

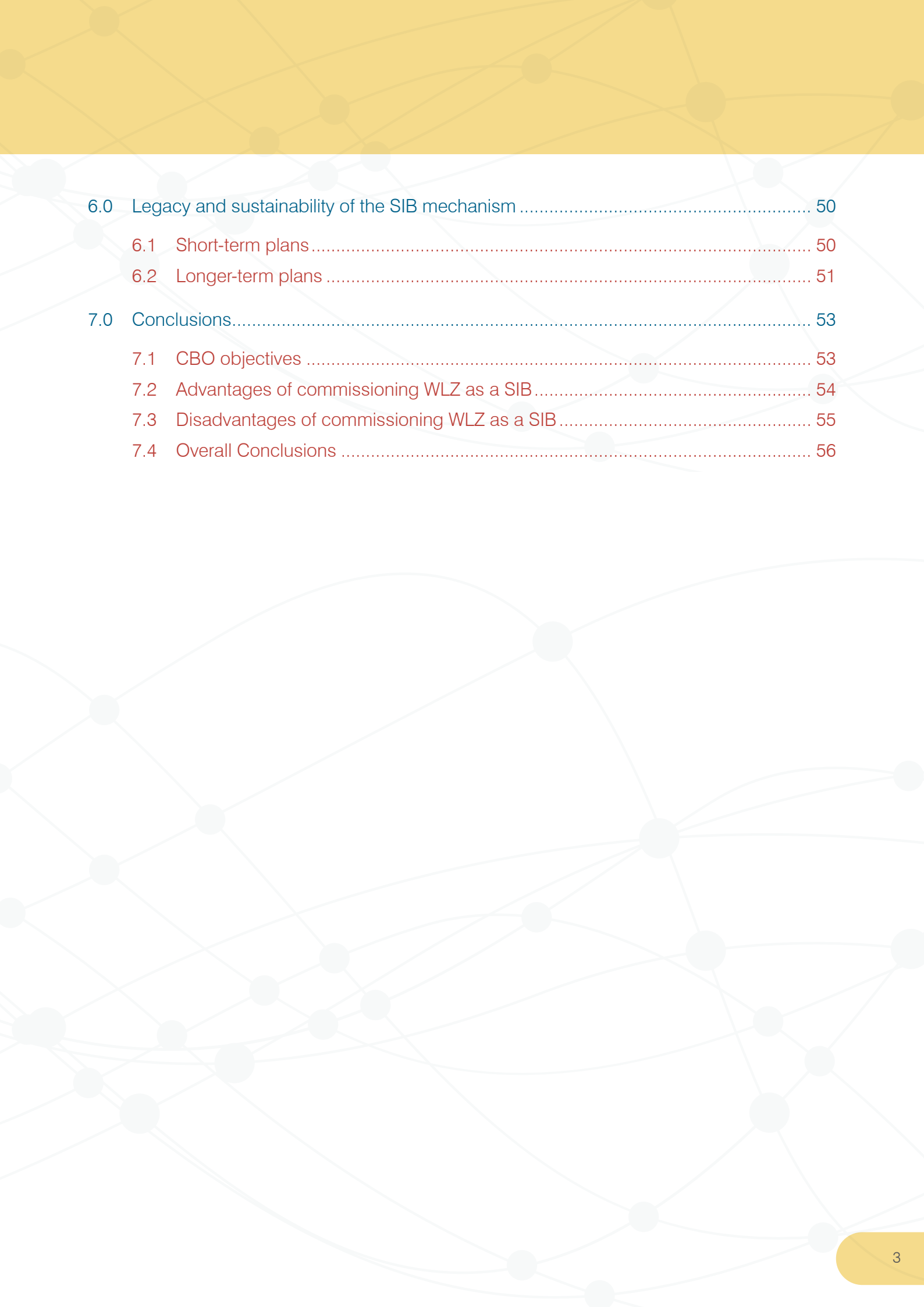
Final in-depth review,  
produced as part  
of the independent  
Commissioning Better  
Outcomes Evaluation

# West London Zone Collective Impact Bond

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# Foreword

By Samantha Magne, Knowledge and Learning Manager at **The National Lottery Community Fund**

You are about to read the probing, summing-up of a key story in the Commissioning Better Outcomes (CBO) Journey. It will give you an in-depth look at a key Social Impact Bond (SIB) within CBO's community of initiatives commissioned by local public services.

A SIB is the art of using social investment to combine de-risking commissioners through Payment by Results (PbR), with the de-risking and sustaining of contracted delivery providers through the provision of capital. The West London Zone Collective Impact Bond story reveals some highs and lows of applying the SIB concept - explaining how far its commissioners, providers and investors got, in their own unique context, in making, managing, and demonstrating the difference their intervention aimed to achieve. The story concludes by revealing their journey's legacy. It explains its importance for the broader 'so what?' and 'what next?' picture of outcomes-based approaches to commissioning.

This stuff matters because everyone involved cares about the quest to make pursuit of outcomes the heart of what they do. We all set out with big ambitions; the prize was SIBs would help public and social organisations overcome administrative and financial constraints blocking early action on entrenched social needs. To make that happen, ideas


about how bringing public, social and private sectors' interests to the table were required, to get money flowing where it was needed.

You will see it is not easy to pull off and maintain the robustness of SIBs' driving-logics. And whilst our top-up offer has been a significant draw to the quest, ranging from sometimes leveraging much larger co-funding for innovation, to encouraging more attention on performance for existing work, such incentive can also work to distort the picture of demand for PbR+capital. There are important lessons to take home, whether you are interested in this social policy area or its evolution of outcomes-oriented approaches to commissioning. As SIBs morph into new outcome mechanisms, be alert to the strengths and weaknesses of their logic.

This SIB's story illustrates just one of several ways CBO SIBs attempted to configure their approaches to managing money, relationships and learning for achieving and being accountable for better outcomes. We suggest you pick out successes and cautionary tales at two levels - the *intervention's delivery* and the *SIB mechanism's configuration* - noticing where these intertwine.

There are rich pickings in the report. CBO, as a catalytic co-commissioner paying for results, has taken away key reflections including: -

POLICY TAKEAWAYS:	INTERVENTION APPROACH	SIB STRUCTURE & EFFECT
HIGHLIGHTS	Link worker model matches children, data & flow of funds to individually tailored packages of community support.	Capital supported scaling, & payment triggered by <i>engagement</i> focussed effort on proactively ensuring children feel participation is worthwhile.
LOWLIGHTS	Commissioner churn diluted line of sight & led to split views on Covid priorities.	Despite joint rate card design, SIB VfM was hard for new commissioners to track.
QUESTIONS	Can pilots ever accurately calibrate costs of scaled-up partnerships (or of PbR)?	Is a 'Collective Impact Bond' the best way to avoid prescriptive Fee-for-Service constraints?

The background of the page features a network diagram with nodes and connecting lines. A solid yellow horizontal bar is at the top. The network diagram consists of light grey nodes of varying sizes connected by thin, light grey lines. The nodes are scattered across the page, with a higher density in the lower half. The overall aesthetic is clean and modern, with a focus on connectivity and structure.

We recommend you look out too for the evaluation's in-depth reviews of 8 other CBO SIB journeys and, the final programme-level report. It will combine important insights about the realities, politics and economics of deciding how to commission for better outcomes, and point to 'where next'.

We are sharing these reports on the Government Outcomes Lab (GOLab) website – sign up there for updates!

# 1.0 Introduction

## 1.1 The Commissioning Better Outcomes (CBO) programme

The CBO programme is funded by The National Lottery Community Fund and has a mission to support the development of more social impact bonds (SIBs) and other outcome-based commissioning (OBC) models in England. The Programme launched in 2013 and closed to new applications in 2016, although it will continue to operate until 2024. It originally made up to £40m available to pay for a proportion of outcomes payments for SIBs and similar OBC models in complex policy areas. It also funded support to develop robust OBC proposals and applications to the programme. The project that is the subject of this review, the West London Zone (WLZ) Collective Impact Bond, is part-funded by the CBO programme.

The CBO programme has four outcomes:

- Improve the skills and confidence of commissioners with regards to the development of SIBs
- Increased early intervention and prevention is undertaken by delivery partners, including voluntary, community and social enterprise (VCSE) organisations, to address deep rooted social issues and help those most in need

- More delivery partners, including VCSE organisations, can access new forms of finance to reach more people
- Increased learning and an enhanced collective understanding of how to develop and deliver successful SIBs/OBC.

The CBO evaluation is focusing on answering three key questions:

- Advantages and disadvantages of commissioning a service through a SIB model; the overall added value of using a SIB model; and how this varies in different contexts
- Challenges in developing SIBs and how these could be overcome
- The extent to which CBO has met its aim of growing the SIB market in order to enable more people, particularly those most in need, to lead fulfilling lives, in enriching places and as part of successful communities, as well as what more The National Lottery Community Fund and other stakeholders could do to meet this aim.

## 1.2 What do we mean by a SIB and the SIB effect?

SIBs are a form of outcomes-based commissioning. There is no generally accepted definition of a SIB beyond the minimum requirements that it should involve payment for outcomes and any investment

required should be raised from investors. The Government Outcomes Lab (GO Lab) defines impact bonds, including SIBs, as follows:

**“Impact bonds are outcome-based contracts that incorporate the use of private funding from investors to cover the upfront capital required for a provider to set up and deliver a service. The service is set out to achieve measurable outcomes established by the commissioning authority (or outcome payer) and the investor is repaid only if these outcomes are achieved. Impact bonds encompass both social impact bonds and development impact bonds.”**

SIBs differ greatly in their structure and there is variation in the extent to which their components are included in the contract. This difference underlies the stakeholder dynamics and the extent to which performance is monitored in the SIB. For this report, when we talk about the 'SIB' and the 'SIB effect', we are considering how different elements have been included, namely, the payment on outcomes contract – or Payment by Results (PbR) contract, capital from social investors, and approach to performance management, and the extent to which

each component is directly related to, or acting as a catalyst for, the observations we are making about the project.

The WLZ project has been referred to as a Collective Impact Bond. This alternative name reflected the emphasis on collective impact in the project (see section 2.0). The report will use this term interchangeably with SIB to discuss in detail how the project structure and role of different stakeholders influenced implementation and outcomes.

### 1.3 The in-depth reviews

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A key element of the CBO evaluation is our nine in-depth reviews, with WLZ featuring as one of the reviews. The purpose of the in-depth reviews is to follow the longitudinal development of a sample of SIBs funded by the CBO programme, conducting a review of the project up to three times during the SIB's lifecycle. This is the final review of the WLZ project. The first in-depth review report focused on the development and set-up of the WLZ project<sup>1</sup>. The second in-depth review report focused on implementation of the project mid-way through the contract<sup>2</sup>.

The key areas of interest in all final in-depth reviews were to:

- Understand the progress the project has made since the second visit, including progress against referral targets and outcome payments, and whether any changes have been made to delivery or the structure of the project, and why
- Understand how the SIB mechanism, and its constituent parts of PbR, investment capital and approach to performance management, is impacting, either positively or negatively, on service delivery, the relationships between stakeholders, outcomes, and the beneficiaries' experiences

- The legacy of the project, including whether the SIB and/or intervention is being continued and why/why not, and whether the SIB has led to wider ecosystem effects, such as building service provider capacity, embedding learning into other services, transforming commissioning and budgetary culture and practice etc.

The second in-depth review of WLZ also identified the following areas to investigate further in the final review:

- WLZ's performance against its targets for the remainder of the contract, particularly performance against the outcome targets in year two and year three, and in relation to its approach to establishing the counterfactual
- Evidence of continued adaptive service management, including any further changes to operations to improve delivery in the current contracts, or to support the expanded model in the new areas
- Role of Bridges Fund Management for the remainder of the contract

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1 WLZ Collective Impact Bond Report. First In-Depth Review. Accessed [here](#)

2 WLZ Collective Impact Bond Report. Second In-Depth Review. Accessed [here](#)

- Role of the Local Authorities (LAs) as lead commissioner and whether commissioner understanding of the SIB mechanism (including in comparison to other forms of contracting) improves over time, or turnover in commissioning staff continues and so it remains resource intensive for WLZ and LA staff to build up skills, knowledge and understanding of the role and efficacy of the contract mechanism
- Exploration of the range of partner experiences within the WLZ arrangement – including those of different sizes, activities and with different capabilities in performance management
- Awareness amongst the commissioners of their different roles in the contract and the potential to collaborate in a similar co-commissioning arrangement in the future
- The sustainability of the co-commissioning arrangements beyond the CBO contract, including the role of the philanthropists in covering the difference once the top-up funds come to an end (and the degree to which input from philanthropists in this way could become a wider feature on the SIB landscape in West London, or beyond)

- Progress of the second WLZ SIB, and how the model of the first was adapted (including risk-sharing between the providers and investors, and the role of philanthropists)
- Final analysis of the SIB effects – both intentional and incidental
- Final analysis of the sector learning from the SIB
- Final analysis of the value.

The interviews with stakeholders for the final in-depth review were conducted between April and August 2021 after the final payments were received for the project.

Section 2.0 in the report provides a summary of the WLZ model. Section 3.0 then includes details on the key developments that have occurred as part of implementation. Section 4.0 describes the performance of the project based on the targets. Section 5.0 reflects on the successes, challenges and impacts of the SIB mechanism. Section 6.0 reports on the legacy and sustainability of the project in the short-term and longer-term.



## 2.0 WLZ overview

The WLZ Collective Impact Bond proposed to bring together public, private, and social-sector agencies to better commission and deliver early intervention services within a targeted area of West London. Calling the project, a 'collective' (rather than social)

impact bond reflected WLZ's aspiration to achieve collective impact – that is the bringing together multiple agencies with a shared vision to solve a complex problem (see Figure below).

### Successful collective impact approaches typically have five conditions<sup>34</sup>:

- 1. A common agenda: This means coming together to collectively define the problem and create a shared vision to solve it**
- 2. Shared measurement systems: That means tracking progress in the same way, allowing for continuous learning and accountability**
- 3. Mutually reinforcing activities: That means integrating the participants' many different activities to maximise the end result**
- 4. Continuous communication: That means building trust and strengthening relationships**
- 5. Backbone support organisations: That means having a team dedicated to aligning and coordinating the work of the group.**

The common agenda in WLZ was to improve the life chances of 'at risk' children, who were poorly supported – if at all – by existing services. Then WLZ acted as the backbone organisation, overseeing and implementing the measurement system, partnership activities and communications, as well as holding central responsibilities in managing the underlying outcomes contract needed for the project. WLZ's role is discussed throughout the report.

WLZ's five-year plan (2016 – 2021) was to coordinate and deliver an early intervention offer to children aged 4 – 17 in schools, with the support of several neighbouring LAs (Hammersmith and Fulham, Kensington and Chelsea, Brent and Westminster) and partner organisations. Their longer-term aim was to scale this offer to enough at-risk children, and for long enough, within a specific area of London to change outcomes for a whole community. In the original business case to CBO, WLZ estimated that around 20% (13,000) of school-aged children in the targeted area needed support but were not yet in

receipt of any existing services. Therefore even in the short-term, scaling delivery was central to WLZ's business plan: partly to achieve specific targets in the SIB (see section 4.1), but also to become widely known as an early intervention provider in the local area to identify, coordinate and work with local agencies within the WLZ partnership.

When the CBO contract started, WLZ engaged one LA as a commissioner, London Borough Hammersmith and Fulham (LBHF), two schools and 12 partners. The CBO contract with LBHF was for four ½ years (September 2016 – March 2021, with delivery ending in August 2020). By the final year of the CBO contract (September 2019), WLZ had engaged a second LA – Royal Borough Kensington and Chelsea (RBKC)<sup>5</sup> – and engaged a further 19 schools and 31 partners (21 schools and 43 partners total).

