a range of commissioners and investors including the Bank of America (as an outcomes payer), philanthropic contributions and local schools[149]. The Elton John Aids Foundation adapted their SIB model to stimulate systemic change, moving from playing the role of co-investor, to commissioner, and involving fellow VCSEs alongside public services as delivery partners[150].

Social outcomes partnerships can both strengthen and stretch voluntary, community and social enterprises. Testing innovative delivery models and developing robust evidence helps to focus on impact and inform action. We have seen many Commissioning Better Outcomes and Life Chances Fund projects continuing and even expanding their services, due to the strong evidence they have collected and the positive impact that they have had on their communities.'

Before entering into SOPs, VCSEs need to consider the lead-in time, extra work and meetings needed during contract shaping and delivery, to achieve the high level of scrutiny. For some projects on the Life Chances Fund, the time between initial Expression of Interest and delivery starting was three years[151].

There may still also be risks to the VCSE. The extra pressure to adhere to the terms of an outcomes-based contract can be great. For example, where a specific delivery model is being replicated it is essential that resources are sufficient to adhere to that model. One of the Commissioning Better Outcomes projects, the Mental Health and Employment Partnership, found that issues with staffing levels and a shortage of operational managers impacted on the delivery of the Individual Placement and Support model, which in turn impacted on the outcomes and payments achieved[152]. The difficulty of modelling cash-flow to achieve a win-win-win for all parties, including investors, is also a reason why in the emerging framings of SOPs, contract terms are sometimes renegotiated as part of a more flexible and relational approach than envisaged under the 'payment by results' concept.

As with any type of funding model, a SOP is not suitable for all. The VCSE, as well as all the other partners, need to ensure that they fully understand the contract they are entering into and the implications of working within it. From a governance and policy perspective it is important to ensure that the power dynamics of a SOP are carefully thought through, ensuring that VCSEs have agency and equity within the partnership.

Overall, for a VCSE a social outcomes partnership is another funding and delivery option available to them. Evolving as part of a wider picture of relational contracting, it sits among options that can both strengthen and stretch them by helping them to test new and innovative delivery models, supporting the development of robust monitoring and data collection tools, and bringing them together with a wider range of people and organisations that have the same aims - enabling them to achieve the best possible outcomes for those who are most in need.

Exciting times now lie ahead for the Fund with our new 'It starts with community' strategy. Our experience

148 ConnectMore Solutions. Richmond Baxter Ltd, 2023. Future Impact Programme Evaluation.
URL https://golab.bsg.ox.ac.uk/documents/Futures_LCF_-_Final_report_approved_30.6.23.pdf
149 Government Outcomes Lab, 2019. West London Zone Case Study. Department for Culture, Media and Sport. Life Chances Fund.
URL https://golab.bsg.ox.ac.uk/knowledge-bank/case-studies/west-london-zone/
150 Stanworth, N., 2024. The Zero HIV Social Impact Bond.
URL https://www.tnlcommunityfund.org.uk/media/insights/documents/Zero-HIV-Social-Impact-Bond-3.pdf?mtime=20240409095754&focal=none
151 ICF Consulting Services Limited, 2020. Evaluation of the Life Chances Fund - Interim Report.
URL https://golab.bsg.ox.ac.uk/knowledge-bank/resource-library/evaluation-life-chances-fund-interim-report/
152 Stanworth, N., 2023. Mental Health and Employment Partnership (MHEP). URL https://golab.bsg.ox.ac.uk/documents/MHEP-InDepth-Review-3rd-report.pdf

Photo credit: The Skill Mill

and learning from delivering and managing outcomes-driven approaches in a variety of programmes, including our work in SIBs/SOPs, have fed into the development of our new Corporate Plan. Looking to the future we will continue to be inclusive and ambitious, being adaptable as well as compassionate and open to looking at different ways to support our communities with a focus on using evidence to improve knowledge, inform action and increase impact.

David is the Chief Executive of The National Lottery Community Fund. David has had a varied career in public and community service. Prior to the joining The National Lottery Community Fund, David was Director of the Office for Civil Society. In this role he was responsible for policy on charities, volunteering, young people, philanthropy, dormant assets, impact investment and mission-led business. He has also worked internationally, advising on governance and public policy in more than a dozen countries, and in the private sector.

Sarah is Funding Manager – Investment at The National Lottery Community Fund.

Sarah has been at The National Lottery Community Fund for nearly twenty years, with ten of these working on the Social Investment team. Sarah has supported the delivery of a number of funding programmes with a social investment/ alternative funding focus. Most recently Sarah has managed the delivery of the Life Chances Fund that The National Lottery Community Fund administers on behalf of the Department for Media, Culture and Sport.

Sue Ormiston, Head of Funding, Sam Magne, Knowledge and Learning Manager, and Mark Purvis, Deputy Director at The National Lottery Community Fund have also contributed to the development of this piece.

AFTER THE PROJECT ENDS: WHAT CAN BRING ABOUT THE SUSTAINABILITY OF OUTCOMES AND OF LEARNING?

Mara Airoldi, Government Outcomes Lab

The UK has experimented with nearly a hundred social outcomes partnerships since the HMP Peterborough SIB in 2010. Projects have a start and end point, but their impact can continue in terms of changed outcomes to those involved (beneficiaries, staff, organisations, community at large) and the learning that can be embedded for the longer term. What can bring about the sustainability of outcomes and of learning in social outcomes partnerships?

Over the past eight years, I have been regularly asked for key recommendations and expert tips to design social outcomes partnerships. My top advice has always been to think from the onset about the 'exit strategy' – about what would happen at the end of the project. Being able to articulate the exit strategy requires a good understanding of the project's rationale, the change it is expected to bring about. This clarity, in turn, can inform design choices for the project, its implementation and its long-term legacy.

From an evidence review we conducted in 2018, we identified three core rationales (or 'theories of change') that drove the interest to experiment with SOPs in the delivery of public services[153]: *collaboration*, *prevention and innovation*. These three rationales are not mutually exclusive and in many cases a project may employ more than one rationale. In this essay, I use these three rationales to structure my reflections around shaping exit strategies and around legacy and sustainability.

The collaboration rationale

Public services tackling complex needs require the coordinated action of multiple agencies. Consider for example services offered to support people who are facing homelessness. Each individual or family is likely to have a unique mix of needs across multiple dimensions including housing, employment, mental health, family welfare, education and substance misuse. Under traditional arrangements for public services, support to meet each need may be the responsibility of a different department and service provider. This fragmentation often leads to individuals or families receiving a mix of uncoordinated interventions which do not provide adequate, holistic support.

In these contexts, SOPs have been used to bring together multiple service providers and coordinate wrap-around services that are more tailored to individual needs. As payment is linked to positive outcomes (e.g. sustaining accommodation), the involved providers have the space to discuss individual cases, reflect on what may work, learn and adapt.

153 Carter, E., FitzGerald, C., Dixon, R., Economy, C., Hameed, T., Airoldi, M., 2018. Building the tools for public services to secure better outcomes: Collaboration, Prevention, Innovation. Government Outcomes Lab. URL https://golab.bsg.ox.ac.uk/knowledge-bank/resource-library/evidence-report/

The Kirklees Integrated Support Services project, partly funded by the Life Chances Fund, is an example of a SOP pursuing a collaboration rationale. In this SOP, a new organisation (Kirklees Better Outcomes Partnership, KBOP) was created to coordinate the support for disadvantaged Kirklees residents, working closely with nine service providers. KBOP engaged with the providers, monitored data to understand progress towards meeting the specific needs of project participants, discussed and agreed changes in provision and received payments once outcomes were achieved.

The outcome payment to a coordinating organisation (also called a social prime) is the central mechanism to overcome the typical fragmentation of services to support people with multiple, complex needs. At the end of a project predicated on a collaboration rationale, the exit strategy is likely to require the sustainment of a coordinating mechanism around outcomes indicators.

Part of the legacy of a project with a collaboration rationale will reside in the outcome framework used to pay the coordinating organisation, and the data infrastructure and processes deployed to coordinate action across service providers and to inform timely decisions to improve support.

The prevention rationale

Preventative services are sometimes labelled 'Cinderella services'. Despite their value in principle, they are neglected compared to other services, especially curative ones. Given limited resources, it is understandably difficult to choose to spend more on prevention and less on treatment. It is a well known moral dilemma: rationally, investing in prevention may lead to fewer people experiencing adverse events in the future and overall cause less suffering. Yet most people feel a moral imperative to support others in immediate need and danger, even if this means reducing resources for prevention.

A prevention logic of 'invest to save' could underpin an outcomes-based approach. The logic goes as follows: if preventative services are successful in reducing future crises, the cost avoided from such prevented crises could more than compensate the costs of preventative activities. A key difficulty with this logic is that outcomes may take many years to be achieved, more than the length of a typical public contract. Public services are often organised around relatively short budget cycles of up to three years. This short duration is reflected in the length of contracts to service providers, which for VCSEs has declined over time and was just 26 months on average in 2019/20[154].

The ability to access upfront 'patient' capital through a SOP (for instance, capital provided by an impact investor) allows the 'invest to save' logic to be maintained, even over multiple public budgeting cycles. If the patient capital can be provided for as long as it takes to generate the outcomes, public resources can continue to be spent in parallel, on tackling current adverse events. This mechanism is called "double running of the budget". In time, if prevention brings about desired outcomes (i.e. fewer adverse events), the costs saved by avoiding crises could be used to pay back the initial investment.

The sustainability of these SOPs is likely to rest on the ability to access patient capital. This patient capital does not necessarily need to be provided by external investors. The public sector is in principle able to raise capital at low rates, and other pre-financing mechanisms may be explored once evidence of financial

By regularly gathering and integrating learning from practitioners and academics, the learning could be held in a cross-institutional memory to inform decisions.

Start with the end in mind: the sooner we anticipate the end and the sooner we design an appropriate exit strategy, the more likely we are to set in place routes for sustainability, for retaining successful practices and continue to deliver better social outcomes in partnership'.