3 <https://www.collectiveimpactforum.org/what-collective-impact>

4 Kania, J., & Kramer, M. (2011). Collective Impact. Stanford Social Innovation Review, 9(1), 36–41. <https://doi.org/10.48558/5900-KN19>

5 RBKC contracted the service from September 2017

Although delivery under CBO contract ended in August 2020, WLZ signed a second SIB contract through the Life Chances Fund<sup>6</sup> in 2019. This enabled WLZ to fund their early intervention work as a SIB in LBHF, RBKC and two more LA areas (Brent and Westminster) until 2024. The cap on

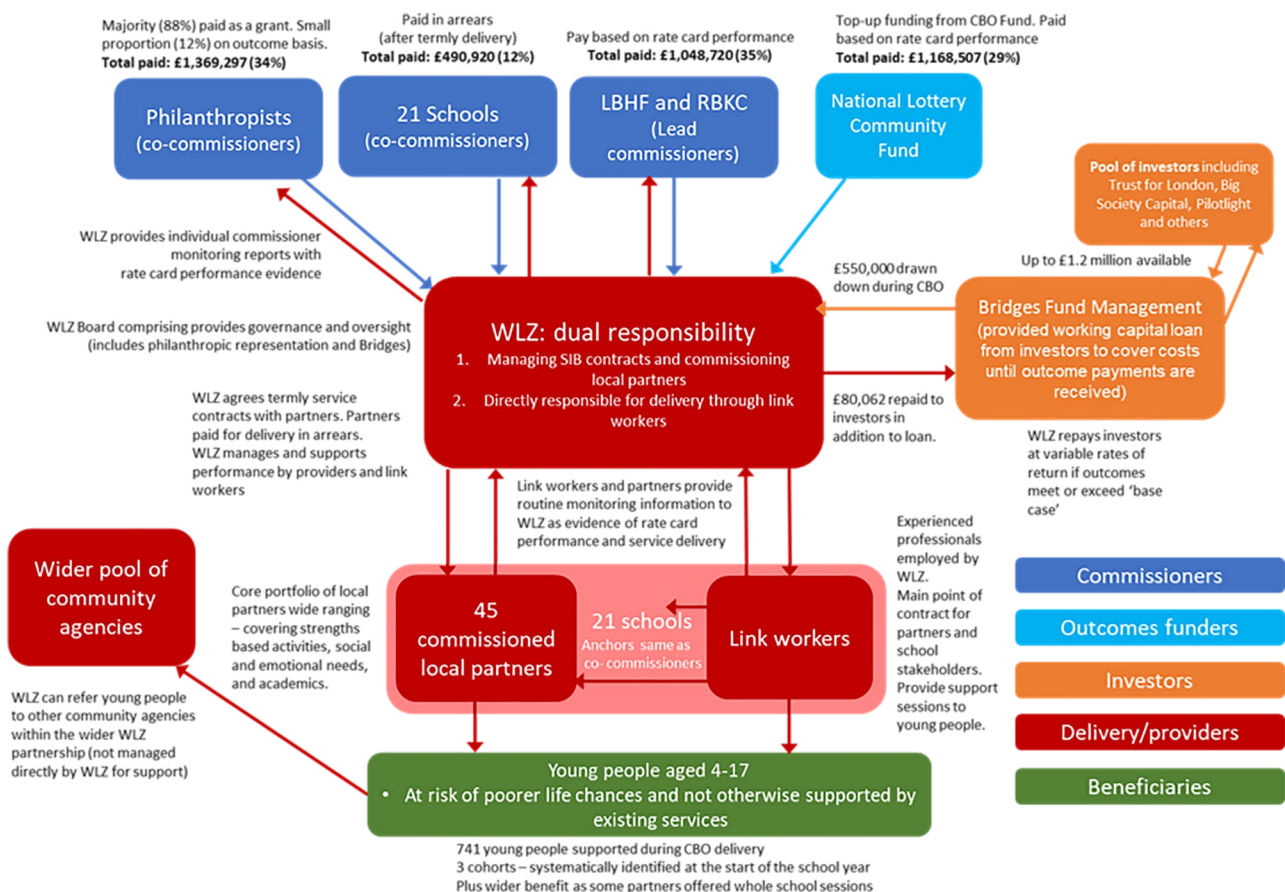
payments for RBKC was reached in September 2019, meaning no additional outcome payments were able to be made during the final year of CBO delivery. RBKC opted to continue their partnership with WLZ and fund additional outcome payments through LCF from September 2019.

## 2.1 Set-up and key stakeholders

The WLZ CBO contract and key stakeholders is summarised in Figure 1. The details included here reflect the arrangement in place when the CBO contract finished. The scope and details of contract

changed during implementation to reflect WLZ expansion into a second LA, with additional schools and a wider partner network.

Figure 1 WLZ CBO project structure



Source: Ecorys.

6 LCF is an £80m fund launched in 2016. The LCF provides top-up outcome payments in relation to locally commissioned contracts that seek to tackle complex social problems. The LCF is led by DCMS with implementation managed by The National Lottery Community Fund.

**WLZ was the prime contractor and backbone organisation in the project.** This meant they were responsible for contracting a range of local partners ('micro commissions') and holding the contracts with the commissioners (schools, LAs and philanthropists) and the investment fund manager (Bridges Fund Management, Bridges). This management arrangement, including delivery and financial contracts, was reflected in other projects part-funded through CBO (including Way to Wellness and Positive Families Partnership). However, the difference in WLZ, was that WLZ also directly employed Link Workers, who were responsible for frontline delivery alongside the local partners. This meant that WLZ effectively had a dual role – managing all contracts and holding responsibility for delivering a core part of their early intervention offer through the Link Workers. This blended role had not been trialled in other SIBs before WLZ's creation in 2017, but WLZ thought that both elements of the role were crucial to them being embedded within the local areas and successful in managing partner delivery in schools.

**Bridges was the investment fund manager in the project.** Bridges raised dedicated working capital from social investors such as Trust for London, Big Society Capital, Pilotlight and others. Bridges worked with WLZ to design, structure and manage the project and provided an investment commitment of up to £1.28million to fund working capital for the project. During the CBO grant period, WLZ used £550,000 of this facility. This capital was to cover the start-up costs for WLZ before they received the outcome payments from the commissioners. WLZ then repaid the investors through the sign-up, engagement and outcome payments received from the commissioners (if the targets for sign up, engagement and outcomes were met). The remainder of the service cash flow was then funded by the outcome payments, although the capital from Bridges supported flexibility to manage cash flow if performance during the contract was different to planned.

**Four types of commissioners funded the WLZ intervention** – blending resource from public and private sector sources. From WLZ's perspective it was important to involve a range of commissioners in the funding structure, as they aimed to create a broader base of support for a long-term funding solution for early intervention, from sources that were either interested in, or already funding, interventions in the targeted area of London. All the commissioners (except for The National Lottery Community Fund) were local, which was central to the WLZ place-based strategy. In the original planning for the SIB, WLZ aimed for the commissioners to pay equally in the contract. However, before launching WLZ decided that schools were unlikely to commit to this arrangement, with their budgets being reduced, and therefore payments were adjusted proportionally based on what the different commissioners would be able to support. By the end of the CBO contract, the WLZ commissioners and their associated payments were:

- **LAs** (35% of actual payments<sup>7</sup>): London Borough Hammersmith and Fulham (LBHF) and Royal Borough of Kensington and Chelsea (RBKC) were the lead commissioners in the project, who paid for the service based on outcomes.
- **The National Lottery Community Fund's CBO programme** (29% of actual payments). In addition to their outcome payments, The National Lottery Community Fund also provided a £150,000 development award to support the development of the WLZ proposal.
- **Private philanthropists** (24% of actual payments): Most of the philanthropic co-commissioners (Impetus, Treebeard Trust, John Lyons Trust; Golden Bottle Trust; Peter Cundill Foundation, Esmee Fairbairn Foundation and Tudor Trust) paid for the service as yearly grants paid across the five years, in arrears. One philanthropist (Goldman Sachs) paid based on outcomes for the first year.

<sup>7</sup> Actual payments are the amount the commissioner paid for by the end of the CBO contract

– **Schools** (12% of actual payments): 21 schools were involved in funding WLZ as co-commissioners – 13 in LBHF and 8 in RBKC. Some schools pay on specific metrics, most pay in arrears and in staged

payments on the same timescales as the LAs and CBO. This payment was also based on the number of children completing the service and on evidence of satisfaction with delivery.

## 2.2.1 Stakeholder motivations to pursue a SIB

WLZ explored setting the project up as a Payment by Results contract because they thought it would have been very challenging to engage LA commissioners to contract the service on a fee-for-service basis, due to WLZ being a relatively new organisation at the time the CBO project was set-up, with only a pilot project for track record and limited relationships with the LA, schools, and partner organisations in the area where they wanted to have an impact. Therefore implementing a PbR approach was a way to attract attention from the LA commissioners: it was innovative and would drive performance and constant improvement in a very visible way to interested partners against outcomes. PbR also meant that the commissioners only paid if the project delivered results, which would help LA commissioners justify public-sector spending on the project. WLZ reported that LAs were also attracted by the transparent use of data which would provide insights at an individual child level.

WLZ pursued a SIB specifically because they needed the upfront working capital from the social investors to cover initial costs of delivery – as well as potential cash flow issues – if outcomes were not achieved as projected during delivery; the SIB was therefore an opportunity to share the financial risk between the service provider and an investor.

As described in 2.1 WLZ blended payments from schools, philanthropists, and LAs to share the cost of early intervention (although only LAs and The National Lottery Community Fund were paying on the project rate card<sup>8</sup> (described in section 2.4). The expansion of the range of commissioners paying into

an outcomes contract was an important development and success for the SIB market, as at the time, most other locally commissioned SIBs in the UK had exclusively involved LAs or Clinical Commissioning Groups<sup>9</sup>,

The commissioning arrangement in WLZ also generated important learning about the motivations of a range of commissioners being involved in a SIB.

– From the LAs' perspective, the project was attractive because the PbR element meant that public money was only spent in the event of success. It also meant they could access the top-up funds from the CBO programme. The shared cost of the service via the other commissioners (i.e., schools and philanthropists) enabled the LAs to commit to the outcome payments for the early intervention service, even in the absence of an argument of direct cashable savings in the short term. While LAs may find it difficult to fund a service outside of mainstream provision, there was good evidence that effective early intervention with an at-risk group had the potential to avoid high-cost crisis spending later.

– Engaging schools as commissioners meant that they also had a vested interest in how the project was set-up and operated, as well as benefiting directly from the intervention. Schools typically used their pupil premium resource to cover the cost of the intervention, although they paid in arrears based on satisfaction with the programme, rather than based on the rate card developed for the payment by results contract (reasons described in section 3.4)

<sup>8</sup> The WLZ payment mechanism blended payments for outputs (successful sign ups and engagement) with payments for outcomes. In the revised structure, almost 50 per cent of the potential payment was assigned to the outcome areas.

<sup>9</sup> Most of the other SIBs we had reviewed by the time of the publication of the first WLZ in-depth review report had generally struggled to engage co-commissioners at all and, where this had been done (e.g., Reconnections), it had tended to build on pre-established co-commissioning practices rather than fostering new ones. Although there are examples of new co-commissioning structures developed through a SIB structure (e.g., Pan London SOC) that have happened since WLZ.

– For the philanthropists, the appeal to them was the level of accountability and focus on impact within its monitoring arrangements and internal processes. It was a priority for WLZ to combine payments from private and public sources to support the collective

element of the funding. They noted that including the public sector resource had helped to ‘unlock’ additional philanthropic money during the contract, as philanthropists liked to contribute to a project that also had public sector support.

## 2.2 WLZ’s intervention

WLZ aimed to provide an effective and holistic early intervention support offer to children identified as at-risk of poorer life chances. The intervention included commissioning and managing a range of local partner agencies to deliver personalised and tailored

support in a school setting; as well as employing Link Workers, also based at the child’s school, to coordinate partner delivery and work directly with the students.

### 2.2.1 Local partners

WLZ local partners were Voluntary Community and Social Enterprises (VCSEs) either already working in LBHF and RBKC or who could fill gaps in support in the local area. By the final year of delivery, WLZ had engaged a total of 83 agencies within their wider partnership, of which they directly commissioned 43 to deliver early intervention support in schools. For the 43 directly commissioned partners, WLZ assessed their organisations suitability to contribute to achieving the outcomes included in the PbR contract. From the organisations included in the wider partnership, WLZ could refer children for other types of support in the community, but these agencies were outside the scope of the WLZ’s management processes.

WLZ’s portfolio of commissioned partners was purposively varied, ranging from large, established organisations to smaller social enterprises allowing for a more tailored and bespoke offer based on need. WLZ broadly categorised the partner interventions into three groups: 1) academic (e.g., homework clubs, literacy support), 2) social and emotional wellbeing (e.g., counselling) and 3) strength-based (e.g., circus skills). For some children, WLZ chose to structure the order of partner support over the two years, although all support was tailored to the child’s needs and children were only offered support that they needed. Where support was ordered, WLZ tended to engage young people in strength-based partner support at the start of the two-year

programme, as this helped WLZ to build relationships with the young people. This was then followed by support from the wellbeing partners, which ensured that the young person was emotionally ready for support from the academic partners. Finally academic was scheduled as the last type of support in the programme. Overall, WLZ stakeholders thought that phasing the partner support in this way helped with engagement (young people were less likely to drop out) and to achieve outcomes.

If needed, WLZ could adjust their contracting arrangements with these partner organisations on a termly basis. Some contracts lasted for at least the school year and several of the partners had successfully worked with WLZ for the whole of the CBO contract (E.g., Place2Be delivering counselling support had been part of WLZ partnership from the beginning). The flexible arrangement meant that WLZ could be responsive to the changing needs of the cohort of young people and maximise the chance of achieving positive outcomes for the young people. The outcomes focus in the contract meant that WLZ could make these changes with their partners without needing to consult the commissioners paying for the service.



## 2.2.2 Link workers

The Link Workers in WLZ's intervention were experienced professionals, employed and trained by WLZ and based in the target schools. Link Workers were responsible for planning and coordinating the early intervention support with the local partners, as well as meeting and working with children and their parents/carers directly to co-design, develop and manage two-year Individual Support Plans. The main benefits of basing Link Workers in the school was that they had the proximity to meet easily with the students and parents on a regular basis and manage the sessions with the local partners on the ground. The Link Workers' presence

at the school also ensured that they were in a strong position to build and manage relationships with key school stakeholders.

During the first year of implementation, WLZ formally expanded and added key training to the Link Worker role. This was in recognition that, as well as coordinating the delivery of partner support, they also provided direct and meaningful support in their one-to-one sessions with the young person, and in some cases delivered additional interventions with the young person (rather than through a partner) (section 3.1 describes the changes to the Link Worker role from the second year of delivery).

## 2.3 WLZ's cohorts of service users

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WLZ embedded a data-driven approach to identify their cohorts. This included school leaders implementing the 'My Voice: WLZ Survey' at the start of the school year with all their pupils aged eight and above. The survey comprised a range of validated measures and aimed to robustly identify young people experiencing key risk factors associated with poorer life chances<sup>10</sup>. WLZ then combined the survey results with data from the school on attainment, attendance, economic deprivation and parental involvement and held a meeting with the school leaders to discuss the final selection for the cohort. For pupils under eight years, WLZ use the Strengths and Difficulties Questionnaire and involved teachers more in the judgement.

In total, 741 children were engaged in the WLZ during CBO over three cohorts (Table 1). From year two onwards, CBO agreed with WLZ to fund out-borough placements (young people that lived outside of RBKC and LBHF but were identified in the target schools). Including these children ensured that the project was inclusive to all young people attending the local schools in LBHF and RBKC.