154 Tussell, 2021. UK Public Procurement through VCSEs, 2016-2020. Department for Culture, Media and Sport. URL https://assets.publishing.service.gov.uk/media/625ecdd7d3bf7f600d4056a4/UK_Public_Sector_Procurement_through_VCSEs.pdf

viability is clear. The SOP may hence be used to demonstrate the business case for the preventative intervention, before a wider roll out. The Elton John AIDS Foundation SIB offers an example – the project offered various HIV services, including prevention. As discussed by Emily Hulse and Alec Fraser in their contribution to this report – *"How can we scale up evidence-informed health care interventions through social outcomes partnerships?"* – this preventative intervention is now rolled out by NHS England in emergency departments in areas with high HIV prevalence.

The legacy of SOPs with a preventative logic is in the creation of a clear evidence base demonstrating the invest to save logic and the establishment, through a number of "double running of the budget" cycles, of a financially sustainable model so that a number of avoidable crises can be more effectively managed.

The innovation rationale

Making changes in the delivery of public services can be difficult. The desire to create a space for innovation has been proposed as a rationale for SOPs. Impact investors of innovation-driven SOPs take the risk of the innovation: they support service providers to implement a new programme and, if the programme delivers predefined and agreed outcomes, the public sector then pay for these outcomes.

The rigorous evaluation of these programmes helps create an evidence base for the intervention. The exit strategy for these types of SOPs is the uptake of the successful programme, not necessarily through an outcomes-based approach. A traditional grant or fee-for-service model may be the preferred route to fund the effective intervention.

This logic has been relatively common in the US, but not in the UK. An analysis we conducted on US and UK projects launched up to 2020, showed that 67% of US projects used a randomised controlled trial to demonstrate the effectiveness of the intervention, whilst only 2% of UK projects did[155].

In the UK, interventions supported by a SOP have tended to have already had some evidence base. However, the process evaluations often refer to innovation in the way the intervention was implemented or adapted for the local context and target population. The active performance management that typically has accompanied UK projects - like many discussed in this report – points towards innovative practices. Even in these cases, like the US ones, the exit strategy may consist in the adoption of the innovation. Innovative practices learned through the SOP could be funded again. Depending on the nature of the innovation, they may be re-funded with a traditional grant or fee-for-service contract.

Sustainability as business-as-usual

All projects have a start and a finish. The exit strategies discussed above can help in focusing effort on what is needed to replicate successes, be it the need to retain the wrap-around of services, access to patient capital or sustain the innovation. What travels from one project to the next (hopefully improved) one is the learning that gets institutionalised. Given the GO Lab's role in supporting learning, I share below some reflections on the institutionalisation process.

How does institutionalisation take place? The literature on organisational learning defines institutionalisation as "the process of embedding learning that has occurred by individuals and groups into the institutions of the organisation including systems, structures, procedures, and strategy"[156]. The process of institutionalisation can be conceptualised as consisting of four (iterative) phases[157]:

1. **Intuiting.** This happens at the level of the individual involved. In the case of SOPs, these are frontline staff, program participants and their families as well as other stakeholders affected by the programme. Intuiting is about perceiving a pattern.

2. **Interpreting,** which consists of articulating and explaining the perceived patterns. It is the distillation of the insight that can be communicated to others. In SOPs, interpreting takes place in discussions between key workers and programme participants; among colleagues within and across organisations involved in the SOP to reflect on progress, successes and difficulties; and in communities of practice, such as those we hosted at GO Lab during the implementation of the Life Chances Fund. It is the development of a shared mutual understanding.

3. **Integrating** is the translation of the mutual understanding into coordinated actions. The active performance management observed in many SOPs is an expression of "integration". Minutes of board meetings often document how decisions are made to course correct and agreed a new coordinated action plan aligned with the new mutual understanding of challenges at hand. Similarly, during learning events with Life Chances Fund participants, insights taken from participants could be used – be integrated – in the design and implementation of other projects.

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155 Economy, C., Carter, E., Airoldi, M., 2022. Have we "stretched" social impact bonds too far? An empirical analysis of SIB design in practice. International Public Management Journal. 26 (3), 413-36. URL https://doi.org/10.1080/10967494.2022.2077867
156 Crossan, M., Berdrow, I., 2003. Organizational learning and strategic renewal. Strategic Management Journal. 24, 1087-1105. URL https://doi.org/10.1002/smj.342
157 Crossan, M., Lane, H., White, R., 1999. An organizational learning framework: from intuition to institution.'Academic Management Review. 24, 522-537. URL https://doi.org/10.2307/259140

4. **Institutionalising.** This phase is what sets apart organisational (and system) learning from individual and group learning. Although learning starts with individuals, it does not necessarily disappear once these individuals leave the organisation, as long as it is embedded in its structures, strategy and routines. The way in which the GO Lab has gathered and reported data on SOPs has, for instance, acted as a useful infrastructure to establish a common language to describe and assess practices. By regularly gathering and integrating learning from practitioners and academics alike in publications, Engaging with Evidence webinars, an annual conference, regular meetings with the Life Chances Fund cohorts and bespoke events, learning could be held in a cross-institutional memory to inform decisions.

It may sound counterintuitive to talk about projects having a start and an end and, at the same time, about sustainability as business as usual. Yet, it is in the anticipation of a project's end that our attention focuses on what we do not want to let go of, on what is the essence of the project we wish to retain. The sooner we anticipate the end and the sooner we design an appropriate exit strategy, the more likely we are to set in place routes for sustainability, for retaining successful practices and continue to deliver better social outcomes in partnership.

Mara is the Academic Co-Director of the Government Outcomes Lab at the Blavatnik School of Government, University of Oxford. She leads a multi-disciplinary team of research and policy engagement specialists, focusing on innovative public sector contracting and effective cross-sector partnerships to achieve better social outcomes and tackle grand challenges.

Mara has two decades' experience in connecting academic insights to decision making for social impact.

2.4 BROADER REFLECTIONS

Included in this section:

1. Toby Eccles, Social Finance – *The Peterborough SIB 14 years on, what has **changed** and what have we learnt?*
2. Chih Hoong Sin, International Adviser - *What should the UK learn from the experience with outcomes-based approaches in other countries **around the globe?***
3. Eleanor Carter, Government Outcomes Lab & James Ronicle, Ecorys - *Expanding the **evidence** around social outcomes partnerships: collective lessons from evaluating complex cross-sector projects*

THE PETERBOROUGH SIB 14 YEARS ON, WHAT HAS CHANGED AND WHAT HAVE WE LEARNT?

Toby Eccles, Executive Director & Co-founder, Social Finance

In 2010, I was on the team presenting the HMP Peterborough social impact bond to the Social Finance board. They were not sure it was good enough. And yet, fourteen years later, a whole ecosystem has spawned. Looking back, much has changed. What have we learned? What is the essence of this innovation? Why has it endured while also facing considerable criticism? What does it tell us about models for the future?

The scruffy rabbit

When we brought the HMP Peterborough social impact bond to the Social Finance board for final sign off, they really weren't sure it was good enough. It was too small, with cohorts that took two years to complete; the first measurement would not be available for nearly four years from starting the programme; and it needed relatively modest investment of £5 million. In making our case to the board, David "Hutch" Hutchison, our CEO, framed it like this '*we've spent two years trying to pull a rabbit out of a hat, so while this is a scruffy rabbit, it is still a rabbit.*'

We did not expect the response that it received. The scruffy rabbit spawned a small industry, research labs at Oxford and Harvard, government units in the US, the UK, Japan and others, new intermediaries, new funds and new financing models.

I'm very grateful to the GO Lab team for the opportunity to reflect on the HMP Peterborough SIB 14 years on. I'll try to bring out as clearly as I can what we were intending, what worked, what we got wrong and what should usefully be considered into the future.

Peterborough SIB

The Peterborough social impact bond was an outcomes-based contract with the Ministry of Justice in the UK, focused on supporting men coming out of Peterborough prison after a sentence of less than a year. Our aim was to demonstrate that it was worth working with these men. At the time there was no probation support offer. Ex-offenders got a modest cash grant on exit, and unemployment or other benefits took around six weeks to materialise. 60% were reconvicted within a year. The expected number of reconvictions within a year across a cohort of 1,000 was 1,700. This revolving door was bad for everyone, but the Ministry and the Treasury weren't convinced that supporting these offenders would make a difference.

So we suggested a contract that only paid if we were successful in reducing reoffending and would pay out according to the economic value to government of reduced reoffending. With these as the guiding principles, we developed the underlying contracting model. Offenders would be grouped into cohorts of 1,000. Each cohort was expected to take two years to leave Peterborough, given the flow of short sentence offenders leaving the prison. Each individual would be matched, using a statistical

method called propensity score matching (PSM), to a cohort of short sentence offenders in other prisons. A reduction in offending of 10% or more would be deemed statistically significant and a payment would be made for each offence that effectively didn't happen. Finally, there was a catch all, the cohorts would be looked at together, and given the larger sample, a lower threshold of statistical significance (7.5%) could be used and therefore a catch up payment could be made on any cohorts that didn't achieve the 10% threshold. Measurement would be done independently and it would take time: twelve months after the end of the cohort to even have data, and then six months for court activity and a further three months for the work to be done. So measurement for the first cohort would only come near the end of the second.

Returns were capped at a maximum of around 6%, and we only raised investment from charitable funders that would be reinvesting any returns into social value.

After two cohorts the case for working with short sentence offenders was made and a statutory obligation to work with them was added through legislation. Unfortunately, the contract was then stopped and rolled into the ill-fated wider privatisation of probation. The results were more modest than we'd hoped, a 9% reduction in offending across the two cohorts. This was in part because the PSM methodology created a comparison cohort that had lower reoffending risk[158]. Investors were fully repaid and made a 1% return.

For those involved in later models, the Peterborough SIB was rather purist[159]. For the use case we were focused on - to encourage the Ministry of Justice to invest in this underserved group - we needed to use their figures and their methods in order to satisfy their research requirements. For that use case it was the right model, scruffy or not. But the debate around purity foreshadowed both the interest and the critique to come.

One of the challenges in government can be that a service area that is the responsibility of one part of government affects costs in another. Outcome models have been used to overcome this with central government providing outcome payments to encourage greater local investment.'

Broad appeal but different understanding

SIBs appealed to different stakeholder groups for different reasons and for different use cases. The broad appeal, into government, impact investors, researchers and service providers built momentum, but also led to misunderstanding. Here are some of the different use cases and theories of change and which actors hold them.

Use cases

- **Produce knowledge:** models like the Peterborough SIB are designed to demonstrate effectiveness of funding a new area. This knowledge production focus therefore set high standards in terms of evidence, requiring comparator groups, for example rather than relying on historical data for the counterfactual. These tended to be favoured by researchers or government departments if the focus is an area that requires new expenditure.

- **Improve quality and accountability in a market:** In areas such as supporting people back into work there is present funding, but outcomes of that funding are uncertain and services are of variable quality. The outcomes models suggested in this instance are more likely to be based on score cards for different outputs. The focus is on improved accountability and ensuring cross comparability between service providers.

- **Enable localisation and adaptation:** In many areas of public service delivery contracting models tend to inhibit adaptation by being focused on input and process driven accountability. In places where tailoring is needed, or there are changing local circumstances, a more outcomes-based model can be more suitable and add flexibility.

- **Breakdown silos of government spending:** One of the challenges in government can be that a service area that is the responsibility of one part of government affects costs in another. Drug recovery services are

158 This was picked up by the independent assessor. The methodology was changed for the second cohort, but this then missed out some of the "frequent flyers" that the support offer had worked with most.
Anders, J., Dorsett, R., 2017. HMP Peterborough Social Impact Bond -- cohort 2 and final cohort impact evaluation. National Institute of Economic and Social Research.
URL https://assets.publishing.service.gov.uk/media/5a759df0ed915d506ee80304/peterborough-social-impact-bond-cohort-2-results-report.pdf
159 There have been many excellent reports on the Peterborough SIB. For comprehensive analysis focusing also on the implementation and the service provided, the RAND external evaluations are great.
RAND, n.d. Accessed July 30th, 2024. Evaluating the World's First Social Impact Bond. Rand. URL https://www.rand.org/randeurope/research/projects/2015/social-impact-bonds.html
Social Finance's resources on it can be found here: Social Finance, n.d., Reducing reoffending in Peterborough. Social Finance. Accessed 30 July 2024.
URL https://www.socialfinance.org.uk/work/reducing-reoffending-in-peterborough

commissioned by local authorities but the financial benefits of successful drug recovery primarily go to central ministries such as Health and Justice. Outcome models have been used to overcome this with central government providing outcome payments to encourage greater local investment. This again points to an outcomes framework that focuses on results accountability, and standardisation to enable an application process for local authorities.

- **Being innovative:** Another use case is simply that parties wish to demonstrate they are being innovative with the aim of attracting new funders and greater engagement. This leads at times to organisations seeking projects for the model, rather than developing the model according to the practical challenges they are trying to overcome.

- **Investors interests:** Across these different use cases and stakeholder interests, investors also have different theories of change. For some, investing in SIBs is compared to providing grants in the same area. For others the possibility of impact investments with impact and return aligned is exciting. Monetising social value could attract more finance into impact and that finance could contribute to innovation and change in the same way that entrepreneurship and venture finance had in the private sector.

With different groups of people seeing different benefits to the model, this led both to its growth in use and to occasions when there were mismatched expectations within a specific implementation.

What were the key challenges and were they overcome?
A SIB's greatest strength, its ability to bring together different social change actors around a common platform, was also its Achilles heel. With different stakeholders engaged for different reasons, bringing different cultures and ideologies, criticism and skepticism were always likely. I've sought to challenge some of the criticisms below, and then highlighted three significant areas where adaptations to the model have been needed.

> *The essence of social outcomes partnerships is the ability to bring together the disparate actors around social change and allow them to focus on the elements they do best. The tensions that this generates are part of the benefit. Transparently addressing these tensions and thinking through the choices that are necessary, builds the kind of scruffy 'better not best' solutions that work.'*

The most common criticism is that SIBs are complex, take too long to set up and are too expensive. Seen only in the context of setting up a single service this is understandable, but seen across the wider issue that each SIB is seeking to address, the complexity makes much more sense.

The idea that got us developing the SIB came from two Social Finance board members, David Robinson and Peter Wheeler[160]. They were on the then Prime Minister, Gordon Brown's, Council on Social Action. The question they asked was 'can we fund early intervention from the costs of downstream services' or put another way 'can we pay for the fence at the top of the cliff out of the cost savings from the ambulance we've been sending to the bottom'. Fourteen years later, and there are still few robust models for funding earlier interventions that are sustained through the budget cycle and don't get denuded when budgets are tight. We still need to generate the knowledge and the mechanisms to fund earlier interventions securely and sustainably if we want lower service costs and better outcomes. That's worth a bit of complexity.

The three biggest risks in setting up an outcomes model are: finding robust measures that generate the right impact focus; achieving alignment between outcome funder, investor and wider interests; and managing if key people move on before the project is signed and ready to go. Using intermediaries to build projects mitigates these risks with a centralised skillset, given that many of the other parties involved in the project will be looking at the model for the first time.

I now want to focus on three areas where the challenges are very real: measurement and risk, sustainability and accountability.

Measurement and risk
Our most significant mistake in developing the SIB model was the belief that government only paying for outcomes would reduce their sense of risk in trying something new. While this may be true at a political level, for officials mandated to spend a budget in an area, uncertain expenditure with uncertain outcomes and private investors in the mix was anything but not low risk. If investors made too high a return, the official

160 The idea for the structure itself came from Arthur Wood, then of Ashoka, who showed us an idea he was developing in Peru called a Contingent Revenue Bond. Thank you Arthur!

they didn't achieve value for money, if outcomes weren't achieved, the official had demonstrated that funding in their area of expertise was ineffective. Traditional input and process driven accountability obscures outcomes but gets money out the door, why not let sleeping dogs lie?

At the same time, defining good measures is hard. They have to be robust enough to bear the pressure of having a financial payment made on them, they should not encourage perverse behaviour and they should be close enough to the intervention that attribution to that intervention is reasonable. Finally, the culture of linking outcomes payments to associated cost savings rather than focusing on impact value of the outcome also created a tendency to undervalue outcomes.

The challenge with the SIB model is that it needs all this work to be done up front, when there is the least knowledge about what is actually possible and what the effect will be of putting a financial payment on a measure. Second and third generation models in the same area can and have reduced this risk, but there is also a need for more models with pricing and measurement adaptation built in. This is particularly appropriate for market-based solutions as accountability is maintained through comparison across providers.

Sustainability
Too few SIBs ended up with continuation funding after the initial project, even if the outcomes data was positive. The positive outcomes data was sometimes used, as in the Peterborough SIB, to enable wider policy change or to enable the commissioning of wider provision, but the model itself was less often sustained. My own impression is that the initial innovation was too outside business as usual. By the time a SIB has finished its initial champions have likely moved on, so there is no obvious route to shift it to sustainability. Newer models such as transformation funds[161] and outcomes funds seek to address this challenge.

> *Across these different use cases and stakeholder interests, investors also have different theories of change. For some, investing in SIBs is compared to providing grants in the same area. For others the possibility of impact investments with impact and return aligned is exciting.'*

Accountability
Making payments on the basis of outcomes is designed to increase accountability. Having investors embedded in governance encourages adaptation and a focus on maximising impact. These are both true, but they run the danger of being reductive. There may be other ways of achieving the same ends that may be easier and more effective, depending on the circumstances. Accountability to service users or the communities served could also be important and in some cases the sense that a service is accountable to some unknown investors could be counterproductive. I think it likely that sustainable models going forward may need to take a more holistic, transparent approach to accountability. This is not to say that an investor role is wrong, simply that investors should be seen in amongst the overall community of stakeholders rather than the primary party.

Summarising the essence of what makes a good model
Bringing these different strands together, the fact that outcomes contracting models have been sustained through the criticism is a clear demonstration that they add something of real value. For me, their essence is their ability to bring together the disparate actors around social change and allow them to focus on the elements they do best. Governments or large public funders providing the long-term funding for impact, impact investors supporting innovation and funding through the uncertainty, and service providers and the communities they serve being freed up to adapt and improve the services they offer. The tensions that this generates are part of the benefit. Transparently addressing these tensions and thinking through the choices that are necessary when funds are restricted, builds the kind of scruffy 'better not best' solutions that can actually work. As models emerge to continue this work, I hope they can continue to nibble away at the ongoing challenges of fragmented funding, rigid provision, weak data and poor outcomes.

To finish off, here is my checklist for building the models of the future:

- **Begin with the social challenge, not the structure:** a good structure needs to be tailored to the circumstances, use case and stakeholders.
- **Intermediaries are usually needed:** people that can work between the different parties, speak for those not in the room, and have a centralised repository of good practice are often critical to success.

161 The Macmillan End of Life Care Fund uses elements of the SIB model but focuses more on sustainability, see: Bett, L. A., Lambeth, L., 2024. Macmillan: Transforming End-of-Life Care with Social Investment. Social Finance. URL https://www.socialfinance.org.uk/insights/macmillan-transforming-end-of-life-care-with-social-investment-2; Social Finance, 2023. Macmillan End of Life Care Fund. Social Finance. URL https://www.socialfinance.org.uk/insights/macmillan-end-of-life-care-fund-invitation-to-apply

- **Enable different actors to work together:** Bringing together different social change tribes around a common framework is for me the essence of the SIB innovation. Understanding what is blocking sustainable change for each and use a structure to fill in those gaps.

- **Agreed feedback process and model for adaptation:** Services need to adapt and learn. This could be through paying for outputs and outcomes, it could be through service user or community feedback, outcomes could be designed by service users, not just outcome funders. Whatever the methodology, feedback and learning are essential to rebuild trust in services that have previously been monolithic or ineffective.

- **Governance:** How is the service accountable and to whom? Careful design of governance can lead to longer term sustainability

- **Market, not single provider:** While there is sometimes value in a single provider model, for longer term sustainability, they need to be built around the workings of a service area, or needs of a geographic area, not built around a single provider. They need to be able to adapt as the market changes and as learning emerges from early work.

Toby co-founded Social Finance in 2007.