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<sup>10</sup> This survey was designed by Dartington Social Research Unit based on evidence of risk factors associated with poorer life chances

**Table 1 WLZ's cohorts**

	Total	LBHF	RBKC	Out of borough*****
<b>Cohort 1**</b>	<b>132 (67 cohort 1a, 65 cohort 1b) *</b>	132	-	
<b>Cohort 2***</b>	<b>345</b>	219	87	39
<b>Cohort 3****</b>	<b>264</b>	144	77	46
<b>Whole CBO</b>	<b>741</b>	495	161	85

\* In 2017, WLZ adjusted the programme so that every child received a two-year programme. It was previously possible to participate in a one, two, or three-year programme, depending on the child's level of need. This meant that Cohort 1a (who were always intended for a one-year programme) graduated from WLZ in 2017, whilst Cohort 1b continued into 2018 on a two-year programme. The changes made to the intervention in 2017 are described in section 3.1.

\*\* Identified between 1st September and 30th November 2016. Signed up to the intervention by 31st December 2016.

\*\*\* Identified between 1st September and 30th November 2017. Signed up to the intervention by 31st December 2017. Finished the programme by October 2019.

\*\*\*\* Identified between 1st September and 30th November 2018, signed up to the intervention by 31st December 2018. Finished the programme in August 2020 (extended due to the pandemic)

\*\*\*\*\* Young people that lived outside of RBKC and LBHF but were identified in the target schools. This allowance differed between CBO contracts, for instance the Positive Families Partnership were unable to claim outcome payments once families had moved out-of-borough.

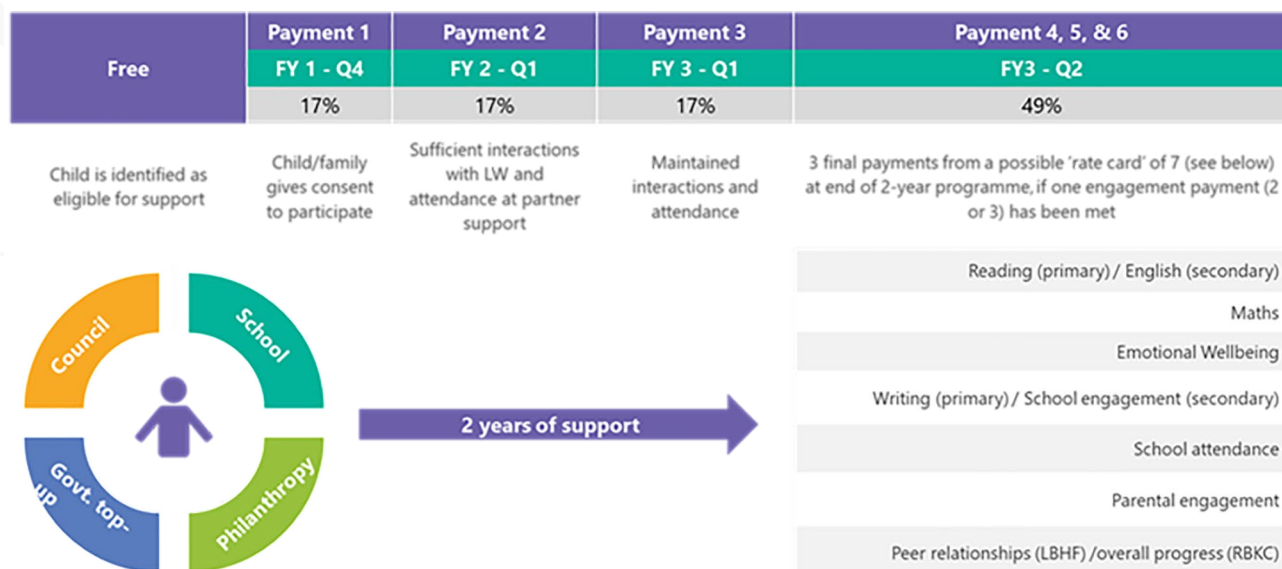
## 2.4 Payment mechanism and outcome structure

In total, three payment mechanism and outcome structures were used during CBO. The original model was developed prior to the signing the contract and (described in the first in-depth-review report<sup>11</sup>). This model was then revised during the first year of WLZ's delivery and implemented from year two onwards (when

RBKC joined the contract). This section describes this second model, which was the main approach used during CBO (Figure 2). Finally, the model was revised again in 2020 in response to the challenges during the Covid-19 pandemic. The changes made at this stage are discussed in section 3.2).

11 WLZ Collective Impact Bond Report. First In-Depth Review. Accessed [here](#)

**Figure 2 Revised payment mechanism and outcome structure**



Source: WLZ project documentation.

### 2.4.1 Payment mechanism

WLZ's payment mechanism included six potential payment points for each child, with £7,372 as the theoretical maximum total payment per child over the course of the 2-year programme:

- **Payment 1:** Based on sign-up, following the child/family giving consent to participate. This payment was scheduled in January following a September start for the school year and accounted for 17% of the total payment per child (£1253.24).
- **Payment 2 and 3:** Scheduled at the end of the first and second year for engagement. These were based on sufficient interactions with Link Workers and attendance at partner sessions and contributed 17% each of the total payment (34% total, £2506.48).
- **Payment 4, 5 and 6:** All three payments were scheduled at the end of the second year. Payments available for up to three possible outcomes (out of seven outcome areas). These payments were only payable if one of the engagement payments (payment 2 and 3) had been fulfilled. The outcome payments related to almost 50% of the overall payment if paid in full (£3,686).

The WLZ payment mechanism blended payments for outputs (successful sign ups and engagement) with payments for outcomes (as seen in other CBO projects, e.g., Mayday, Be the Change<sup>12</sup>). Although some payments were not made on outcomes, this set-up was different to a fee-for-service contract where the service would likely receive a payment regardless of how service users engaged. WLZ's commissioning stakeholders agreed to this on the basis that an equal proportion would be paid on outcomes compared to the payments for engagement and sign-up. At the start some LA stakeholders involved in agreeing the first contract also wanted there to be a movement towards paying only for outcomes by the final year of the contract. In the revised structure, almost 50 per cent of the potential payment was assigned to the outcome areas. However, across all years in delivery at least some of payments were made based on outputs.

<sup>12</sup> Be the Change In depth Review Accessed [here](#).



## 2.4.2 Outcome structure

There were several key considerations in developing the outcome structure for the WLZ project:

- **It needed to have a holistic focus** – that is, it needed to capture a breadth of outcomes relevant to positive child development, rather than incentivising the intervention to focus on any one area.

- **It needed to be flexible to reflect the highly personalised delivery of the WLZ intervention.**

While children were identified using the same process, the cohorts were heterogeneous in their needs (WLZ then tailored the type of early intervention support via the Link workers and commissioned partners to meet these differences). Because of this, WLZ expected children to progress in different ways and they wanted the outcome

monitoring to be relevant to the individual child rather than generic to the cohort. For this reason, it was hard to select only one or two outcomes for a framework. Instead WLZ designed a model that included a range of outcomes as the basis for payment.

WLZ's revised outcome framework comprised seven outcome areas (Table 2). In this arrangement, WLZ could receive a maximum of three outcome payments per child at the end of the second year of work with that individual child. In general, stakeholders were satisfied that the revised approach was the right one for the project. It was also the framework subsequently used in the LCF project following CBO.

**Table 2 WLZ's cohorts**

Outcome area	Definition and metric
1. School engagement*	Child has remained stable or improved their school engagement. Based on score in the Communities that Care School Engagement measure.
2. English attainment**	WLZ used a measure to determine whether progress was in line with expectations based on age, prior attainment and better than statistics showed for a typical child not receiving the intervention who had the same attainment at the start of support. WLZ used the child's standardised test score (where available) to show their position in a nationally representative attainment distribution. Where standardised test data was not available, WLZ adopted the school's targets for each child for each academic year of support. Where the support cycle fell outside of the academic year, and the school did not have termly targets, the target was adjusted accordingly. If the school did not routinely set targets for children, WLZ agreed a target for the child with the school.
3. Maths attainment	
4. School attendance	Evidence that the child's school attendance measurably improved over at least the past three school terms compared with at least the three school terms prior to WLZ sign-up. Measurable improvement was defined as at least 2% (or has met the 96% target) from their baseline. The child needed to be under the 96% baseline to be eligible for payment.
5. Parental engagement	Evidence that parents were engaged in child's education. <b>Primary:</b> demonstrated through continual interaction with WLZ Link Worker. This was defined as eight or more interactions with parent in total over the two years, logged by WLZ Link Workers. Because of difficulties collecting baseline data from parents prior to having a relationship with them, this is a binary yes/no measure taken at the end point. <b>Secondary:</b> demonstrated by child reporting improvement of two decimal points or more from the baseline on their mean score of the Communities that Care child-reported parent engagement measure.

Outcome area	Definition and metric
<b>6. Emotional wellbeing</b>	Evidence that the child's emotional wellbeing sub-scale in the Strengths and Difficulties Questionnaire (SDQ) improved by one full point from their baseline (note no need to be at risk on baseline). In LBHF, the Warwick-Edinburgh Mental Wellbeing Scale (WEMWBS) was used as the wellbeing measure in secondary settings. In RBKC, the SDQ in its entirety (rather than the emotional wellbeing subscale) was used for this outcome.
<b>7. Relationships***</b>	Child's peer problems sub-scale in the SDQ has improved by one full point from their baseline. Based on parent or teacher response.
<b>7. Overall progress****</b>	Child was judged by their current class teacher, or in-school inclusion lead, to be doing better at the end of each of the two years of support than they were at the start of each year. This measure was based on WLZ's own threshold measure informed by the Bronfenbrenner framework on 'whole child' wellbeing and development. Four short questions cover overall progress and wellbeing, confidence, and relationships.
<p>* Secondary only</p> <p>** For primary school English attainment is split into two, reading and writing. This gives a total of seven possible outcome payments.</p> <p>*** LBHF only</p> <p>**** RBKC only</p>	

## 2.5 Investment and financial risk sharing

From the investment fund manager's perspective, Bridges agreed to provide WLZ with the upfront working capital because they were impressed with the WLZ management team and the results from their initial pilot. While Bridges agreed to structure a loan directly into WLZ, this was with the stipulation that they reviewed the payment mechanism once the team had evaluated what worked best operationally. Bridges asked for this approach, as the WLZ model was risky because it did not have evidence that the rate card metrics would be achieved. A Stepping Stones grant of £150,000 – offered by another funder (City Bridge Trust and UBS) also reduced some of the financial risk to Bridges. This grant acted as 'first loss capital', covering losses in the contract up to £150,000. As well as reducing some of the financial risk, the grant made it easier for both WLZ and Bridges to structure a risk-share loan with only limited pilot data available.

Ahead of agreeing the contract, Bridges worked in partnership with WLZ to balance the risk and reward in the contract, resulting from potential over- and underperformance scenarios (Table 3). This ensured that WLZ were incentivised by the payment mechanism to maximise the potential from delivery at all levels of performance. While the available first-loss capital from City Bridge Trust and UBS reduced the risk, if losses were greater than that amount occurred (i.e., more than £150,000), Bridges and WLZ were both at risk of losing money, with Bridges' investor group at risk before WLZ (for the 'non-recourse'<sup>13</sup> element of the loan). However, even with these protections, the losses arising over the protected levels was still a risk from WLZ's perspective, as a small and new organisation when signing the first SIB contract.

13 WLZ would only need to repay the non-recourse element of the loan if the service significantly underperformed to the extent that the losses are greater than those covered by the first-loss grant (£150,000) and non-recourse element of the loan (£87,000 in LBHF and £100,000 in RBKC).

**Table 3 Risk sharing structure**

Underperformance	Over performance
<p>In the event WLZ underperformed the repayment arrangement was set up so that Bridges was at risk of losing part of its investment first. This part of the loan is the 'non-recourse' element. If WLZ needed to repay the remainder of the loan they would have drawn on their reserves.</p> <p>This set-up was designed to align incentives across all parties, so that WLZ would be incentivised to address any operational underperformance quickly, meaning that it would avoid the poor performance scenario in which it would need to repay the loan. This arrangement also meant that WLZ was shielded from the initial costs of the outcomes contract and therefore cash-flow risk would not represent a distraction to service set-up and delivery.</p>	<p>If the service performed well, above an agreed break-even point, WLZ would benefit as it would receive an ongoing share in the outcome payments while being able to pay the returns expected by the investors. WLZ would also retain a final additional figure estimated at 2% costs (~£85K)), which could be used to support further delivery.</p> <p>This over performance incentive was in addition to the Stepping Stones grant from City Bridge Trust and UBS, which could be used as a direct grant to the service if it was not needed to cover first losses during the lifetime of the contract.</p> <p>From Bridges' perspective, ensuring that WLZ understood what it would achieve if the service exceeded break-even expectations was as important as explaining its role in sharing the risk in repaying the original loan.</p>

The loan from Bridges to WLZ was a revenue share loan, which meant that there were different scenarios for repayment based on the number of outcomes WLZ achieved (Table 4). As more outcomes were achieved (moving from the bottom row to the top), WLZ would have sufficient outcome payments to repay Bridges. Moving diagonally from the bottom left towards the top right of the table, Bridges would receive the full loan repaid, with interest payments to cover the Bridges' team costs, and interest payments to provide a return to investors. There was only one scenario in which WLZ would need to use other sources of funding (either cash reserves or grants) to repay part of the loan (red cell in column A) – this was if WLZ achieved the lowest target for outcomes payments (370). Above this level, WLZ would not

need to use its cash reserves or grants to repay the minimum repayment part of the loan. In actuality, Bridges did not receive any dividend until the final year, absorbing the level of risk during the lifetime of the CBO funded project.

WLZ helped 555 children in Hammersmith, and success rates were slightly better than base case, falling inside the scenario F range. The investors received a positive return, but not as much as they would have if the contract cap had been achieved (which would have been the top of scenario F). In LBHF, WLZ achieved total outcomes value which was above the 'base case' but below the contract cap. In LBKC, WLZ achieved total outcomes value which was above the contract cap. The table below illustrates LBHF projections.

**Table 4 Different repayment scenarios**

Different repayment scenario	Numbers of outcomes achieved	Impact on West London Zone		Impact on social investors		
		WLZ does not need to use its cash reserves or grants to repay minimum repayment part of the loan	WLZ retains the Stepping Stones grant to contribute to its other services	The explicitly 'non-recourse' element of the capital advanced by the social investors to WLZ to pay for delivery is repaid	The social investors' capital which was advanced to cover the cost of the Bridges team to work on the project is repaid	The Social investors receive a positive 'return' on investments of their capital
<b>F</b>	<b>570</b>	Yes	Yes	Yes	Yes	Yes
<b>E</b>	500	Yes	Yes	Yes	Yes	No
<b>D</b>	<b>450</b>	Yes	Yes	Yes	No	No
<b>C</b>	<b>410</b>	Yes	Yes	No	No	No
<b>B</b>	<b>390</b>	Yes	No	No	No	No
<b>A</b>	<b>370</b>	No	No	No	No	No

Source: Bridges Fund Management. Assumes 'base case' engagement and success rates in all scenarios. Numbers of children based on LBHF contract only (tables quoted elsewhere in the report relate to the contract with LBHF and RBKC). Column 2 indicates the number of children starting WLZ, the figures represent the approximate mid-point of each scenario. Columns 3-7 represent the different elements of the loan repayment. Outcomes achieved = number of children to achieve success or engagement outcomes. The green represents the level of outcomes the investors would receive repayment for that element.

## 2.5.1 Sub-contracted partner arrangements

Originally, WLZ expected to move towards a payment model where they would share the risk of a PbR contract with their sub-contracted partner organisations, who were delivering aspects of the collective impact over time as part of the WLZ intervention – i.e., the sub-contractors would have 20 per cent of their payment linked to achieving outcomes in the rate card linked to engagement. However, for the whole of CBO delivery partners were paid on a termly payment schedule, with regular points of monitoring with requirements related to engagement and outcomes. The arrangement was also set up in arrears so that WLZ paid after delivery rather than in advance.