He led the development of the social impact bond model and the first implementation at HMP Peterborough. He has since supported both field building and specific opportunities in the UK and internationally, including leading the first local authority social impact bond in Essex focused on children in care; supported the design of the Social Outcomes Fund for the Cabinet Office; catalysed development impact bonds in partnership with the Center for Global Development; and the initial work with the Inter-American Development Bank on impact bond strategies for Chile, Mexico and Brazil.

More broadly, Toby's focus is on new initiatives and innovation for Social Finance, for example supporting the creation of their Data + Digital Labs team. Present areas include community entrepreneurship and investment, race equity, international health and how government can more effectively manage markets of providers.

Prior to Social Finance, he acted as secretariat for the Commission on Unclaimed Assets, which recommended the creation of a Social Investment Bank that later became Big Society Capital. In 2017 he was given an OBE for services to social investment.

WHAT SHOULD THE UK LEARN FROM THE EXPERIENCE WITH OUTCOMES-BASED APPROACHES IN OTHER COUNTRIES AROUND THE GLOBE?

Dr Chih Hoong Sin, International Adviser, Outcomes partnerships and impact investment

The social impact bond model pioneered by the UK has been adopted in over 35 countries across the world. What does the global experience tell us about the transformative potential of outcomes-based approaches as mechanisms for systems strengthening in a resource-constrained public sector?

The United Kingdom (UK) was the first country in the world to introduce the social impact bond (SIB) in 2010. Since then, it has travelled far and wide. The models that originated in the UK have been stretched and adapted in a remarkably diverse range of settings, involving different players with an array of motivations and objectives[162].

Although the terminology we use in the UK has shifted - moving from 'social impact bond' to 'social outcomes partnership' (SOP)[163], for instance - the overarching narrative for describing and making sense of 'what it is' and 'what it is for' has remained relatively unchanged. The seeming immutability of the narrative contrasts starkly with the widely-documented malleability of the instrument. There is an urgent need to confront the implications of this, and to find a way forward in these febrile times. There is strong consensus that public budgets in the UK will remain highly constrained and projections for medium term economic growth point to a scenario of sluggish growth that has persisted since the global financial crisis[164]. Yet expectations for what the government should or can do are running sky high. In this context, a re-examination of how we may optimise the transformative potential of SOPs may be helpful.

There are 'blind spots' that lead to our partial representation of and sense-making around SOPs. First, the growing volume of research requires curation and synthesis to inform policy and practice. Yet, techniques such as the systematic review remain wholly or predominantly focused on English-language materials. In doing so, we may have unwittingly created and reproduced orthodoxies without realising how these may be limiting us. There are notable tendencies, for instance, to normalise and institutionalise the motivations, experiences and models in the UK. Many UK SOPs have been designed with a loosely defined 'efficiency' objective[165], as discussed in greater detail elsewhere in this report. This has fundamental implications for the technical design of SOPs particularly regarding outcome specification,

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162 Economy, C., Carter, E., Airoldi, M., 2022. Have we 'stretched' social impact bonds too far? An empirical analysis of SIB design in practice. International Public Management Journal, 26(3), 413-436.
163 Department for Culture, Media and Sport, 2023. Guidance: Social Outcomes Partnerships and the Life Chances Fund, URL https://www.gov.uk/guidance/social-outcomes-partnerships
164 Pope, T., Hoddinott, S., Fright, M., Davies, N., Nye, P., Richards, G., 2022. What Does the Autumn Statement Mean for Public Services? IfG Insight. Institute for Government and CIPFA.
165 Floyd, D., 2017. Social Impact Bonds. An Overview of the Global Market for Commissioners and Policymakers. Centre for Public Impact.

metric definition, and outcome pricing, where much of the guidance has focused on operationalising these in terms of costs to and savings for the public sector. Other countries may not necessarily have employed SOPs for the same reason. Early examples from Japan adopted a focus on improving societal wellbeing, which, in some cases, required more rather than less public spending[166].

Second, our collective worldview of policy and/or financial innovations tends to overlook certain geographic regions as the originators of such innovations. This can be amplified by the language issue, but is not limited to it. This is especially so if the genesis of innovations lies beyond the conventional 'knowledge heartland', in countries with political structures and ideologies that may not be aligned with ours. For example, I have compared developments in East and South East Asia and posited that these are less drawn than their Anglo-American counterparts to market-style public sector reform. Instead, they focus on how projects can be adapted to work with, or around, existing bureaucracies thereby retaining accountability and control at a central level[167].

Exploring these approaches is not about recommending a 'big state' model for the UK. Instead, it encourages us to examine attributes and principles that could help improve our own practice here, and to achieve change at scale: something we have been struggling to attain.

In the UK we often see the government as 'problem-solver in chief'. At the same time, we perceive that the innovation capacity in the public sector is highly fettered due to short political cycles, annualised budgeting, burdensome public bureaucracy, and entrenched risk aversion. As a result, we often underestimate the innovative capability at all levels of government, including at the local authority level where the brunt of austerity has been felt most sharply[168]. Some have identified government as the bottleneck in our inability to upscale SOPs[169].

The prolonged and severe cut-backs in British public services since 2010 has meant that the context currently in the UK may increasingly be described as 'high constraint – low capacity'. This should sound the clarion call for a radical re-imagining of SOPs as mechanisms for system strengthening, over and above their objectives for achieving direct beneficiary-level outcomes.'

A more fruitful approach may be to look at the challenges in terms of unleashing public innovation capacity, rather than public sector innovation capacity[170]. The former locates the solutions in a collective ecosystem approach, whilst the latter locates them in one sector. Rather than demanding that the government finds more money to pay for outcomes in every instance, for example, we may perhaps have a wider debate on how governments could leverage a collective effort towards societal good. Additionally, rather than focusing solely on innovation at the intervention level, this approach also encourages us to look at innovation at the system level. International experience of SOPs provides helpful pointers.

Japan, for instance, has seen a distinct shift away from small-scale local projects towards the recent relaunch of SOPs as a different form of public-private partnerships[171] to help achieve the vision of a 'new kind of capitalism' being advocated by Prime Minister Kishida[172]. Here, the interest in SOPs is not about the granular details of their specific cohorts, interventions, outcomes, etc. Instead, it is about exploring how the mechanisms for change could be harnessed at the system level to help Japan actualise its ambitions of being an 'impact economy'.

In the Middle East, on the other hand, the Abu Dhabi government – through the Department of Community Development (DCD) – has been providing stewardship of the outcomes ecosystem development through identifying and prioritising eight social challenges for action. It has further mapped the constellations of interests amenable to cross-sector partnerships to tackle these priorities. The first Abu Dhabi SOP was designed and implemented against this backdrop,

166 Sin, C.H., Tsukamoto, I., 2018. Japan highlights innovative Asia Pacific model for Social Impact Bonds. Policy Innovation and Evaluation Research Unit, Blog. URL https://piru.ac.uk/2018/05/14/japan-highlights-innovative-asia-pacific-model-for-social-impact-bonds/
167 Sin, C.H., 2021. Social Impact Bonds 2.0? China watches neighbours develop home-grown SIBs for well-being and innovation. Briefing 7, Policy Evaluation and Research Unit at Manchester Metropolitan University and the Price Center for Social Innovation at the University of Southern California. URL https://socialinnovation.usc.edu/wp-content/uploads/2021/05/China-Watches-Chih-Hoong-Sin.pdf
168 techUK, 2022. Local Public Services Innovation: Creating a catalyst for change. URL https://www.techuk.org/resource/local-public-services-innovation-creating-a-catalyst-for-change.html
169 Marlow Global, 2023. Project Cembra – Interim Report.
170 Bourgon, J., 2017. The New Synthesis of Public Administration Fieldbook. Dansk Psykologisk Forlag.
171 Toda, M., 2023. The growing momentum of impact investing and the impact economy in Japan and beyond. Asian Impact Management Review, 2(2). URL http://www.doi.org/10.30186/AIMR.202312.0001
172 Prime Minister's Office of Japan, 2024. A New Form of Capitalism, available at: A New Form of Capitalism. Major policies of the Kishida Cabinet. URL https://japan.kantei.go.jp/ongoingtopics/policies_kishida/newcapitalism.html

which sped up the processes for problem statement, outcome definition, service provider selection, investor engagement, and more. The Atmah project took only five months from ideation to launch in 2020. In the social outcomes field, ecosystem players can often pursue individual outcomes-based objectives that do not aggregate into strategic impact. Abu Dhabi's example of publishing a national framework of key social priorities can facilitate partners to coalesce around clear points of focus.

While the UK can learn from other high-income countries with significant public sector capacity, we can equally learn from the interesting uses of SOPs originating from contexts that may be described as 'high constraint – low capacity'. It is precisely these characteristics that have led to a 'system impact by design' approach in many lower- and middle-income countries (LMICs).

The absence of some of the key building blocks we often take for granted in the UK – such as those articulated in the DREAM framework[173] – has motivated a number of these countries to mobilise SOPs as mechanisms for building system capacity[174] , leaving a tangible legacy after the completion of specific projects. For instance, the Cameroon Kangaroo Mother Care (KMC) project adopted a train-the-trainer model to embed KMC expertise within the Cameroonian health system so as to sustain improvements made in reducing neonatal morbidity and mortality[175].

In Santiago, Chile, the Trampolin project (inspired by the UK's Chances project) uses grassroots sport and physical activity to achieve wellbeing, as well as disability and gender inclusion outcomes[176]. The project's outcomes discovery and measurement processes are intended to help the Chilean Ministry of Sport embed outcomes measurement at the national level as routine 'business as usual', as well as to refine its inclusion policy.

The ability of SOPs to help build system capacity does not simply appeal to LMICs but has also been adopted consciously in a number of high-income countries. Abu Dhabi's Atmah project, for example, was designed and implemented with a 'policy accelerator' objective[177], in order to flush out systemic barriers to ensure that the national disability inclusion policy could be implemented effectively. In the UK, awareness of system-level impact has come about almost as a belated realisation of an incidental benefit that was 'nice to have' over and above project-level outcomes. We have yet to mainstream these objectives as an explicit part of the design and implementation process.

In a curious twist, the prolonged and severe cut-backs in public services in the UK since 2010 has meant that the context currently in the UK may increasingly be described as 'high constraint – low capacity'. This should sound the clarion call for a radical re-imagining of SOPs as mechanisms for system strengthening, over and above their objectives for achieving direct beneficiary-level outcomes. A 'think system' approach should inform a re-articulation of roles and ways of working that are fit for purpose in the current and foreseeable contexts.