In WLZ's view this arrangement kept the partner contracts simple and allowed space for WLZ to develop good partnership relationships with the different agencies. Bolstering the Link Worker role in the second year also helped to manage partner performance and mediated the risk of poor performance. Although partners were not paid on outcomes, there were specific requirements to be part of the WLZ partnership: all organisations were required to collect and share data on outputs and outcomes (see section 3.5), which was then used by WLZ as evidence for their outcomes contract with the commissioners. Failure to provide this data meant that WLZ may withhold payment from the partner.

## 2.6 Comparing WLZ with other CBO projects

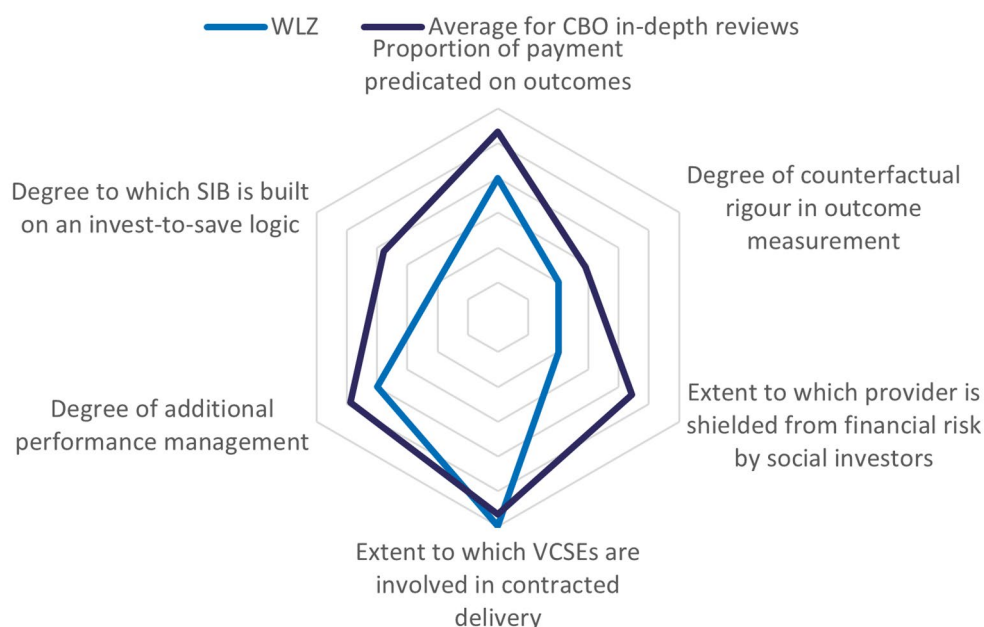
The CBO evaluation team has developed a framework for analysis to compare the SIB models across the nine in-depth review projects. This draws on the SIB dimensions set out by the Government Outcomes Lab<sup>14</sup>, adding a sixth dimension related to cashable savings (Annex 1 describes the dimensions and the different categories that exist within it). Each dimension has been quantified so that the different SIB 'shapes' can be mapped and placed on a radar chart (see Figure 3). Against this radar chart, the closer a project has to a hexagon shape, the more it aligns with the concept of a 'textbook' SIB. It is important to note that these are not value judgements – a closer alignment to the 'textbook'

SIB does not mean that the family is 'better', more that it more closely aligns with what was originally envisaged as a SIB, based on literature reviews of the original intentions (Carter, et al., 2018) (Fraser, et al., 2018). It is also important to note that the 'textbook' SIB is, to a degree, an abstract concept, and we are not aware of any SIB that perfectly fits the notion of the textbook SIB.

Figure 3 uses this framework to compare WLZ structure with the average positioning for the CBO in-depth review projects against this framework. More information on this framework, and how it applies to the other CBO in-depth review projects, can be found in CBO 3rd Update Report.

<sup>14</sup> Carter, E., 2020. Debate: Would a Social Impact Bond by any other name smell as sweet? Stretching the model and why it might matter. *Public Money & Management*, 40(3), pp. 183-185. See: <https://www.tandfonline.com/doi/abs/10.1080/09540962.2020.1714288>

**Figure 3 SIB dimensions in WLZ and other CBO in-depth reviews**



WLZ's position using the framework shows that:

- WLZ's **PbR model** includes a blend of engagement and outcome payments. This is typical of the SIB models within CBO, although some have 100% payments based on outcomes.
- **Validation method**: Although payments are made for all outcomes achieved, there is no impact evaluation to ensure that outcomes are attributed to the intervention. This again is typical of SIB models in CBO, though some do include an impact evaluation to ensure outcomes can be attributed.
- **Provider financial risk**: The prime contractor (WLZ) is exposed to some financial risk in the SIB and must repay some of the investment if there is significant under-performance. For the majority of the other service providers, one-fifth of their payment is based on engagement levels (a minimum of 75% of children attending sessions offered). WLZ is unique in that it is both the prime contractor and a service provider. Because it provides direct services to service users, we have classed it as a service provider. It is common for prime contractors in CBO to be exposed to financial risk; however it is rarer for a service provider to be exposed to financial risk (exists in three of the nine CBO in-depth review

families). The details and rationale behind this are explained further below.

- **VCSE service delivery**: All the delivery is undertaken by VCSE organisations (i.e. WLZ and their partners). This is typical of the CBO in-depth review families (in three of the nine CBO in-depth review families of projects some delivery is undertaken by the public sector).
- **Performance management**: WLZ is responsible for managing the performance of their own service provision, and the performance of other service providers. This is moderately rare in the CBO in-depth review families and only one other project has this model (Reconnections); typically, the service provider either just manages their own performance, or all performance is managed by an external organisation – it is rare to have one organisation providing direct service delivery and managing the performance of other service providers.
- **Degree to which project is built on an 'invest-to-save' logic**: WLZ considers the long-term savings its project can generate, but the aim is not that these savings cover the outcome payments. About half of the CBO in-depth review families have this feature.

## 3.0 What happened in practice

This chapter describes the main developments that occurred during the WLZ CBO contract (summarised in Table 5). This included scaling delivery into an additional LA area, as well as two major changes to the intervention and payment mechanism and outcome structure. The first major change happened

after an internal review of delivery in the first year. The second major change was in response to the circumstances during the Covid-19 pandemic. Finally, the chapter describes the experience of stakeholders working with collective impact partnership, including the commissioners, partners and service users.

**Table 5 Key milestones in the CBO contract**

Year	Month	Activity
2016	October	Year 1 (Cohort 1) delivery starts.
	December	Contracts signed between WLZ and LBHF, the schools, and the philanthropists*..
2017	January	Contracts signed between Bridges and WLZ. First payment received from City Bridge Trust and UBS Stepping Stones as first loss capital <sup>15</sup> .
	ww	Impetus reviewed WLZ intervention. Main change was to replace the variable one-to-three-year support to a two-year programme. All children starting from September 2017 would receive the fixed two-year programme.  Rate card and payment structure also revised as part of negotiations with new LA (RBKC) to make the SIB easier to implement and to engage others. LBHF agreed to the changes to the rate card for the remainder of the contract.
	July	End of year 1 delivery and cohort 1a (who received only one year of support under the original intervention model)
	September	Start of academic year (year 2 delivery). Cohort 2 identified for support.  Revised programme structure (all young people offered two years support) and new rate card and payment mechanism introduced.  RBKC joins project as a second LA commissioner.
2018	July	End of year 2 delivery and cohort 1b (who received two years of support)
	September	Start of Year 3 delivery. Cohort 3 identified for support.
2019	July	End of year 3 delivery and cohort 2 finished support
	September	Start of year 4 delivery.  LCF funded delivery starts for new cohorts in LBHF, RBKC, plus two new LAs (Brent and Westminster).

<sup>15</sup> Described in section 2.5



Year	Month	Activity
2020	March	<p>Government introduces national lockdown in response to the global Covid-19 pandemic. All schools closed 20th March 2020.</p> <p>WLZ rapidly reviewed and adapted their delivery to be able to continue working with their cohorts while schools were closed.</p> <p>CBO confirmed they would honour base case projections and offered all CBO projects the opportunity to submit a request for capped payments based on outputs, to reflect the change in circumstance during the crises. WLZ engaged other stakeholders to confirm agreement with this arrangement and this was agreed retrospectively (applying from 23rd March 2020 in July 2020).</p> <p>Final payment received from RBKC (and funding from CBO for RBKC finishes 20th March 2020)</p>
	June	Schools reopen with social distancing and other restrictions due to the ongoing Covid-19 pandemic.
	August	End of CBO funded delivery (31st August 2020) and Cohort 3 finished support (all received two years of support).
2021	March	Final payment for CBO received by WLZ

\* WLZ signed the contract between LBHF and schools to be able to start delivery at the start of the new school year. Bridges signed the contract later as they needed to do further modelling for the SIB element of the contract.

### 3.1 Changes to improve delivery and work at scale

Part way through the first year of delivery, WLZ reviewed and refined their intervention based on advice from an external organisation, Impetus. The changes were introduced from September 2017 onwards and meant that the first half of Cohort 1 (cohort 1a) received a different programme to the second half (cohort 1b), as well as Cohorts 2 and 3 beyond that. Although unusual to restructure an intervention early in a contract, WLZ reflected that the changes were essential, and as a result, delivery improved, with better consistency in implementation across multiple school settings.

At the most fundamental level, the changes included restructuring the WLZ intervention into a flat two-year programme. Previously, students were offered a varied package of support depending on their need for either one, two or three years. In the revised programme structure, all students received support for two years, but this still included a dynamic package of support that varied in content and intensity at different times. The basis for this change was that WLZ realised that 'deep relational work' with young people required time and it was impractical to offer students support for a one year and expect them to achieve the outcomes.



Specific refinements to the intervention to improve delivery across a range of settings included:

- Introducing a ‘core commitment’ in all schools to ensure that all children in the cohorts receive a minimum level of support from the intervention. This included: a weekly check-in with the Link Worker; a half-termly meeting to review progress; and six hours specialist support per school term to make progress towards specific goals.
- Developing the Link Worker role and clarifying expectations of their responsibilities: In the refined WLZ intervention, the Link Worker held responsibility to manage, coordinate and deliver interventions with the children in the cohort, whereas previously they were focused on coordinating partner support and meeting with children in one-to-ones. Clarifying the scope of the Link Worker role also supported WLZ’s level of control of the quality of the intervention as it set clearer parameters to the school and the partners in terms of performance management.
- Some interventions were now delivered by a Link Worker rather than a partner organisation, including Code Club, Third Space and Reading Wise. Including the delivery element of the Link Worker role meant that WLZ was able to continue to provide a range of support in schools, without needing to necessarily bring in more partner organisations.

- Clarifying what counted for ‘engagement’ and ‘support’ as part of the engagement targets. In the revised approach, the Link Worker could deliver specialist support, alongside co-ordinating partner delivery. These changes reflected the importance of the one-to-one relationship between the Link Worker and child and the opportunity for the Link Worker to deliver more specialist content in the sessions, which progress in the outcomes can be directly attributed to.

In the interviews, WLZ stakeholders confirmed that there were no further plans to change their intervention model at this scale again. However, on an ongoing basis WLZ would reflect on monitoring information and refine small elements of their delivery accordingly (see section 5.1).

While scaling delivery was planned and there were benefits in doing so, it was also a challenging element of the project. WLZ stakeholders reflected that they scaled their management team and operations as far as possible within the timeframe of CBO. In their view, scaling any faster would have affected the quality of the intervention, despite there being higher demand from schools by the final year, and the investment available to support further growth. Instead, WLZ stakeholders thought LCF was a key opportunity to scale delivery again, as they could engage two new LA commissioners and additional schools through this contract.

### 3.2 Changes to delivery in response to the Covid-19 pandemic

In March 2020, the UK Government put the nation into a lockdown in response to the Covid-19 pandemic<sup>16</sup>, including closing all schools. In response to this crisis, WLZ took a series of actions to adapt their delivery to support the needs in their cohort and to be able to continue to work during this period:

- Ensuring young people and families had what they needed, including food and other essentials

at the start of the lockdown. WLZ stakeholders reflected that the Link Workers had strong existing relationships with the young people and were therefore well placed to discuss with families what they needed and provide ongoing support in an appropriate and effective way.

- Reviewing the potential risk and safety concerns with setting up remote support for the young people, and whether young people would be willing to

<sup>16</sup> The COVID-19 pandemic in the United Kingdom is part of the worldwide pandemic of coronavirus disease 2019 (COVID-19). COVID-19 is the disease caused by a new coronavirus called SARS-CoV-2. The virus reached the UK in late January 2020. In March 2020, schools, nurseries and colleges in the United Kingdom were shut down as part of the government’s response to the COVID-19 pandemic.

work in this way while schools were closed. WLZ fundraised for a specific hardship fund, drawing on philanthropic sources, to buy laptops, tablets, and data bundles, to ensure that young people had the technology they needed. Again, the existing relationships and connections within the community meant that WLZ could mobilise the support and resources very quickly during the crisis.

- Understanding the capacity of partners to deliver their programmes remotely, what adaptations were needed to be able to this and whether schools were able to support this. While many schools were supportive, not all were able to accommodate it due to competing pressures and demands during the crisis.

While the pandemic was demanding and challenging period for WLZ, school and partner organisations thought that WLZ's speed and responsiveness demonstrated the strengths of the project by the final year. WLZ also thought that they had been able to adapt and provide meaningful support during this period of crisis due to the strong relationships that were in place by then with a range of key organisations in the community (philanthropists, LAs, schools and partners). In addition, the WLZ management team was well established by this stage and they were used to adapting quickly to issues. The team were able to use data from their monitoring systems to provide helpful data as part of their

response to the crisis. One LA stakeholder thought that it was particularly helpful to have information on a cohort of school-aged young people that otherwise would not have been monitored.

However, there were challenges during this period. Link Workers and LA stakeholders described a degree of variation in how schools responded to WLZ's proposals. Link Workers reflected that some schools refused remote partner access during this time, meaning that children were cut off from support. Link Workers made telephone calls to keep in touch, but they were limited in the help they could provide. Even once schools reopened in September 2020 (delivery as part of the LCF, rather than the CBO, which ended in August 2020), some schools had restrictions in place on partners coming in, which again meant there was uneven provision, but beyond WLZ's control.

Representatives interviewed from one LA commissioner also commented that they would have preferred to be able to work with WLZ to respond directly to the presenting needs in the community, rather than WLZ proposing to the LA their plans for delivery. This challenge of balancing the provider and commissioners' interest in the contract is described in detail as one of the challenges within the collective impact partnership (section 3.4). Views from WLZ differ on their response and working relationship with this LA.

### 3.3 Changes to the payment mechanism and outcome structure

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WLZ changed their payment mechanism and outcome structure twice during the CBO contract - first, to reduce complexity in the payment structure; and second, as part of the response to Covid-19 pandemic crisis. On both occasions, the different stakeholders agreed that changes were necessary, which helped the groups to reach agreement on what was needed. However, the implications for changing the model twice during a five-year contract affected the ease in which commissioners were able to monitor outcome performance.

An additional minor change was made early in the contract to bring in funding for out-of-borough service users which took effect in early 2019. It was covered by the existing CBO contract so no variations on the award were made.

Although WLZ continued to engage the four types of commissioners (LAs, schools, philanthropists, CBO) to pay for the service, only the LAs and CBO paid for the service based on the rate card; therefore, these were the two main commissioners affected by the payment mechanism changes. Schools continued to pay on engagement outcomes and the philanthropists, excluding Goldman Sachs, did not

pay during the Covid-19 period. It should be noted that the changes to outcomes payments during Covid were agreed retrospectively after the end of project delivery, so had no direct impact during delivery. They only covered the final five months of

### 3.3.1 Changes to reduce complexity

During year one, WLZ concluded that the rate card agreed during the contract development phase was complicated to measure and, most pertinently, challenging to explain to others. Given the emphasis on bringing new schools and LAs on board, WLZ realised that a simpler rate card was needed. With RBKC joining as a second LA commissioner in year two, there was also an opportunity to re-visit the payment mechanism when arranging this contract, and then negotiate to include these changes with LBHF for the remainder of their contract.

WLZ were able negotiate the changes with LBHF as many of the outcome areas were still aligned to the other local policies (e.g., Troubled Families) that had been relevant when the original rate card was designed. A representative from LBHF reported that

the LBHF CBO-funded intervention and were subject to terms requiring the project to revert to outcomes under the Life Chances Fund continuation of the project prior to closure of the CBO award.

the Council was satisfied with the revisions and that the outcomes included in the outcomes structure were relevant and of interest for them.

CBO as a co-commissioner was also flexible in accommodating the changes. A formal variation of the award was not needed because the underlying terms of the contract (the outcomes, payment triggers, service user numbers) were broadly the same and there was little difference to the financial impact.

Although the revised rate card was still a complex solution compared to mechanisms used in other SIBs, WLZ thought that a degree of complexity was needed to ensure that it reflected the holistic scope of WLZ intervention and avoided being overly focused on any one area of child development.

### 3.3.2 Changes due to changing circumstances during the Covid-19 pandemic

As well as being a major pivot in WLZ's delivery (see section 3.2), there was a question during the Covid-19 pandemic around what data could be collected for the final outcomes for the project whilst the schools were closed. There was also concern that the crisis had an impact on children's mental health wellbeing and therefore measuring pre-post change in these areas may be problematic within the PbR contract. For the most part, stakeholders realised that a compromise was needed to enable WLZ to receive payment for the final few terms of work under the CBO contract.

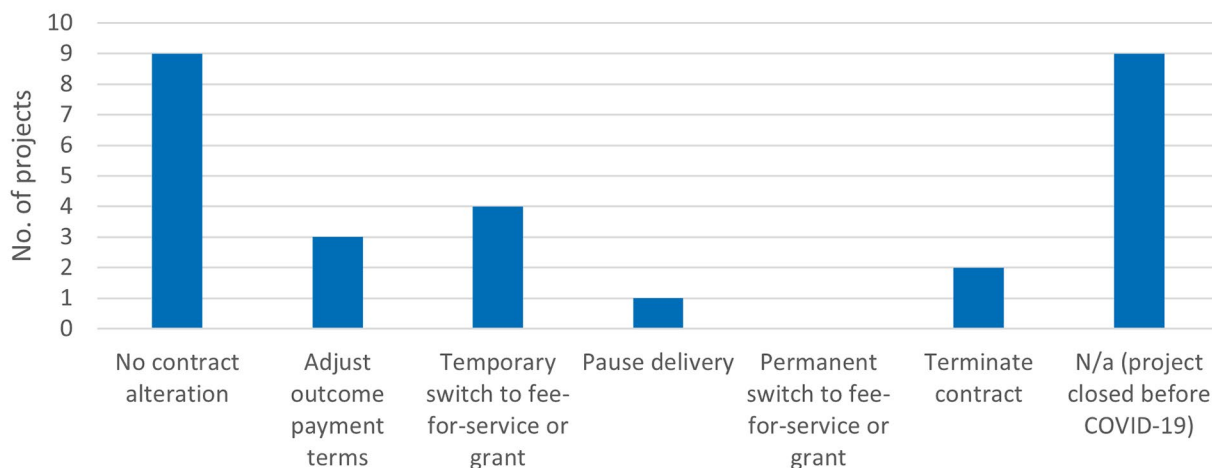
In March 2020, CBO offered all CBO funded projects several options:

- to remain on the outcomes payment structure in place at the time;
- to adjust the outcome payment terms;
- to transfer to commissioner payments on a fee-for-service basis, with CBO paying for 'proxy measures'<sup>17</sup>;
- to pause delivery; or
- to terminate the contract.

19 projects part-funded by CBO were operating at this point. Figure 4 shows the options chosen in these 19 projects; over half did not alter the contract (9), whilst 4 temporarily switched to fee-for-service payments.

17 A proxy measure is an indirect measure of the desired outcome which is itself strongly correlated to that outcome. It is commonly used when direct measures of the outcome are unobservable and/or unavailable. An organization should use a proxy measure when there is little or no data available about the program being implemented, but the outcome the program is designed to influence has an existing and commonly accepted proxy. Source: <https://govex.jhu.edu/wiki/proxy-measure/>

**Figure 4: How CBO projects changed contracts in response to Covid-19**



Source: The National Lottery Community Fund Management Information. Correct as at 17/11/22.

In WLZ, proxy measures were introduced. These related to engagement, service outputs and attendance at different types of sessions. Including payments for service user engagement or assessment in a SIB payment mechanism means that the commissioners bear more of the risk, as they are committing to payments irrespective of outcome achievement – creating a degree of jeopardy due to sunk costs<sup>18</sup>. However, CBO thought that focusing on engagement and service outputs was justified during the crises and that incentivising WLZ to achieve a good level of remote engagement would be beneficial for the young people. These would also be challenging targets for WLZ to achieve, given the sudden shift in their delivery model. The agreed revised milestones were as follows:

- Engagement milestone – minimum of three interactions pre-Covid-19 (2019/20 delivery prior to 21st March 2020), then minimum of three remote interactions for rest of academic year (i.e. up to July 2020) and at least 75% attendance at specialist support sessions.

- Proxy measure milestone (Wellbeing) – received a minimum of eight ‘wellbeing’ focussed interactions during Covid-19 delivery period (24th March 2020 to 23rd July 2020). To qualify, Year 1 and Year 2 Engagement milestone must have been met.
- Proxy measure milestone (Academic) – received a minimum of eight ‘home learning’ focussed interactions during Covid-19 delivery period (24th March 2020 to 23rd July 2020). To qualify, Year 1 and Year 2 Engagement milestone must have been met.
- Proxy measure milestone (End of Programme) – final review completed, containing Community Linking plan for post-WLZ. To qualify, Year 1 and Year 2 Engagement milestone must have been met.

Once this was agreed with CBO, WLZ engaged their other commissioners and adjusted their monitoring reports accordingly. At this point RBKC was providing payments through LCF but not involved in the payment for CBO<sup>19</sup>. As contractually obliged, WLZ continued to share monitoring information from the RBKC schools with them and made them aware of the decision-making during this period, as the CBO contract ran until 2020, which helped to inform future LA commissioning intentions.

<sup>18</sup> This was a concern during the development of the WLZ rate card, which included payments for sign-up and engagement as well as outcomes in both the original and revised version. In both versions, the LAs only agreed to this on the basis that over half of the payment for each child was related to outcomes.

<sup>19</sup> WLZ’s contract with RBKC was for minimum of 160 children with a contract value not to exceed £475,000. These conditions were realised (and due to overachievement against payment milestones) and the £475k was claimed quicker than originally profiled. This meant that WLZ did not claim a ‘final’ payment as originally intended at the end of the contract.

For one stakeholder, they reported that this was a challenging period for them. Partly because WLZ changed their reporting mechanisms (reporting more frequently), which made it hard to compare the final performance data with previous reports to have some context for the numbers. Stakeholders also wanted to be clear that WLZ had achieved their targets for the new proxy measures, as most of the third cohort's

payment was attached to the final point, and they queried some of the performance data with WLZ. The stakeholder recognised that there were many unforeseen challenges during the crises. However, they felt that WLZ had been quite fixed in how they wanted to respond in their delivery and therefore should be accountable for their results, even if they were lower than expected during this period.

### 3.4 Working together within a collective impact approach

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An area of key learning from the WLZ project was the inclusion of three commissioner types (four including The National Lottery Community Fund) in the CBO project. This was a priority for WLZ, given the inequality characteristics of their targeted area of west London (pockets of severe deprivation neighbouring areas of a high affluence) and wanting to bring together the public interests in the community with the philanthropic resource available.

WLZ thought that by the final year their relationships between the range of local commissioning groups had matured considerably, and with it the collaborative culture and collective impact mission deepened across the partnership, though all the engagement was through WLZ – the different commissioners had little interaction directly with one another. WLZ thought that within the arrangement the outcomes framework offered a way for the commissioners to focus on the needs of the young people rather than their own priorities.

**This structure of payments into every child's plan where no funder dominates. It's a true collaboration. This is really powerful in enabling West London Zone, the school, delivery partners and the LAs as a collaboration to all make the right decisions for the children together instead of one party being dominant.**

#### WLZ Stakeholder

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The original intention was that all commissioners would pay for WLZ on an outcome basis. However, the reality proved too complicated for most commissioners and only the LAs (and CBO) paid for the service based on outcomes for the contract duration. Goldman Sachs paid for the service based on outcomes within Year 1 of the project, totalling £159,000, this then reverted to grant disbursements for the remainder of the project. Philanthropists found it challenging to work with the uncertainty of a PbR contract, as they needed to account for how the money would be spent in advance. However,

they liked that public money was integrated with theirs, and that WLZ were held to account in their delivery. Schools similarly needed to know how much to budget for the service. Therefore, they paid in arrears, at the term end, but not on performance based on the rate card. The exception was the final payment by schools, which was based on the school's satisfaction with delivery, based on teachers reviewing data on every child's engagement with the programme and progress metrics with WLZ for the whole two-years<sup>20</sup>.

<sup>20</sup> WLZ reported that there were occasions with one school where they (and WLZ) weren't satisfied with the delivery/progress and they didn't pay the final instalment.

Even with this variation, sharing the cost – whilst embedding PbR within the structure – still enabled the different types of commissioners to come together and pay for the service. On this front, the arrangement for the project worked well and the range of commissioners remained committed to the structure for continued delivery through LCF. The bigger test will be how to maintain the mix

of funding longer term, particularly if there are challenges keeping an ongoing commitment from the LAs (see section 6.2). Both philanthropists and school stakeholders remained committed to WLZ. Philanthropists interviewed emphasised the growth of WLZ as its success. Schools interviewed emphasised the importance of being invested, both in a financial sense and in terms of their motivation.

**The reason they ask schools for a fee to a certain extent is because it makes sure the schools are invested. I think we recognise the value of the project rather than just something else to do. We're all behind this project.**

#### **School Stakeholder**

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Although including a range of commissioners was a success of WLZ, there were challenges related to the dynamics of the LA commissioner engagement. These mainly related to one LA. Challenges included:

- Procuring the intervention. The LA noted their legal obligation to competitively tender the delivery of the project due to LA contract standing orders and regulations regarding the value of the contract. However, WLZ were the only bidder for this opportunity. WLZ was awarded the Early Link Worker Service contract, however the process was protracted and all those involved, including WLZ, spent resource on the process. Bridges commented at the time that there were other ways to procure a service (e.g., Innovation Partnerships or VEAT and PIN), particularly where there had been a high level of co-design between a commissioner and provider of a service. However, Bridges thought there was low awareness of these as options at the time as LAs had a legal obligation for a competitive procurement.
- Capacity in project management. LA stakeholders reported that it was sometimes hard to follow the rationale for decisions made on the project as they had less direct involvement with the original project design and development phases.

Mostly these challenges can be related to the project being provider-rather than commissioner-led, meaning that WLZ had designed the intervention and made the proposal to the LA to commission it, rather than the LA identifying a specific need for the service and then procuring a provider to deliver it. This was then amplified by the collective impact approach within WLZ – as WLZ was primarily interested in achieving the outcomes for children and was limited in the extent to which they could implement requests from any one commissioner.

The LA stakeholder reflected that they liked elements of the WLZ set-up - the focus on early intervention, the amount of data WLZ collected and the PbR focus. However, they also found elements difficult - specifically, that they had less influence shaping the outcomes focus to be aligned with their local needs.



I like the performance-based payment...it is more that we didn't write it. We didn't design it based on our own needs. It wasn't something that we went, 'Right, we're looking at our data, we're looking at our borough, we're looking at our local cohorts, and this is the outcomes....

LA Stakeholder

The restrictions of the WLZ contract were highlighted to the LA following the impact of the Covid-19 crisis. The stakeholder reported that their priority was funding mental health and job support for young

people. In their view, having committed to the five-years of the WLZ contract it was difficult to reflect these changing priorities within that.

We're getting a lot of feedback from young people and mental health is just at the top of everything with health and wellbeing. People asking for mentoring, they want jobs support. Young people are really worried about what their future is going to be in terms of work opportunities, and I think you need an outcomes-based contract that's flexible, that you can influence and change to those outcomes.

LA Stakeholder

There was also learning from WLZ's perspective on how to effectively engage and communicate with both LA commissioners – needing to 'stay close', keep the commissioner up to date regularly and include strategic stakeholders in the engagement to ensure good understanding of their work at all levels. WLZ thought that they had improved their approach to commissioner engagement over the

duration of the CBO contract and by the final year communication was at the right levels and there was better understanding within the LAs of the WLZ work. However, some of the benefits of improving communication channels and dedicating significant amounts of time to commissioner engagement were short-lived when there was turnover of key staff within the LA managing the project..

### 3.5 Partner experience

WLZ commissioned the local partners on a fee-for-service basis, rather than based on results; however, WLZ requested certain monitoring and delivery requirements for partner organisations to be part of the intervention. In general, partners thought that there was open dialogue with WLZ's management team, and they felt able to have constructive and collaborative discussions to meet these requirements and resolve issues if they arose.

Partners reported that they were able to meet the monitoring requirements for the SIB for the most part by making only small adjustments to their existing processes. For example, one partner needed to include an additional monitoring process for the Strengths and Difficulties Questionnaire, as WLZ needed data on the sub-scales and the partner organisation only reported on the total score as part of their existing monitoring processes. This partner also reflected that WLZ's attention to detail, particularly around session attendance, prompted

them to make other small adjustments to their process that then improved the quality of their monitoring overall.

On meeting the delivery requirements, partners gave examples of ways they had tweaked their practice models to be part of the WLZ partnership. Some were easy to accommodate (such as only offering one-to-one work rather than their usual full range of sessions, including group activity), whereas other adjustments meant that their delivery with WLZ was different from their wider provision. For example, one organisation worked with smaller groups of young people and with children with lower-level ability

compared to their usual work. To accommodate these needs the partner needed to use additional tutors to run the sessions and had adapted how they worked to be appropriate at a lower level. Sometimes these adaptations incurred extra costs compared to their general way of working. However, the partner was happy to make the changes because they valued being part of WLZ's multi-school partnership and the added support Link Workers could provide them and the children. This had the advantage of being coordinated via one relationship with WLZ, rather than needing to form several individual relationships with schools themselves.

**Because our relationship is with West London Zone and their relationship is with the school. It gives us almost like a lot more security because it adds that extra level of like partnership to the relationship so that they are more longer lasting.**

#### Partner stakeholder

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In addition to partnership working with the WLZ management team, partners valued the Link Worker role. Partners found that Link Workers were able to draw on their knowledge of specific students and the school generally to implement practical solutions to help the partner collect the data they needed and to improve delivery in the setting. The proactive support from Link Workers often ensured there was good attendance at the sessions, including from students that were otherwise hard to engage.

The delivery requirements related mainly to partners being part of WLZ collective impact intervention, rather than the underlying PbR mechanism. The monitoring requirements were related, as this data was used as evidence to support outcome performance; but generally, partners met these with ease. Overall, then, the underlying funding arrangement had minimal influence on how the VCSE partners operated. However, it did affect how these organisations were commissioned within the WLZ partnership (discussed in section 5.4).