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173 Ronicle, J., Strid, A.A., 2021. Social Impact Bonds in Latin America. IDB Lab's Pioneering Work in the Region. Lessons Learnt. Inter-American Development Bank
174 Gustafsson-Wright, E., Smith, K., Gardiner, S., 2017. Public-Private Partnerships in Early Childhood Development: The Role of Publicly Funded Private Provision. Center for Universal Education at Brookings.
175 Savell, L., 2022. Social Outcomes Contracts and System Strengthening. A Conceptual Framework. Social Finance.
176 Sin, C.H., 2023. Impact Investment in Sport: Innovating sport for development funding. UNESCO.
177 Bidey, T., Sin, C.H., 2022 Atmah Social Impact Bond Evaluation. Traverse.

EXPANDING THE EVIDENCE AROUND SOCIAL OUTCOMES PARTNERSHIPS: COLLECTIVE LESSONS FROM EVALUATING COMPLEX CROSS-SECTOR PROJECTS

Eleanor Carter, Government Outcomes Lab

James Ronicle, Ecorys

The evidence landscape underpinning social outcomes partnerships has developed considerably since 2010. The research and practice community has developed a range of subtle use cases for outcome-focused partnerships. This essay summarises the latest UK evidence on SOPs, signposts to a range of research and data tools and points a path to further analytical insights.

Whenever you meet someone who has just heard about social outcomes partnerships (SOPs, also known as social impact bonds or social outcomes contracts), they invariably ask: 'Do they work?' After more than 2,000 empirical studies[178] you'd think that as a community we would have a strong and unambiguous answer to this question. Unfortunately, such a simple question eludes a simple answer. But that's not to say that the evidence landscape hasn't moved on since the first investigation of the SIB at Peterborough Prison.

Positively, the quality and quantity of evidence surrounding SOPs is increasing. There have been numerous studies of SOPs in different contexts and they broadly report similar findings: whilst challenging to develop [179], outcomes-based contracts (OBCs) sharpen partners' focus on outcomes[180]; align partners' priorities[181]; encourage the use of adaptive data-led management to respond quickly when implementation is off-track[182]; can enable frontline staff to adopt a more person-centred and tailored approach to delivering services[183] but can bring complexity and frictions[184]. The commissioned SOP studies in the UK have tended to use theory-based qualitative research designs to reach these conclusions. Whilst qualitative studies provide rich insight, they rely heavily on evaluator interpretation, making them open to critique. These qualitative methods can't get at questions around the magnitude of SOP impacts or cost benefit analysis.

178 Our systematic review identifies all empirical studies of social and environmental outcome contracts published between 1990 and 2020. The Systematic Review of Outcomes Contracts – Collaboration (SyROCCo) allows users to navigate and explore data from these studies: Government Outcomes Lab, n.d. Accessed July 30th 20214. Systematic Review of Outcomes Contracts - Collaboration (SyROCCo). URL https://golab.bsg.ox.ac.uk/knowledge-bank/indigo/syrocco-ml-tool/

179 Heinrich, C., Kabourek, S., 2019. Pay-for-Success Development in the United States: Feasible or Failing to Launch? Public Administration Review, 79(6), 867-879. URL https://doi.org/10.1111/puar.13099; FitzGerald, C., Hameed, T., Rosenbach, F., Macdonald, J. R., Outes Velarde, J., & Dixon, R., 2022. An introduction to Life Chances Fund projects and their early adaptations to Covid-19. Department for Digital, Culture, Media and Sport. URL https://www.gov.uk/government/publications/life-chances-fund-introductory-primary-evaluation-report

180 Grant, E., Ronicle, J., Crane, D., Smith, R., Fairless, M., & Armitage, J., 2022. Findings from the third wave of the Independent Evaluation of the FCDO Development Impact Bonds Pilot Programme. Foreign, Commonwealth & Development Office. URL https://golab.bsg.ox.ac.uk/documents/D0002716.pdf

181 Government Outcomes Lab, 2023. Life Chances Fund intermediate evaluation: data release. Department for Culture, Media and Sport. URL https://golab.bsg.ox.ac.uk/knowledge-bank/resource-library/life-chances-fund-intermediate-evaluation-data-release/

182 Ronicle, J., Stanworth, N., Wooldridge, R., 2022. Commissioning Better Outcomes Evaluation 3rd Update Report. Ecorys, ATQ Consultants. URL https://golab.bsg.ox.ac.uk/documents/CBO-3rd-update-report.pdf

183 Carter, E., Rosenbach, F., Domingos, F. A. van Lier, F.-A., 2024. Contracting 'person-centred' working by results: Street-level managers and frontline experiences in an outcomes-based contract. Public Management Review, 0(0), 1–19. URL https://doi.org/10.1080/14719037.2024.2342398 and Rosenbach, F., van Lier, F., Domingos, F., & Carter, E. (2023). The Kirklees Better Outcomes Partnership: The second report of a longitudinal evaluation of a Life Chances Fund Impact Bond. URL https://assets.publishing.service.gov.uk/media/6501945b8079e00014e95716/GOV_UK_KBOP_Interim_Report.pdf

184 Ronicle, J., Stanworth, N., Wooldridge R., 2022. Commissioning Better Outcomes Evaluation 3rd Update Report. Ecorys, ATQ Consultants. URL https://golab.bsg.ox.ac.uk/documents/CBO-3rd-update-report.pdf

Research teams have attempted to quantify the 'SOC effect' but have almost always been thwarted, either due to a lack of robust data[185], due to pragmatic political imperatives[186] or because the findings have been inconclusive[187].

> *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.'*

Robust evidence is crucial in the field of outcomes-based partnerships in order to move beyond the polarising ideological tensions that underpin this 'hot' policy tool. Moral dividing lines are drawn between those who find the financialisation of public services repugnant and those who evangelise on unlocking the entrepreneurial spirit and using incentives to get to outcomes more efficiently. Without more developed and compelling empirics, these alternate ideological camps may well keep clobbering each other with rhetoric.

So why is it so difficult to produce robust evidence regarding the effectiveness of SOPs? There are a number of reasons:

1. **It is challenging to attribute impact to a contracting mechanism.** The varied and complex nature of outcome-based partnerships mean that there is no singular overarching 'theory of change' for SOPs. These partnership models are enacted in response to a range of social, political and administrative challenges.

   When we observe shifts in implementation practice it can be challenging to attribute this to specific aspects of the SOP. Would the delivery changes have happened anyway? We have informally referred to this evaluation dilemma as the 'jam doughnut challenge'. Many evaluations are geared to investigate the 'jam' of a frontline intervention rather than the 'doughy' scaffolding of the commissioning arrangement, the contracts and accountability structures that wrap around a programme or service. Articulating a justification for a specific contracting approach has proved challenging (in the early days, many were simply 'experimenting' with a SIB model). Staff teams change so the original advocate for a project may be long gone by the time the evaluation is in progress. Plus, the mechanisms by which a SOP is expected to bring about change within a system can vary over time. It is hard to gauge whether a partnership has 'worked' when success is so mutable and unstable.

2. **Data is fragmented or unavailable.** Data on key characteristics of SOPs is either missing, fragmented, or lacks a shared language or definition (such as cost data and outcome performance information). Stakeholders are sometimes unwilling to release data into the public domain due to commercial sensitivities. Other times, releasing such granular information is simply not the norm and so faces blockers. This makes it particularly difficult to prepare and publish analysis on the value for money of SOPs.

3. **Social outcomes partnerships operate with unequal power dynamics.** High quality qualitative research is co-designed with participants, with research questions agreed together and findings validated across stakeholders. This is very difficult when there are strong vested interests and unequal power structures, as those with the most power attempt to ensure the narrative of the evaluation aligns with their own priorities. It is the job of the evaluator to ensure all voices are heard in evaluations, but this can be difficult, especially in partnership projects where things have not gone to plan.

Fortunately, the community of practitioners and researchers involved in SOPs are already responding to these issues by embracing a learning agenda. This means:

- **Moving towards more standardised, open data and a common language:** Actors – especially those leading outcomes funds, such as the Life Chances Fund – are ensuring that all SOP data is made public. The INDIGO[188] community brings people together to agree standard definitions and data structures. Together, the community develops and shares a language to describe the frontier of practice and insights. For example, recent hack-and-learn

185 Fraser, A., Tan, S., Kruithof, K., Sim, M., Disley, E., Giacomantonio, C., Lagarde, M., Mays, N., 2018. Evaluation of the Social Impact Bond Trailblazers in Health and Social Care. Final Report, 158.
186 Hevenstone, D., Fraser, A., Hobi, L., Geuke, G., 2023. Why is impact measurement abandoned in practice? Evidence use in evaluation and contracting for five European Social Impact Bonds. Evaluation, 29(1), 91–109. URL https://doi.org/10.1177/13563890221136890
187 See Annex I in Grant, E., Ronicle, J., Crane, D., Smith, R., Fairless, M., & Armitage, J., 2022. Findings from the third wave of the Independent Evaluation of the FCDO Development Impact Bonds Pilot Programme. Foreign, Commonwealth & Development Office. URL https://golab.bsg.ox.ac.uk/documents/D0002716.pdf
188 INDIGO is the International Network for Data on Impact and Government Outcomes: Government Outcomes Lab, n.d. INDIGO: Better data for better social outcomes. URL https://golab.bsg.ox.ac.uk/knowledge-bank/indigo/

challenges have developed and agreed standard definitions related to SOP costs data[189].

- **A more intentional approach to experimentation and learning:** Government officials and philanthropic funders are increasingly developing and launching outcomes-funding initiatives that actively seek to learn and iterate to improve SOPs (for example, the Life Chances Fund in the UK[190] and Colombia Outcomes Fund[191]). This could be developed further with the proactive funding of similar interventions through a range of partnership models and more traditional funding modalities.