### 3.6 The National Lottery Community Fund experience

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Stakeholders from The National Lottery Community Fund reflected on the success of the WLZ project. Overall, CBO were able to grant manage the project in a comparatively light touch way, with no formal variations to the contract, until mitigations for Covid-19 in the project's final year.

One National Lottery Community Fund stakeholder commented that the multi-outcome funder set-up in WLZ, involving local authorities, schools and one philanthropic funder, gave the outcomes' base of the project breadth, which was viewed as a strength overall, and has since been scaled further in LCF. Although the stakeholder also reflected that WLZ's success in managing the different components within the project independently, with minimal commissioner



intervention, had inadvertently led to lower skill development and retention by commissioners than CBO would have hoped.

Stakeholders from The National Lottery Community Fund felt the project showed strong service user engagement and involvement of link workers or other services in delivering interventions. In addition, they highlighted how WLZ exceeded their initial projection of VCSE providers to engage with, working with 43 paid providers and WLZ being a VCSE itself.

Overall, stakeholders from The National Lottery Community Fund felt the project was strong on learning, with a project evaluation and case studies, and their communication remained good throughout the project, as well as CBO having some engagement with commissioners which was facilitated by WLZ.

### 3.7 Service user experience

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Pupils receiving the WLZ intervention reported that it was unlike any other school or extra-curricular programme they had taken part in before. Pupils

found the project enjoyable because it was varied and sat outside of the school curriculum.

**“It’s not something you get bored of easily, it’s like when you go, you are excited to do something new, which is why it never gets boring.”**

**WLZ Pupil**

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Pupils also highlighted that the friendliness of, and additional care provided by, their Link Worker were key reasons they engaged with the service. One pupil described how their Link Worker would check on

them during exam periods as well as take them back and forth between tutorial sessions, despite it being outside of their working hours and duties as a Link Worker.

**“The best thing for me is I felt more confident, and I know more friends from the project. Generally, it was just quite fun and you can learn something from it.”**

**WLZ Pupil**

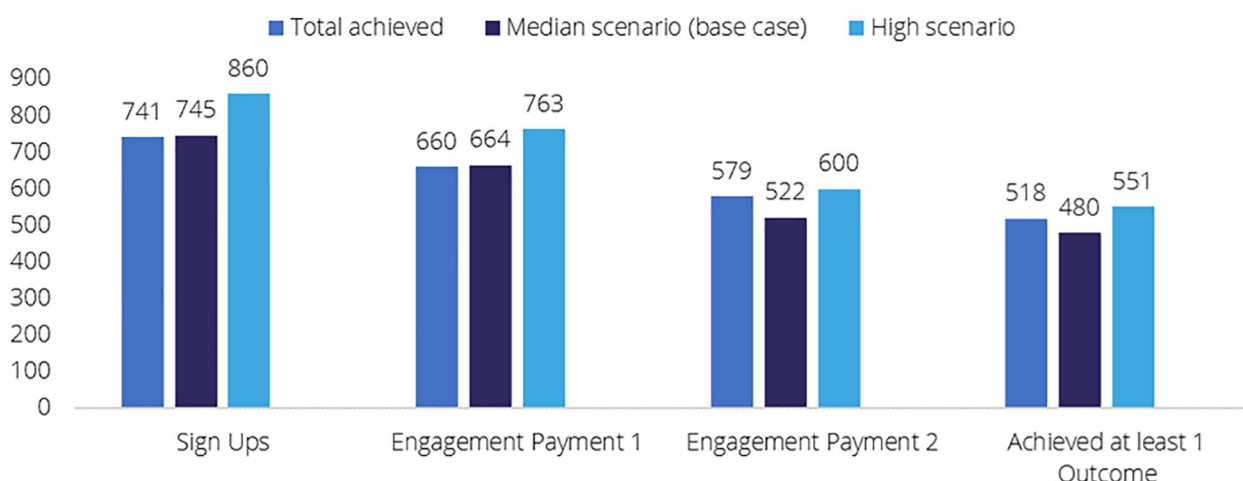
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# 4.0 Performance

Overall, WLZ achieved the base case scenario<sup>21</sup> for the project (Figure 5). However, some of the clarity in interpreting performance against the original metrics for the programme was compromised due to the changes that were made during the contract: restructuring the programme from the second year affected the extent to which WLZ were able to achieve the original volume targets<sup>22</sup>; and the two revisions to the payment mechanism affected comparability

of the success targets year on year<sup>23</sup>. Therefore, these changes to how outcomes were measured makes it difficult to state how WLZ performed against original targets. Although, the level of commissioner payments suggested that the project achieved the targets needed to meet the base case scenario and WLZ repaid the investor at the agreed level of Internal Rate of Return (2%).

**Figure 5 WLZ total performance compared to median and high scenarios**



Source: CBO EOG monitoring information

There were delays during CBO in setting up a robust counterfactual to assess the outcomes of similar children without the intervention, such assessment in early prevention interventions has proven difficult to implement in the past. This type of evaluation would provide evidence on the extent WLZ made difference

to children’s outcomes compared to what would have happened anyway. A counterfactual has now been modelled as part of the UCL evaluation of the intervention, although the impact will relate only to delivery under LCF, due to the timing of the assessment.

21 During the development phase, the projects typically modelled three scenarios as the basis for the project performance: a low, median (or base) and high. The different levels represent the extent to which investors will receive a return on their investment. The base case scenario is the minimum needed to ensure that the financial investment is viable.

22 Volume targets relate to the number of beneficiaries receiving support from the intervention. Achieving these ensures that sufficient payments from the commissioners to repay the investor the upfront working capital.

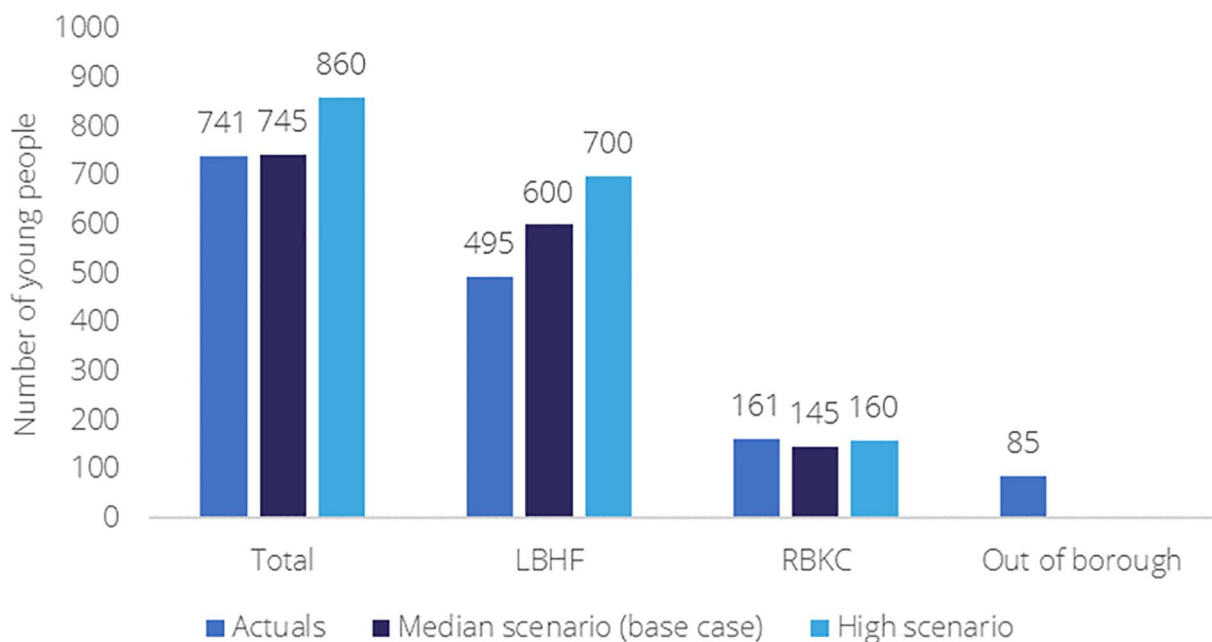
23 Success targets relate to the number of beneficiaries that make progress against the metrics in the outcome framework. Although outcome frameworks generally focus on individual changes for the service user (outcomes), in some projects – as in WLZ – the success targets can also include metrics related to engagement with the service as well (outputs).

## 4.1 Volume targets

WLZ achieved just below the base case for the project volume targets. WLZ reported that this was a consequence of changing programme-structure and payment mechanism after the first year. With the fixed-two-year programme, more young people stayed for longer in the cohort, where previously they had anticipated that 60% of each cohort would

leave after one year. RBKC joined the project from the second year and their targets therefore reflected the new programme structure arrangement and were achieved; whereas the targets for LBHF were set at the start of the project and were therefore affected by the change (Figure 6).

**Figure 6 Volume target performance by LA contract**



Source: CBO End of Grant Monitoring Information

Overall, WLZ thought the pressure to achieve the volume targets paid off. It incentivised them to build on initial good results of the project, which in turn accelerated their progress to become better known and established as a reputable early intervention provider within the local area. It also made engaging additional schools an immediate priority. While this aligned with their longer-term priority to reach 20% of young people at-risk in the local area, without the

volume targets WLZ would possibly have scaled at a slower rate as they refined their intervention after the first year. Overall though, WLZ stakeholders reported that they were still able to strike a balance between scaling the intervention in line with what was needed and ensuring that they maintained quality in the intervention as well. WLZ stakeholders thought several decisions helped with the scaling (Figure 7).

**Figure 7 Key decision that helped WLZ scale their operations during CBO**

Several key decisions helped WLZ to scale their operations into the schools needed during the CBO contract:

- **Simplifying the payment mechanism in the second year helped to engage schools.** With the revised model, elements of the monitoring of the programme (now a flat two-year service) were easier to explain to others, and so it became easier to bring schools on board as part of the expansion.
- **Internal monitoring systems were prioritised and improved to support the larger scale.** By the final year, WLZ was operating a mature monitoring system compared to the basic systems in place initially (comprised of make-shift composition of Excel spreadsheets and open-source platform). While updating the systems mid-delivery was challenging, WLZ stakeholders thought it was part of the process of progressing the service at a certain pace. WLZ stakeholders thought that with the improved systems they were highly effective in monitoring outcomes and performance allowing for ongoing course correction and efficient feedback to their Link Workers, partners, investors, and commissioners.
- **Aiming to work at a larger scale influenced operational and delivery decision-making.** Aware that they needed to work in more schools, WLZ adapted their model shortly into delivery to ensure there was clear definitions of expectations and tight management to ensure there was consistency across the settings in the Link Worker role, communications in school, quality of the partners, and initial set-up.
- **Adapting how partners were managed to coordinate their delivery effectively across multiple settings.** This included making it clear what WLZ's commitment was to each school and building the role of the Link Worker to have clear responsibilities in managing partners and directly delivering support. WLZ also improved their systems and processes to match partner support with the cohorts needs, which helped to achieve better progress towards the outcomes and deepened the management structure of the intervention.

From Bridges' perspective, the number of schools WLZ needed to engage was a specific risk in this contract; they had experience from other SIBs supporting young people at risk of NEET (not in education, employment, or training) facing challenges in engaging schools, even where the school was receiving the service for free. Whereas in this project, WLZ stakeholders were asking schools to engage in the project and pay for it. However, once it was apparent that WLZ were on track to secure the additional schools, Bridges were more confident that the project would perform well..

Evidence from the final interviews for this In-depth Review also suggested WLZ engaged the additional schools without detriment to the quality of their delivery. Both LAs had received a lot of positive feedback from their local schools and stakeholders thought that the ongoing commitment from schools to fund WLZ's intervention was testament to the impact WLZ were having, given the competing funding priorities in schools.

A lot of the schools have continued year on year wanting to stay signed up, which is a really good sign, because schools don't tend to spend the money unless they feel it's having an impact.

LA stakeholder

Although WLZ achieved close to the volume targets, it is worth noting that the full application form stage to CBO included a potential cohort for 1,440 children for three years and referenced four LAs (LBHF, RBKC, Brent and Westminster).. However, only LBHF were brought on

board by the time the initial CBO contract was signed (with the proposals shared with CBO that outlined a contract with either RBKC or Brent (RBKC were then contracted from September 2017 onwards)

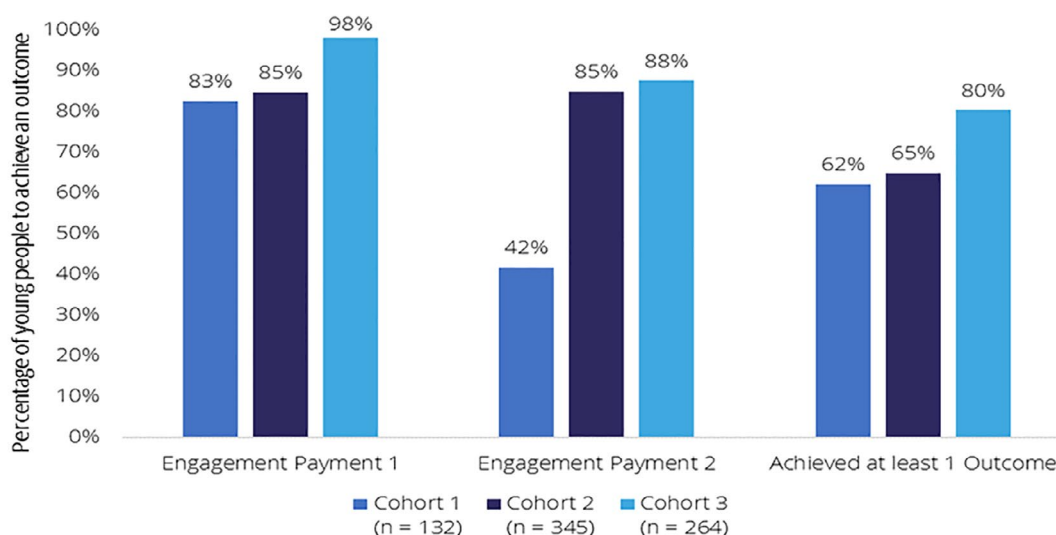
## 4.2 Success targets (outcome performance)

The outcome performance in WLZ was promising. There were notable improvements in the evidence related to the engagement targets over the three cohorts, as almost double the number of children achieved the second engagement target by Cohort 3 (Figure 8). This suggested that over time WLZ improved their delivery with children and supported the rationale for making changes to the programme structure mid-contract. However, direct comparison of the success rates between the three cohorts was limited, as each cohort measured outcomes slightly differently due to the two revisions in the rate card. Specifically comparing the achievement of at least 1 outcome in the final year

with the previous years was limited, as the final year measurement was based on proxy measures rather than the original rate card, due to challenges collecting data from young people in a school setting during the covid-19 crises (discussed in section 3.3.2).

When interpreting the data in the following figures, caveats must be made in comparing the success of the indicators out of the total base figure. For instance, only those below 96% attendance can claim the Attendance outcome, whereas all children are eligible regardless of initial risk status to achieve the SDQ/academic outcomes. Therefore, the total base figure cannot be assumed as comparative.

Figure 8 Success target performance as a percentage of the signups for the three cohorts

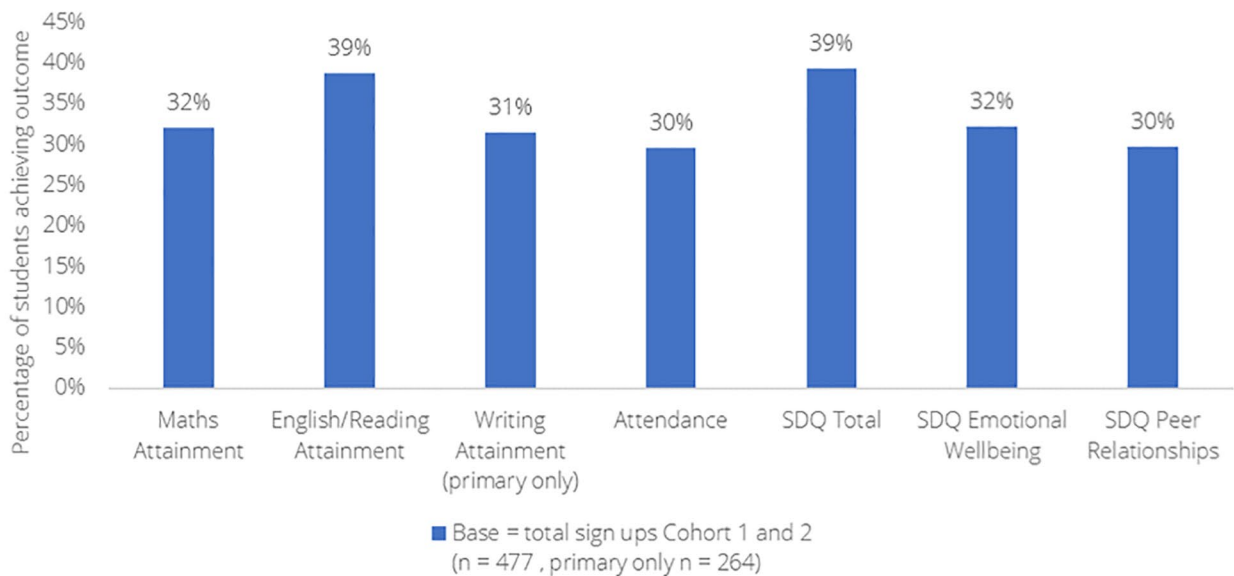
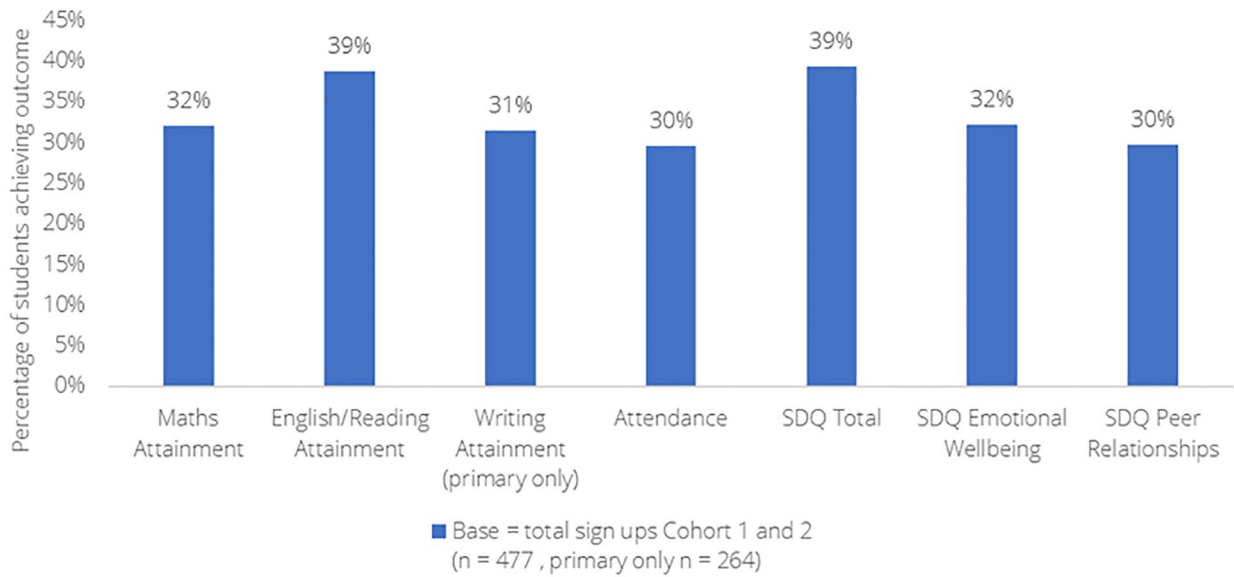


Source: The National Lottery Community Fund End of Grant Monitoring Information. Overall volumes = 741 (against a base case target of 745).

Reviewing the data at outcome level for Cohorts 1 and 2, the evidence suggested that the intervention was supporting progress in child's development in a range of developmental areas, as each outcome was

achieved by around a third of children, rather than there being a high proportion of success in only a few areas (Figure 9).

**Figure 9 Percentage of children in Cohort 1 and Cohort 2 achieving outcomes**



Source: WLZ rate card Monitoring Information. Data collected for all pupils in the cohorts. Outcomes missing from the chart – school engagement and RBKC overall measure (as these were only collected in one LA).

From the interviews with stakeholders, the evidence suggested that the range of outcomes (attainment, attendance, social and emotional wellbeing academic) in the framework worked well in practice to satisfy the interests of the commissioners. One LA stakeholder thought that the outcomes framework worked well overall, but that some of the definitions

of success could be more challenging. However, the LA stakeholder was mindful that measuring change was difficult – particularly related to emotional health wellbeing – and they understood the reasons why WLZ would want to ensure that targets were achievable for a PbR contract in this early intervention context.

**“Attendance is really good, we’ve got it to a stage where if the programme is successful for that child in terms of attendance, then that means there’s no need for statutory involvement from our other services. So that’s a really strong one. But there are other kinds of outcomes around for example, emotional health and wellbeing, where we would have liked to have seen the actual success criteria be a bit stronger and a bit higher than what it currently is, but at the same time we know it’s really difficult to evidence progress/improvement.”**

**LA stakeholder**

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In general performance data appeared to be less of a priority for the schools. One school stakeholder thought that the quality of delivery and the management style of WLZ was excellent, and that influenced their judgement about the project, over progress towards specific targets. Rather, over-focusing on the data suggested there was less trust in the organisation to perform well. School stakeholders thought that this was unnecessary

in the case of WLZ, given their good working relationships with WLZ, and experience that students were engaging well with the project. Another school stakeholder was interested in the outcomes included in the monitoring – but also placed an emphasis on the wider benefits from the young person developing a trusting relationship with the Link Worker and the value in offering a service to young people who would unlikely be supported otherwise.

**I would say that the biggest impact you see is that actually children just feel listened to and heard by having the Link Worker but also having tailored experiences they feel much more part of the school, but also, they’ve got a special kind of relationship and kind of contact that ties them into school life even more and helps them progress.**

**School stakeholder**

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Overall, it was promising that the main outcomes structure worked well, given the lengths that WLZ went to during the development phase to ensure that the breadth of outcomes was sufficient and the metrics appropriate. The learning that the relationship

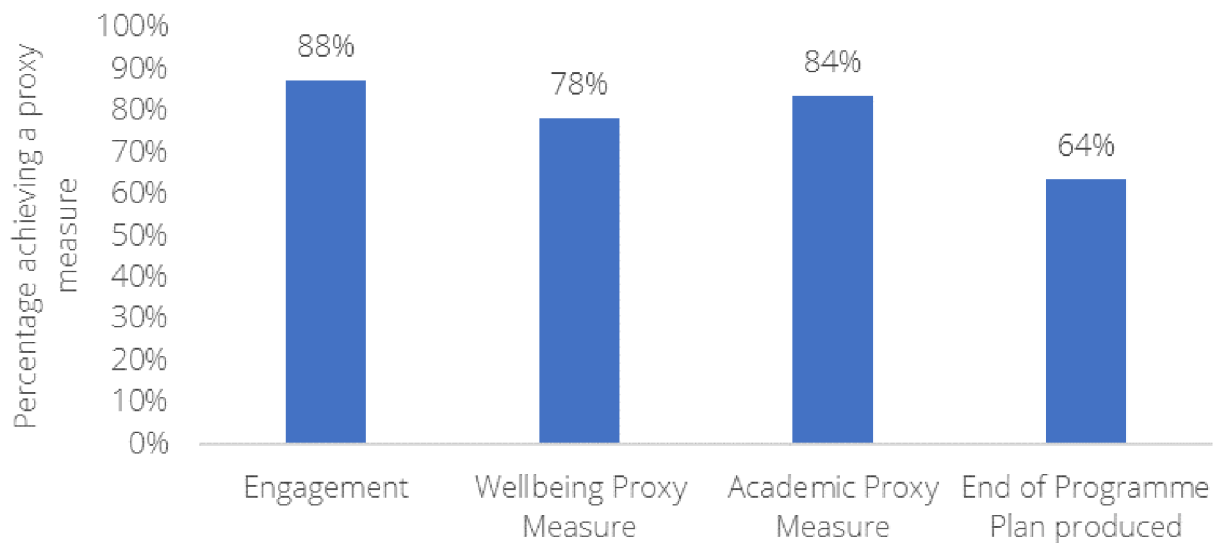
between WLZ and the school was as important as performance data was valuable, given that WLZ was one of the few projects where schools were included as commissioners paying for the service as well.

### 4.2.1 Final year outcomes

The final year of the CBO contract was a key point for WLZ to demonstrate their success in their outcome performance, as WLZ and Bridges hoped that it would confirm again the positive impact that had been seen at the end of the second year. However, with the changes to delivery and the payment mechanism due to the Covid-19 crises, it was hard to conclude much from the final outcomes for the project.

With the new rate card, comprising proxy measures based on service outputs and engagement targets, the evidence showed a high level of achievement across both LBHF and RBKC (Figure 10). Over three quarters achieved the targets for engagement, wellbeing (minimum 6 Wellbeing interactions over lockdown), and academic (minimum 6 academic interactions over lockdown). Almost two thirds also had an end of Programme Plan.

**Figure 10 Percentage of children in Cohort 3 achieving a proxy measure**



Source: WLZ Monitoring Information.

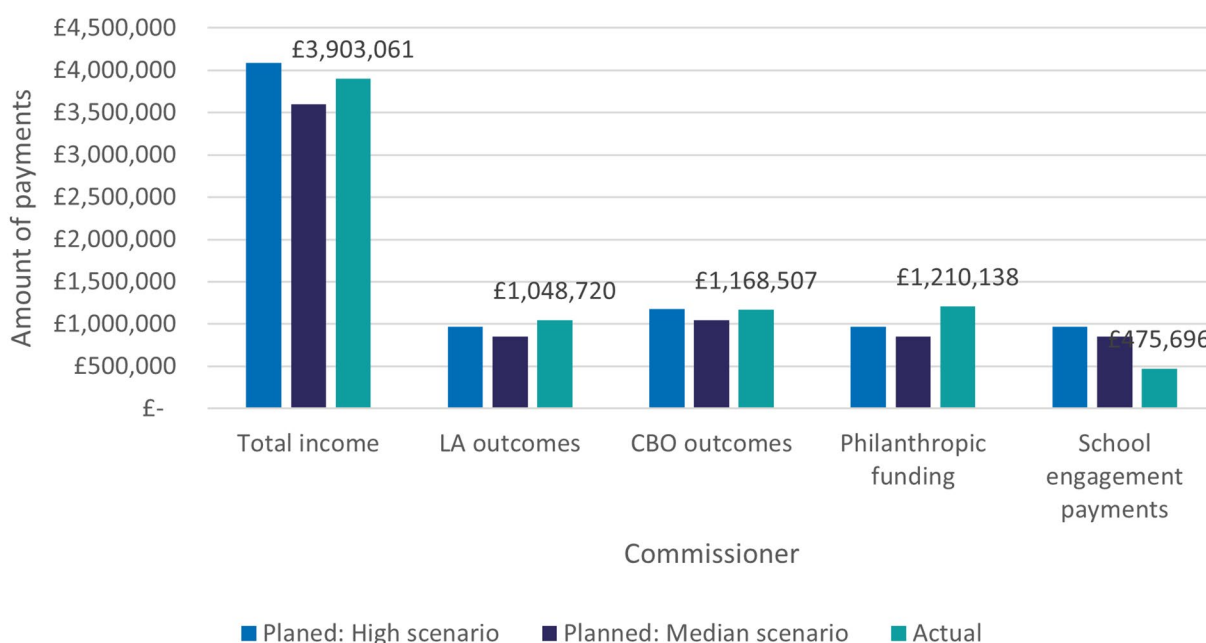


### 4.3 Commissioner payments and investor returns

In terms of the commissioner payments, WLZ received a total of £3,903,061. This was almost in line with their

projected 'high scenario' as set out in the award letter with The National Lottery Community Fund.

**Figure 11 Commissioner payments**



Source: The National Lottery Community Fund End of Grant Monitoring Information. High and median scenarios as set out in award agreement between The National Lottery Community Fund and WLZ.

**Table 6: Commissioner payments**

	Planned: High scenario	Planned: Median scenario	Actual
LA outcomes	£969,667	£850,000	<b>£1,048,720</b>
CBO outcomes	£1,180,000	£1,050,000	<b>£1,168,507</b>
Philanthropic funding	£969,667	£850,000	<b>£1,210,138</b>
School engagement payments	£969,667	£850,000	<b>£475,696</b>
<b>Total income</b>	<b>£4,089,000</b>	<b>£3,600,000</b>	<b>£3,903,061</b>

Source: The National Lottery Community Fund End of Grant Monitoring Information. High and median scenarios as set out in award agreement between The National Lottery Community Fund and WLZ.

WLZ were able to retain the full Stepping Stones Grant (£150,000), included in the figures for philanthropic grants, which they were able to use as a grant to support delivery.

WLZ accessed less than half (£550,000) of the capital available (£1,280,000) from the investors during the contract lifetime, despite the ambition to scale the intervention and the capital from the investor offering the potential to do that. WLZ explained they drew down what they needed to scale to the size required to meet their volume targets in the SIB. As explained (section 4.1), any further scaling would have been detrimental to the quality of the intervention, given

the timescales of the project. Bridges stakeholders confirmed that they made an initial investment based on what WLZ might need for the LBHF and RBKC contract with some allowance for delays, underperformance or delivery changes. However, they thought WLZ only needed to draw down what was needed for initial delivery in each individual contract).

A consequence of WLZ achieving base case, rather than the high scenario, was that Bridges received slightly less for the project than what was planned. WLZ repaid the £550k investment plus £80,062 (totalling £630,060.00, or a 'money multiple' of 1.15).

# 5.0 Successes, challenges and impacts of the SIB mechanism

The chapter discusses the overall learning, in terms of the successes, challenges and impacts, of funding the WLZ intervention as a SIB, compared to funding

this project through another mechanism (such as fee for service or PbR).

## 5.1 Flexibility in delivery

WLZ made two large-scale revisions during CBO (described in section 3), as well as a series of smaller scale tailored refinements, such as structuring the order of the partner support so they could offer a more personalised service to children, and improving their parental engagement strategies. Sometimes WLZ received advice from partners, but mostly the changes were led by WLZ, and all the decisions were based on organisational learning, data from delivery or in strategic response to a changing circumstance or needs in the cohort (as was the case during the Covid-19 crisis).

Given that WLZ started their CBO delivery after only a short pilot in two schools, a degree of refinement to intervention was perhaps expected, particularly as WLZ scaled delivery into additional schools. However, the flexibility within an outcomes focused contract meant that WLZ could make many of these decisions with a degree of autonomy, and without needing to agree a new service specification with commissioners or vary the award with CBO. This helped WLZ to adjust their intervention in a timely manner and progress quickly from the early stages of delivery into a mature provider with advanced processes.

## 5.2 Greater emphasis on performance management

Although some of the learning from WLZ's performance management approach related to implementing a collective impact initiative, stakeholders thought that the volume and success targets in the PbR contract had been a key influencing factor on their performance management approach from day one. WLZ thought they would have been impact orientated under another type of contract (e.g., fully grant-funded), but that there

was a chance that other priorities within the complex partnership could have distracted the management team's focus. Instead, in the current set-up, WLZ stakeholders thought that their decision-making across the partnership focused centrally on achieving the specific outcomes in the PbR contract, which for the most part had been a strength of how they operated.