- **Advancing relational SOP practice through ongoing collaboration and exchange between practice and research:** The change in terminology as 'SIBs' have shifted to outcome partnerships reveals a shared evolution in the understanding of this contracting tool. The deep and ongoing exchange between practice and research communities (for example, at the annual Social Outcomes Conference) enables a deeper understanding to be developed. Here, the understanding of SOPs has evolved from a technical focus to consider the importance of relational contracting. It is this active dialogue between practice and research that can unlock more adaptive, effective and trust-fuelled partnerships.

Encouragingly, the evidence landscape is maturing. Together, we have developed a more nuanced understanding on the purposes of SOPs, enabling evaluators to develop hypotheses to test during research studies. The INDIGO Impact Bond Dataset[192] provides open-source data on all SOPs around the world. 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.

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189 The Transaction Cost challenge is described here: Levitt, A., Carter, E., Outes Velarde, J., 2023. How much does 'it' cost? Developing an understanding of transaction costs for impact bonds and social outcome contracts. Government Outcomes Lab. URL https://golab.bsg.ox.ac.uk/community/blogs/how-much-does-it-cost-transaction-costs-impact-bonds/
190 Department for Culture, Media and Sport, 2019. Evaluation Strategy for the Life Chances Fund. Gov.UK.
URL https://www.gov.uk/government/publications/evaluation-strategy-for-the-life-chances-fund
191 Ronicle, J., Strid, A.A., 2021. Social Impact Bonds in Latin America. IDB Lab's Pioneering Work in the Region. Lessons Learnt. Inter-American Development Bank
192 Carter, E., Velarde, J. O., Paul, O., Macdonald, J. R., & Airoldi, M. (2024). The Impact Bond Dataset: A Tool to Investigate Socially Motivated Cross-Sector Partnerships. Research Data Journal for the Humanities and Social Sciences (published online ahead of print 2024). https://doi.org/10.1163/24523666-bja10043

PART III. DEMYSTIFYING SOCIAL OUTCOMES PARTNERSHIPS

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In this section we address some of the most common misconceptions and misunderstandings when it comes to social outcomes partnerships.

We have crowdsourced these myths with help from our global community of practice, and are deeply grateful to all those who have contributed to this section of the report.

3

INTRODUCTION

During the early days of social outcomes partnerships in the UK there was significant enthusiasm and political interest in the model from some quarters, and significant scepticism andcaution from others, but very little actual evidence. This early uncertainty led to a range of polarised views about their applications and effectiveness. Despite the development of a significant evidence base over the intervening years, which today allows for a more nuanced understanding of SOPs, many of these early 'myths' persist.

As Senior Policy Engagement Officer at the GO Lab, my work focuses on engaging with government officials and practitioners around the world. Some are very familiar with SOPs and are eager to get into the nuances, while others have only just heard about them and want to understand the basics. Across this work, I hear similar misunderstandings about SOPs across entirely different contexts and continents coming up again and again.

Drawing upon this experience, as well as GO Lab's extensive resources, and thanks to submitted insights from our wider community of practitioners, in this section we explore some of the most common misconceptions and misunderstandings when it comes to social outcomes partnerships. For more comprehensive guidance please visit the GO Lab Knowledge Hub: https://golab.bsg.ox.ac.uk.

MYTH

1

The only motivation to use a SOP is to generate cashable savings and save government money

Reality: There are a range of other, arguably more compelling, reasons why a SOP may be pursued beyond bringing immediate benefit to government's financial position.

Elaborated: In the early days of social outcomes partnerships, there was strong interest in deploying SOPs for projects where successful outcomes could bring an immediate benefit to the commissioning authority's financial position. For example, some SOPs have aimed to 'step down' children and young people from very high-cost residential placements to more suitable and lower cost settings. Although this invest-to-save logic may seem to be the most obvious rationale for using a SOP, there are other reasons why stakeholders may want to consider this mechanism. Some of these include collaboration, prevention, and innovation[193].

193 Carter, E., FitzGerald, C., Dixon, R., Economy, C., Hameed, T., Airoldi, M., 2018. Building the tools for public services to secure better outcomes: Collaboration, Prevention, Innovation. Government Outcomes Lab. URL https://golab.bsg.ox.ac.uk/knowledge-bank/resource-library/evidence-report/

MYTH

2

SOPs should be used to fund every public service

Reality: SOPs have a range of potential benefits but should only be used for a clear purpose and in appropriate settings.

Elaborated: SOPs can bring a range of benefits including the introduction of expertise from different fields, enabling investment in prevention or early intervention, enabling new interventions to be tried and evaluated, enabling greater flexibility and resilience in service delivery. However, these benefits need to be weighed against potential costs.

While it may seem intuitive for commissioners to only pay for achieved outcomes to ensure taxpayers' money is well spent, SOPs can bring additional administrative burden and increase complexity due to the involvement of additional parties. There should be a clear purpose for using an outcomes-based contract to deliver a service over alternative methods.

MYTH

3

SOPs are prone to "gaming"

Reality: While there have been instances of gaming in SOPs, it is not inevitable and can be mitigated through appropriate contract design and partnership development.

Elaborated: SOPs are not the only form of funding or contract arrangement that may be vulnerable to cynical behaviour by service providers. However, SOPs can offer high levels of discretion to providers, potentially increasing the risk of opportunism. There has been evidence of gaming in SOPs, particularly in earlier contracts. Providers have engaged in various forms of gaming, including 'creaming', 'parking', and 'cherry-picking' (see GO Lab glossary for definitions).

Fortunately, the risk of gaming can be mitigated through appropriate design and management. Gaming can be alleviated by developing clear, independent referral and eligibility criteria for participants; by aligning outcome measures with policy objectives; and through appropriate price-setting for outcomes. More detail on the development of a robust outcomes framework is available in the report section Enforceable commitments: What goes in the contract? by Clare FitzGerald and in GO Lab's guidance on designing a robust outcomes framework[194]. New projects can also draw lessons on the outcome metrics and cost information adopted by previous SOPs, which is published through INDIGO.

In addition, collective decision-making processes involving both the outcome funder and service provider, or a neutral third party, can provide an opportunity for all stakeholders to make decisions that are in the best interest of programme participants and avoid 'cherry picking'. Increasingly, SOPs are adopting critical review processes where partners ensure that outcome measures and programme operations meet the overarching social goals of the partnership, rather than the narrow interests of one party.

194 Government Outcomes Lab, n.d. Setting and measuring outcomes. Government Outcomes Lab. Accessed 30 July 2024.
URL https://golab.bsg.ox.ac.uk/toolkit/technical-guidance/setting-measuring-outcomes/

MYTH

4

Using a SOP brings in 'extra' funding from the private sector

Reality: SOPs do not eliminate the need for public funding as government (when acting as the outcome funder) still needs to pay for the outcomes achieved.

Elaborated: While SOPs may involve private actors who provide repayable finance, ultimately, one or more actors will also need to pay for the social outcomes which are achieved. Private capital may be recruited to cover the upfront cost of delivery, but assuming the project is successful, then this investment will likely need to be repaid with a premium. This may involve public or philanthropic funding, or a combination of the two. In the UK, this role of outcome funder often falls to government.

The requirement for a partner to pay for outcomes does not mean that a SOP could not be used to leverage additional funding from the philanthropic or private sectors. Indeed, several UK projects involve multiple outcome funders from several sectors, bringing together a contribution to pay for successful outcomes achievement from central government, local government, philanthropic grant-giving organisations, and for-profit firms' corporate social responsibility commitments.

MYTH

5

SOPs, SIBs, outcomes contracts, and payment by results are all the same

Reality: Although some of these terms are used interchangeably, there can be many important differences in how these distinct mechanisms operate and are managed.

Elaborated: In a fee-for-service model the payment is focused on inputs or activity. In an outcomes-based contract, payment is linked to the achievement of outcomes. A SOP (aka. social impact bond) is a specific type of outcomes-based contract which involves a socially motivated third-party investor. For further definitions you can refer to the GO Lab glossary[195].

Over time, practice has moved on[196] from the large-scale and extreme forms of payment-by-results seen in schemes like Transforming Rehabilitation and the Work Programme. Many UK 'payment by results"[197] projects were designed by a single government department, focusing on a narrow policy issue. The initial objective was to 'sharpen the incentives"[198] of contractors – to cut costs and increase volumes in the short term. However, in complex areas of policy where individuals interact with multiple parts of the public sector, this approach can quickly create more problems – and more overall cost to the taxpayer – across the entirety of public services.

In contrast, many SOPs have sought to completely redesign complex public services from the ground up, understanding what is important to each individual, and designing a solution around their goals. The shift in the name from 'social impact bonds' to 'social outcomes partnerships' reflects this shift in emphasis towards a more collaborative approach. In our research at GO Lab[199], we have noted a shift in SOPs from 'transactional contracts' to more 'long-term and purposeful' partnership models.

195 Government Outcomes Lab, n.d. Glossary. Government Outcomes Lab. Accessed 30 July 2024. URL https://golab.bsg.ox.ac.uk/knowledge-bank/glossary/
196 Carter, E., 2019. More than marketised? Exploring the governance and accountability mechanisms at play in Social Impact Bonds. Journal of Economic Policy Reform, 24(1), 78-94. URL https://doi.org/10.1080/17487870.2019.1575736
197 National Audit Office, 2015. Insight -- Good practice guides: Outcome-based payment schemes: government's use of payment by results. Accessed 30 July 2024. URL https://www.nao.org.uk/insights/outcome-based-payment-schemes-governments-use-of-payment-by-results/#downloadsInsight -- Good practice guides: Outcome-based payment schemes: government's use of payment by results. URL https://www.nao.org.uk/insights/outcome-based-payment-schemes-governments-use-of-payment-by-results/#downloadsInsight -- Good practice guides: Outcome-based payment schemes: government's use of payment by results. URL https://www.nao.org.uk/insights/outcome-based-payment-schemes-governments-use-of-payment-by-results/#downloads
198 Department for International Development, 2014. Payment by Results Strategy: Sharpening incentives to perform. Accessed 30 July 2024. URL https://www.gov.uk/government/publications/dfids-strategy-for-payment-by-results-sharpening-incentives-to-perform/payment-by-results-strategy-sharpening-incentives-to-perform#:~:text=In%20traditional%20aid%2C%20by%20paying,innovation%20and%20flexibility%20in%20delivery.
199 Carter, E., Rosenbach, F., Domingos F., Anselm van Lier, F., 2024. Contracting 'person-centred' working by results: street-level managers and frontline experiences in an outcomes-based contract. Public Management Review, 1–19. URL https://doi.org/10.1080/14719037.2024.2342398

MYTH

6

In SOPs, all the payments are linked to measurable outcomes

Reality: SOPs can have a blended payment schedule, so that some payment is linked to key activities, quality markers or minimum service guarantees, while a proportion of total payment is predicated on the achievement of longer-term outcome measures.

Elaborated: Pricing outcomes and agreeing outcomes-based payments is often the art of the possible. Time horizons for long-term social change may stretch beyond the programme, and when it does happen, it is usually a shift that the programme has contributed to rather than caused outright. Teams should reflect on whether the weighting of outcome payments is appropriate: is the outcome imperative enabling active performance management? Is the use of data improving the programme and enabling the desired outcomes? Some payments for longer-term outcomes could be used as a "bonus" payment to keep attention on the long-term goal.

MYTH

7

SOPs always stimulate innovation

Reality: SOPs have the potential to create space for innovation, but are rarely used to pilot wholly untested approaches. Investors may seek to reduce their financial risk by identifying interventions that have a track record or international evidence base.

Elaborated: SOPs can encourage innovative practices and allow experimentation with new models by removing detailed service specifications, while only rewarding private investors if they succeed. In practice, however, investors may prefer to pursue safe or proven approaches to ensure financial return, which reduces the occurrence of radical intervention innovations.

Nevertheless, the potential for innovation arises through other aspects of SOPs, such as in bringing together stakeholders who would otherwise work in isolation. Additionally, innovation is evident in the outcomes-focused approach, which allows for in-flight adaptation, live learning, and changes to service provision.

MYTH

8

In SOPs, government can be 'hands off'

Reality: Strong SOPs require the active involvement of all partners, especially the public sector. As an outcome funder, government does not deliver services directly but retains an important role in upholding public value.

Elaborated: SOPs still involve government in the provision of public services. Government typically operates as the payer for outcomes. An example of this is in the Life Chances Fund, where central and local government act as co-payers for outcomes delivered by independent service providers. Government has an active role across all stages in the development and implementation of a SOP, from co-defining outcome measures to validating achievement.

MYTH

9

SOPs always have steep transaction costs

Reality: There is a risk of a SOP having high transaction costs, but this varies by context and there are examples of government launching outcomes contracts with lower transaction costs than the traditional fee-for-service approach.

Elaborated: There are many costly aspects associated with the development of a SOP: defining outcomes, bringing multiple actors to together, and monitoring and evaluating outcomes over the long term. It is possible to mitigate some of these costs, for example, by using tested outcome measures or appropriately replicating key features from similar projects in the field through the INDIGO database.

In 2017, the government designed 8 outcomes contracts[200] and 3 inputs contracts[201] across England to reduce rough sleeping. On this occasion, the outcomes contracts were launched faster and incurred lower 'transaction costs' than the more traditional 'pay for inputs' contracts. However, there is currently only very limited data on the set-up cost for either non-SOP programmes or SOPs. This is an area that GO Lab is working on through our evaluation of the Mental Health and Employment Programme and our INDIGO Hack and Learn[202].

200 Government Outcomes Lab, n.d. Rough Sleeping Programme (DCLG 2016) - United Kingdom. Accessed 30 July 2024. URL https://golab.bsg.ox.ac.uk/knowledge-bank/indigo/fund-directory/INDIGO-FUND-0016/
201 Brady, D., 2018. MHCLG names rough sleeping reduction pilot areas. Public Finance. URL https://www.publicfinance.co.uk/news/2018/05/mhclg-names-rough-sleeping-reduction-pilot-areas
202 Levitt, A., Carter, E., Outes Velarde, J., 2023. How much does 'it' cost? Developing an understanding of transaction costs for impact bonds and social outcome contracts. Government Outcomes Lab. URL https://golab.bsg.ox.ac.uk/community/blogs/how-much-does-it-cost-transaction-costs-impact-bonds/

CONCLUSION

When three quarters of Britons believe that public services have worsened over the past five years[203], social outcome partnerships continue to hold promise as a way to galvanise more collaborative and effective services.

Over the past 15 years, 99 social outcomes partnerships have been implemented in the UK and the approach has evolved considerably. Together, we have arrived at a more mature understanding: this is not simply a technical specification for outcome measures in a transactional arrangement. Partnerships have shifted from a rigid application of key performance indicators and a punitive approach to adopting outcome measurement as a tool for learning and adaptation. Naïve claims about transferring risk away from government have been replaced by conversations around appropriate risk sharing and management. The over-hyped adoption of social impact bonds as a tool of financial wizardry has waned and, in its place, we see more reflective, partnership-led public services.

In essence, social outcomes partnerships can enable more adaptive, accountable and person-centred services that place meaningful, co-produced outcomes at their core. The expert contributions in this anthology show the art of the possible: people experiencing homelessness can be listened to and supported to sustain stable accommodation and pursue their aspirations, families at risk of breakdown can safely stay together, young people can transition to more purposeful and satisfying progression pathways.

Shifting how public services enable positive change

Adaptive. Social outcomes partnerships can overcome the rigidities of conventional, often restrictive procurement processes and service specifications by unlocking more adaptive support, as highlighted, for example, in the reflections shared by Emma and Aman in their respective essays in this report. This has the potential to enhance value for money, by ensuring that organisations learn about the type of support that is most impactful and course-correct when services are off-track.

Accountable. Social outcomes partnerships bring enhanced visibility to management information and performance data, as James, Juliana, and Neil each argue in their essays. This reduces the distance between decision makers and those at the frontline who bring about change. SOPs introduce more robust, data-informed conversations that actively prioritise the achievement of outcomes.

Person-centred. Most powerfully, we see how people can be listened to in services supported through social outcomes partnerships. Michael's story illustrates how a deep, trusting relationship with a support worker enabled him to overcome decades of trauma. The ability of social outcomes partnerships to enable and empower more personalisation also comes across strongly in the examples shared by Mila and Sangita in their essays.

Done right, social outcomes partnerships can offer a form of partnership working that directly acknowledges delivery challenges and works proactively to put people – and meaningful outcomes – at the heart of services. But 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 this 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.

What for the future?

The constraints facing the new government in the UK raise difficult questions about *how to deliver improved services without a substantial increase in resources*. To achieve this, we will need to shift from competitively allocated and short-term projects to outcomes and partnerships. The government has an opportunity to deliver better outcomes, save money and re-build public trust through accountable and adaptable social outcomes partnerships. This aligns particularly well with the vision for a mission-led government and the ambition to nurture a more mature relationship with devolved government and local areas.

Mission-focused government defines the outcomes it wants to bring about. But none of this seems likely to happen without dedicated attention and resource. None of this can happen without being intentional about creating an enabling environment for a fundamentally new way to provide public services. *How do we make it easier for radical, outcomes-focused ways of working to become the norm?* We suggest three things to help bring this about:

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203 Ipsos UK, 2024. Public attitudes on public service performance. URL: https://www.ipsos.com/en-uk/public-services-face-crisis-confidence-election-looms

1. **A different way of working for government and partners**
   The experience with social outcomes partnerships brings us to an uncomfortable conversation about the corrosion of local government capability over the past 15 years and the patchy partnership management practice across government as a whole. Public services often lack timely metrics on costs, coverage and performance which are essential foundations for driving improvements. Social outcomes partnerships legitimise multi-functional teams and active, confident and distributed use of data. To do this at scale, we need longer term funding and partnership agreements, and we need investment in the core skills, capacities and systems that enable new approaches, like formal relational contracting, to support effective partnership working to address complex social issues.

2. **A broader understanding of public value**
   We want to centre public value - what is good for and valued by the public - when we develop these partnership arrangements. Public value is innately multifaceted. There are various domains to what it might mean – probity, security, efficiency, effectiveness, value for money. However, too often, government officials have defended 'value' by opting for the lowest cost or simply going through the 'process' of awarding delivery contracts, without any reflection on whether the ultimate outcomes that the service exists to deliver are achieved. When contracting, we need to think of government as a co-creator of public value, working across departments and with local public sector bodies, as well as with partners in the private and social sectors, to deliver value for the citizens they serve.

3. **An ongoing learning community to support and strengthen outcomes-oriented cross-sector partnerships**
   Much of the learning captured in this report would not have been possible without a long-term commitment to high-quality evidence generation from the UK government and an openness to sharing learning from the community of practice. This has enabled us to move from looking in isolation at individual project-level insights and evaluation results to a systematic approach to knowledge sharing. This meaningful dialogue across different communities – government officials at central and local level, delivery organisations, socially motivated investors, researchers and evaluators has been instrumental in turning data into actionable insights for policy and practice in the UK and globally.

We have learned a lot over the last 15 years, and now have a much greater understanding of the potential of social outcomes partnerships to deliver meaningful change to public services and people's lives, but we still don't have all the answers. At the GO Lab, we're hoping to contribute further insights on SOPs through the final stages of the Life Chances Fund evaluation, which will include robust impact evaluations from our in-depth case study sites. We hope others will continue to join us as we seek to continue understanding how innovative commissioning practices can support society's most vulnerable individuals and help to improve their lives.

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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APPENDIX 1 – SOCIAL OUTCOMES PARTNERSHIPS IN THE UK: SUMMARY TABLE

Project name	Outcomes Fund	Stage of development	Start of service delivery date	Policy sector
HMP Peterborough (The One Service)		Complete	2010-09	Criminal justice
The Advance Programme	Innovation Fund	Complete	2012-04	Employment and training
Links for Life	Innovation Fund	Complete	2012-04	Employment and training
Living Balance	Innovation Fund	Complete	2012-04	Employment and training
New Horizons (Career Connect)	Innovation Fund	Complete	2012-04	Employment and training
Nottingham Futures	Innovation Fund	Complete	2012-04	Employment and training
Think Forward (Tomorrow's People)	Innovation Fund	Complete	2012-04	Employment and training
3SC Capitalise	Innovation Fund	Complete	2012-11	Employment and training
Energise	Innovation Fund	Complete	2012-11	Employment and training
Prevista	Innovation Fund	Complete	2012-11	Employment and training
Teens and Toddlers	Innovation Fund	Complete	2012-11	Employment and training
London Homelessness Social Impact Bond (St Mungo's/Street Impact)	GLA Rough Sleeping Programme	Complete	2012-11	Homelessness
London Homelessness Social Impact Bond (Thames Reach)	GLA Rough Sleeping Programme	Complete	2012-11	Homelessness
"It's All About Me" National Adoption Scheme SOF		Complete	2013	Child and family welfare
Essex County Council Multi-Systemic Therapy (MST)		Complete	2013-04	Child and family welfare
Manchester Multi-dimensional Treatment Foster Care- Adolescents (MTFC-A)		Complete	2014	Child and family welfare
The Step Down Programme (Birmingham)	Commissioning Better Outcomes Fund	Complete	2014-11	Child and family welfare
Ambition	Fair Chance Fund	Complete	2015-01	Homelessness
Aspire	Fair Chance Fund	Complete	2015-01	Homelessness

Project name	Outcomes Fund	Stage of development	Start of service delivery date	Policy sector
Depaul	Fair Chance Fund	Complete	2015-01	Homelessness
Fusion	Fair Chance Fund	Complete	2015-01	Homelessness
Home Group	Fair Chance Fund	Complete	2015-01	Homelessness
Local Solutions	Fair Chance Fund	Complete	2015-01	Homelessness
St Basil's	Fair Chance Fund	Complete	2015-01	Homelessness
Ways to Wellness	Commissioning Better Outcomes Fund/ Social Outcomes Fund	Complete	2015-04	Health
Futureshapers Sheffield	Youth Engagement Fund	Complete	2015-04	Employment and training
Prevista	Youth Engagement Fund	Complete	2015-04	Employment and training
Teens and Toddlers	Youth Engagement Fund	Complete	2015-04	Employment and training
Unlocking Potential (Career Connect)	Youth Engagement Fund	Complete	2015-04	Employment and training
Mental Health and Employment Partnership (MHEP) Staffordshire	Commissioning Better Outcomes Fund/ Social Outcomes Fund	Complete	2016-04	Employment and training
Mental Health and Employment Partnership (MHEP) Tower Hamlets	Commissioning Better Outcomes Fund/ Social Outcomes Fund	Complete	2016-04	Employment and training
HCT Travel Training (Lambeth)	Commissioning Better Outcomes Fund	Complete	2016-11	Education
West London Zone (London Borough of Hammersmith and Fulham)	Commissioning Better Outcomes Fund	Complete	2016-11	Education
Mental Health and Employment Partnership (MHEP) Haringey	Commissioning Better Outcomes Fund/ Social Outcomes Fund	Complete	2017-04	Employment and training
Be the Change	Commissioning Better Outcomes Fund	Complete	2017-05	Homelessness
Turning the Tide (North Somerset)	Commissioning Better Outcomes Fund	Complete	2017-05	Child and family welfare
Entrenched Homelessness Social Impact Bond- ACTion Lincs (Lincolnshire)		Complete	2017-09	Homelessness
Single Homelessness Prevention Project (SHPS) Brent		Implementation	2017-09	Homelessness
Entrenched Homelessness Social Impact Bond- ACTion Glos (Gloucestershire)		Complete	2017-10	Homelessness
Entrenched Rough Sleepers Social Impact Bond- Pan-London	Rough Sleeping Programme (DCLG 2016)	Complete	2017-10	Homelessness

Project name	Outcomes Fund	Stage of development	Start of service delivery date	Policy sector
Mental Health and Employment Partnership (MHEP) North London - Barnet	Commissioning Better Outcomes Fund	Complete	2017-10	Employment and training
Mental Health and Employment Partnership (MHEP) North London - Enfield	Commissioning Better Outcomes Fund	Complete	2017-10	Employment and training
Entrenched Rough Sleeping Social Impact Bond- Street Impact Bristol	Rough Sleeping Programme (DCLG 2016)	Complete	2017-11	Homelessness
North West London End of Life Care Integrator	Commissioning Better Outcomes Fund	Complete	2017-12	Health
Entrenched Rough Sleeping Social Impact Bond- Greater Manchester	Rough Sleeping Programme (DCLG 2016)	Complete	2017-12	Homelessness
Entrenched Rough Sleeping Social Impact Bond- Newcastle and Gateshead	Rough Sleeping Programme (DCLG 2016)	Complete	2017-12	Homelessness
Reconnections Worcestershire	Commissioning Better Outcomes Fund	Complete	2018-01	Health
West London Zone Royal Borough of Kensington and Chelsea	Commissioning Better Outcomes Fund	Complete	2018-01	Education
Bradford Positive and Included	Commissioning Better Outcomes Fund	Complete	2018-02	Child and family welfare
Positive Families Partnership	Commissioning Better Outcomes Fund	Complete	2018-02	Child and family welfare
Entrenched Rough Sleepers Social Impact Bond- Street Impact Brighton	Rough Sleeping Programme (DCLG 2016)	Complete	2018-03	Homelessness
Mental Health and Employment Partnership (MHEP) North London - Camden	Commissioning Better Outcomes Fund	Complete	2018-04	Employment and training
HCT Independent Travel Training SIB (Norfolk)	Commissioning Better Outcomes Fund	Complete	2018-04	Education
Integrated Family Support Service (IFSS)	Life Chances Fund	Implementation	2018-04	Child and family welfare
Fostering Better Outcomes	Life Chances Fund	Implementation	2018-06	Child and family welfare
Community Owned Prevention	Commissioning Better Outcomes Fund	Complete	2018-08	Health
FutureImpact	Life Chances Fund	Complete	2018-08	Employment and training
End of Life Care Integrator (Hillingdon)	Commissioning Better Outcomes Fund	Complete	2018-09	Health
DFN-MoveForward	Life Chances Fund	Complete	2018-09	Employment and training
Improving HIV Treatment SIB (Elton John AIDS Foundation)	Commissioning Better Outcomes Fund	Complete	2018-10	Health

Project name	Outcomes Fund	Stage of development	Start of service delivery date	Policy sector
Care Leavers Social Impact Bond: Reboot West (Bristol)	Care Leavers	Complete	2018-10	Child and family welfare
I-Aspire (Lewisham)	Care Leavers	Complete	2018-10	Child and family welfare
Project Apollo	Care Leavers	Complete	2018-10	Child and family welfare
Healthier Devon	Commissioning Better Outcomes Fund	Complete	2018-11	Health
Cornwall Frequent Attenders Project	Life Chances Fund	Implementation	2018-11	Health
Big Picture Learning in Doncaster	Life Chances Fund	Implementation	2019-01	Education
IPS employment support for people with drug and alcohol addictions	Life Chances Fund	Complete	2019-01	Employment and training
Stronger Families Norfolk	Life Chances Fund	Implementation	2019-02	Child and family welfare
Stronger Families Suffolk	Life Chances Fund	Implementation	2019-03	Child and family welfare
Mental Health and Employment Social Impact Bond (Haringey & Barnet)	Life Chances Fund	Complete	2019-04	Employment and training
Reducing the prevalence of mothers experiencing recurrent care proceedings	Life Chances Fund	Implementation	2019-04	Child and family welfare
HCT Independent Travel Training SIB (Surrey)	Commissioning Better Outcomes Fund	Complete	2019-05	Education
ParentChild+	Life Chances Fund	Implementation	2019-06	Education
Single Homeless Prevention Service (SHPS)	Life Chances Fund	Implementation	2019-07	Homelessness
West London Zone, placed-based support for children and young people: scale-up	Life Chances Fund	Implementation	2019-08	Education
Enhanced Dementia Care Service	Life Chances Fund	Implementation	2019-09	Health
Kirklees Integrated Support Services	Life Chances Fund	Implementation	2019-09	Homelessness
Opening Doors	Life Chances Fund	Complete	2019-11	Homelessness
Promoting Independence	Life Chances Fund	Implementation	2019-11	Homelessness
Forward Outcomes Partnerships	Life Chances Fund	Implementation	2020-02	Child and family welfare
MHEP Enfield	Life Chances Fund	Complete	2020-04	Employment and training
MHEP Shropshire	Life Chances Fund	Complete	2020-04	Employment and training
MHEP Tower Hamlets Mental Health	Life Chances Fund	Complete	2020-04	Employment and training

Project name	Outcomes Fund	Stage of development	Start of service delivery date	Policy sector
Pyramid Project - Step down from Residential Care Provision	Life Chances Fund	Implementation	2020-04	Child and family welfare
End of Life Care Integrator - Sutton	Commissioning Better Outcomes Fund	Complete	2020-04	Health
MHEP Tower Hamlets Learning Disabilities	Life Chances Fund	Complete	2020-07	Employment and training
The Skill Mill	Life Chances Fund	Implementation	2020-08	Criminal justice
Chances	Life Chances Fund	Implementation	2020-09	Health
Norfolk Carers Partnership	Life Chances Fund	Implementation	2020-09	Child and family welfare
Gloucestershire Positive Behaviour Support	Life Chances Fund	Implementation	2020-10	Child and family welfare
DN2 Children's Services Social Impact Bond	Life Chances Fund	Implementation	2020-10	Child and family welfare
End of Life Care Integrator - Somerset	Commissioning Better Outcomes Fund	Complete	2021-04	Health
Greater Manchester Better Outcomes Partnership		Implementation	2021-04	Homelessness
Provision of a social prescribing framework and offer at scale across Northamptonshire	Life Chances Fund	Implementation	2021-07	Health
Refugee Transitions West Midlands	Refugee Transitions Outcomes Fund	Implementation	2021-09	Employment and training
Greater Manchester Refugee Integration Partnership	Refugee Transitions Outcomes Fund	Implementation	2021-09	Employment and training
Plymouth Refugee Opportunities	Refugee Transitions Outcomes Fund	Implementation	2021-11	Employment and training
Refugee Integration Support and Employment (RISE) - North East	Refugee Transitions Outcomes Fund	Implementation	2021-11	Employment and training
End of Life Care Integrator- Bradford	Commissioning Better Outcomes Fund	Complete	2022-04	Health

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