**I think the focus would have been the same [in another type of contract], I'm just not sure we would have been so tenacious and successful in getting the data and probably not at achieving the outcomes. Maybe we would have got distracted, this is a model that could easily lend itself to mission drift... Doing things with the children that didn't contribute to those core social, emotional and academic outcomes.**

**WLZ stakeholder**

As mentioned before, WLZ took on a dual role in this project – providing direct services and acting as the ‘backbone organisation’ by managing all contracts and performance. Overall, WLZ stakeholders thought that having one organisation co-ordinating all the processes and interests within the project helped to align decision-making and minimise duplication within a potentially complex collective impact structure. If a separate ‘intermediary organisation held the responsibilities in managing the SIB, then it would have been more fragmented.

This would have meant they would have been further removed from the day-to-day operations, and potentially add costs managing this element of the contract separately. In our second in-depth review report, we concluded that WLZ’s dual role was one of the main successes of the project; we reported that WLZ was able to operate sufficiently in a wider range of roles, including closely managing their own performance to support the SIB requirements and high-quality delivery. At this final stage, WLZ thought that their effectiveness overseeing all elements of the contract had increased over time, as their relationships with local organisations had further embedded. This was confirmed during the final year, as WLZ stakeholders felt readily able to adapt their delivery and management processes to align with the changes they implemented during the Covid-19 crisis.

To help with their partnership working, WLZ had grown their management structure and invested in data monitoring systems to be able to respond readily to requests for information. Specifically, investing in advanced data monitoring systems helped WLZ scale their approach into more settings. Then the costs of the investment paid off as they received payment from working with a larger cohort.

WLZ was largely autonomous in their performance management approach. Bridges’ assistance was needed earlier in the project, to help WLZ to agree a contract for the SIB that worked for all parties. However, they were needed less to develop

management processes – or to be involved generally – beyond that. This was different to other projects, where Bridges have either been involved directly in the decision making by the prime contractor (such as Positive Families Partnership<sup>24</sup>) or had a strong advisory influence on projects to ensure they meet their necessary volume and success targets (such as Mayday Trust: Be the Change<sup>25</sup>). There is an argument that SIB projects benefit from having these links with an external organisation, who can positively influence their operations to be effective and efficient – as was the case in the Youth Engagement Fund, for example<sup>26</sup>. In WLZ though, the benefits from their performance management approach should be largely attributed to internally rather than to an external organisation. Although a stakeholder from Bridges continued to be available for strategic advice and was involved as a WLZ Board member, generally, WLZ used this support for long-term planning rather than operational decision making.

In WLZ, management costs accounted for 6% of their overall spend (see Section 5.5 for more information on costs). To an extent there was a flexibility in the SIB approach in how providers allocate their costs, as WLZ could make a judgement about what is needed to maximise outcome performance. This was possible because commissioners in theory were mainly concerned with the outcomes for the service rather the specific service specification and organisational set-up. In WLZ, most of the management costs related to their decision to act both as the prime contractor managing the contracts with the commissioners, investment fund manager and the delivery partners; and to hold responsibilities in delivering their intervention, by employing Link Workers to coordinate partner delivery and directly work with young people.

24 In-depth Review Positive Families Partnership. Accessed [here](#).

25 In-depth Review Mayday Trust: Be the Change. Accessed [here](#)

26 <https://www.gov.uk/government/publications/youth-engagement-fund-evaluation-final-report>

### 5.3 Improved use of data and systems

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The third benefit of the WLZ SIB (and one that relates closely to performance management) was that the underlying outcomes contract influenced how WLZ used and applied data (and the systems needed to collect and report on that data). This related to WLZ investing in their data systems to support their performance monitoring generally (described in section 5.2). It also specifically affected their processes by using a bespoke survey at the start of the school year to identify the level of need amongst the students at the school<sup>27</sup>. Data from this survey served several purposes, some of which directly related to the requirements of the SIB:

- To ensure that an objective process was used to identify the cohorts. This gave the commissioners confidence that WLZ worked with the right young people. This was important within the PbR arrangement, as it offered reassurance that WLZ were working with children that would benefit most from the service and minimised the risk of WLZ cherry picking a cohort<sup>28</sup>.
- to set a baseline for the outcome assessment. Another requirement of the PbR contract. WLZ then received payment based on each individual child in the cohort's progress from this first assessment.
- to commission the partner organisations. This meant that the needs of children were central to the decision-making of which partners were needed to meet the common areas of need in the cohort, rather than what WLZ or the school thought was needed. This

was less of a specific requirement of the SIB but helped to include the right partners to achieve the outcomes in the PbR contract (see section 5.4).

Overall, WLZ's commissioning stakeholders were in consensus that using the survey results worked well to identify the students that needed this type of early intervention support - that is, those who were not otherwise receiving support services, either because their current need was not at crisis point or who were 'under the radar' for other reasons. An LA stakeholder highlighted that using data in the process ensured that WLZ were fully accountable to specific individual children throughout the contract: once the cohort was agreed, WLZ had to achieve outcomes with each named child to receive the allocated payment. This meant that WLZ continued to work hard to reach or difficult to engage children and minimised the opportunity for WLZ selecting children who would perform better in the SIB contract. School stakeholders liked that they had a say in the decision-making process and noted that the survey often identified quieter children that needed support, but who otherwise may have been missed by the school. The only challenge from the school's perspective was that the survey worked less well in the primary setting, where the survey was completed by parents rather than the young people. This had implications for the reliability of the results, as fewer surveys were returned and it was more difficult to ascertain if a child needed support when this information was collected through a gatekeeper.

### 5.4 Greater social impact

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There were several features of the WLZ SIB mechanism that may have contributed to the project achieving greater social impact than if the service had been funded otherwise. The first was that the

contract required ambitious volume targets to ensure that WLZ achieved (and received payments for) sufficient outcomes in each of the years - to ensure that they had the resource to able to further fund

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<sup>27</sup> Risk indicators factored in to determine eligibility relate to poor long-term outcomes and comprised: deprivation; poor school attendance; school attainment; anxiety; wellbeing; capability to form relationships; and family relationships.

<sup>28</sup> This is a perverse incentive whereby providers, investors or intermediaries select beneficiaries that are more likely to achieve the expected outcomes and leave outside the cohort the most challenging cases

the service (by recycling the outcome payments) and meet the necessary repayments to Bridges. The inclusion of the volume targets meant that WLZ focused on scaling their intervention straight away - bringing in new schools and ensuring enough suitable children were identified for their cohorts, even whilst they refined their intervention after the first year. Without this pressure, WLZ could have instead focused on continuing to deliver at a smaller scale for longer, engaged fewer children in the intervention, and therefore have less reach to achieve social impact overall.

The second element of the outcomes contract that may have contributed to greater social impact was the data driven identification process for WLZ cohort. This process identified children in the school who would have been unlikely to have received support otherwise. This was confirmed by school stakeholders, who reported that the survey identified quieter students that they had not thought of previously as requiring support. It is fair to assume that, even if schools had funded any alternative provision, using the pupil premium resource (in place of WLZ), it was less likely this provision would have used a similarly data-driven approach to identify these children. As discussed in section 5.3, elements of the data driven process were implemented to satisfy the requirements of the SIB (to give commissioners confidence in the cohort, to include a baseline assessment for the outcomes contract, and to help commission partners). It could also be argued that even without a SIB, WLZ would have included a similar identification process within their collective impact initiative. This potentially moderates the extent to which the process can be associated with the SIB alone. However, given that specific elements of the identification process was influenced by the SIB, then it is plausible that was some relationship between the SIB requirements, the identification process, and amount of social impact achieved in the project.

A further potential element of the outcomes contract that may have influenced greater social impact was WLZ's deliberate selection of their commissioned local delivery partners. WLZ stakeholders thought that without the requirements of the outcomes contract and the pressure to maximise the outcomes targets, they potentially could have focused less on how each partner organisation contributed to achieving the specified outcomes in the rate card. WLZ stakeholders thought that, over time, they could have selected partners that were interesting and high quality, but with a broader scope than the main outcomes of interest. Rather than limiting the intervention, WLZ stakeholders thought that having the outcome areas in mind kept them focused on what they had agreed was important when the project was developed. Then to ensure they were still fostering a place-based partnership that joined up all community assets, WLZ chose to form connections with a wider pool of partners that were not directly commissioned within their contract, but that WLZ could link their children to if they thought that support would be relevant. The early negotiation to include out-of-borough young people also increased reach and affected social impact, in comparison to the Positive Families Partnership who were unable to secure commissioner agreement on this and therefore unable to claim outcome payments for families who moved out-of-borough even if the young person remained out of care.

Overall, though it is hard to conclude definitively if these factors directly meant that the WLZ project achieved more social impact than would have been possible otherwise. Without a direct comparison with a similar organisation contracted differently, it is impossible to compare the extent to which the SIB set-up helped to achieve certain outcomes or not. In the case of WLZ this is especially true because there was overlap between the requirements of the SIB and the requirements of a collective impact initiative, which was a central tenet of the WLZ intervention.

## 5.5 Stakeholder perceptions of SIB value for money

SIB contracts may include costs that do not always feature in fee-for-service contracts. These relate to the returns to the investor for the upfront working capital and the management costs required to collect the necessary monitoring data and manage the financial flows in the underlying PbR contract. Table 7 summarises the costs of running the WLZ project. Based on these figures, the SIB costs accounted for 10% of project spend. What is unclear is whether these costs are additional to if the project had been funded through an alternative commissioning approach, or if other commissioning approaches would have incurred different costs. Because WLZ is

a new service there is no cost data of similar services with which to compare the running costs, and so we cannot know for certain whether the SIB resulted in additional costs or not. We do know that the SIB costs were within the benchmarks used by The National Lottery Community Fund to assess value for money. We also know that stakeholders thought the service was expensive relative to other support available in the area, though it is difficult to ascertain whether this is due to the SIB costs, or the costs of running a collective impact project, aiming to support the holistic needs of a child, and involving multiple partners.

**Table 7 WLZ project costs**

Cost type	Description	Amount	% of Total	
<b>Delivery costs</b>	Delivery by providers	£3,121,582	77%	<b>88%</b>
	Delivery support by WLZ	£227,000	6%	
	Delivery data collection	£81,000	2%	
	WLZ balance spent on further delivery	£156,000	4%	
<b>SIB costs</b>	Investment Return	£80,062	2%	<b>10%</b>
	Data analysis related to SIB aspects	£81,000	2%	
	SIB Management	£242,160	6%	
<b>Other</b>	Evaluation	£73,418	2%	<b>2%</b>
<b>Total</b>		<b>£4,062,222</b>		

Source: Cost information submitted by WLZ to The National Lottery Community Fund.



In their interviews, most of the commissioning stakeholders confirmed that the project was good value for money. We explain the specific views of different stakeholders below.

School stakeholders generally thought that the costs of WLZ were high but worth it. This value was linked

less to outcome performance but to wider benefits of the young person participating in the service, the relationships WLZ developed with the school, plus the efficiency of WLZ managing several partners and the access to an additional professional working with a vulnerable cohort.

**If we didn't think it was good, we wouldn't buy it. We do have to make choices, there is something else that we don't get to do if we do this so this is something that's worth investing in really if those children are doing well.**

**School stakeholder**

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**My view is that there's no way that we could get that good of value for money in terms of the amount of interventions that we've got for the children and it's almost like having like a part-time member of staff coming in and being with those children. That is money really well spent.**

**School stakeholder**

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The two LA commissioners had more mixed views on the value for money from the service. One LA thought that in sharing the cost of the intervention, they paid less for a high-quality service and still received great value for it. This stakeholder was interested less in the financial value of specific outcomes, but in offering

effective early intervention support to a cohort of vulnerable young people. For them, the positive feedback from the schools – which was unanimous – confirmed that the service was working well with a group of young people that otherwise would not have been supported.

**The overall value of the programme is a lot higher, even though we're paying a lot less, and obviously that has meant that the quality and the level of support that we did commission is a lot higher, so I think [the blended finance of co-commissioning] definitely enabled that.**

**LA stakeholder**

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The second LA thought that WLZ was less value for money, even considering the shared cost in the funding arrangements. They compared the unit cost per child in WLZ with other single interventions that they commissioned (e.g., intensive mentoring for

young people) and concluded that although there were reasons for the additional cost for WLZ, they were not justified. They thought that WLZ's set-up was different to other local voluntary organisations, with a more intensive management style.

**You'd maybe say there's potential costs within the organization [WLZ] outside of the actual ...commissioned provision and their link workers... whereas a lot of our other VCS organizations I guess run on very less ... a lot of the time the people that you're talking to [at other local VCS contract management meetings] are also the people delivering the service because they don't have the management costs... whereas... with this organization [WLZ] we meet with the heads of all directors...so it's just a different model..**

#### **LA stakeholder**

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A Cost Benefit Analysis of WLZ conducted by ATQ Consultants also concluded that, based solely on the successful outcomes from the WLZ programme on the children and young people achieving them, there will be direct fiscal savings worth £7.5m, and wider economic benefits valued at £24.1m, at 2020/21

prices. They therefore estimate that there will be total savings or wider benefits worth £31.6m at 2020/21 prices. This therefore means that the fiscal benefits of the project outweigh its costs. However, this tells us about the Value for Money of the project, it does not tell us the Value for Money of the SIB mechanism itself.

# 6.0 Legacy and sustainability of the SIB mechanism

This section reflects on the short and long-term plans to fund WLZ as a SIB. While stakeholders thought that there had been benefits in funding the project in this way, the priority was to find a model

that continued to share the cost of the service by engaging public and private sector stakeholders as commissioners, at a time when funding early intervention may be harder than ever post-pandemic.

## 6.1 Short-term plans

In the short-term (until 2024) the WLZ intervention will be funded as a SIB with the same co-commissioning arrangement involving payments from schools, LAs and philanthropists. This arrangement was possible due to LCF, which offered two funding allocations: to continue the outcome commissioning arrangements beyond CBO; and a further allocation, offered later by DCMS, to increase the numbers of users envisaged in the original allocations. WLZ was one of the few projects that was able to use funding from both applications.

WLZ stakeholders thought that LCF was an opportunity to build on the intervention model and SIB structure developed during the CBO contract, but at a slightly larger scale, involving two new LA areas (Brent and Westminster), and broadening the scope of what was included in the shared funding structure (WLZ also included their early years provision in the SIB arrangement, where previously it was grant funded through philanthropic sources).

While LCF presented the opportunity to scale delivery again, WLZ stakeholders recognised that they were in a different position in developing the second SIB compared to when they signed the contract for the CBO: they were now a larger organisation, more established within the local area with good levels of demand from schools. Bridges agreed that during the LCF project WLZ had continued to make changes to improve delivery, but these were minor tweaks around bringing in new partners, improving school engagement, the role of link workers and collecting better data, rather than the larger design changes to the intervention or SIB structure that occurred during

CBO to tailor the service.

Although they were more established as an organisation and in their delivery, WLZ stakeholders thought that there was value in using the SIB model again for several reasons:

- The PbR approach with multiple commissioners sharing payments was still necessary, for the same reasons as it was when launching the first WLZ project (see section 2.1.1) (PbR was attractive to LA commissioners because they only pay for success, as described earlier). Also, at the time of setting up the second SIB, WLZ still only had limited data to support the outcomes from the intervention as they were awaiting the data from their second cohort.
- WLZ stakeholders believed that the outcomes structure had contributed to delivery and operational decisions in the first SIB, had in-part incentivised them to focus on their impact and prioritise robust monitoring process (e.g., identifying the right children for their cohorts). WLZ stakeholders wanted to ensure that this continued as they scaled operations in the new areas.
- In implementing a PbR approach, there was a cash flow risk for WLZ (before they received the sign-up engagement and outcomes payments from the commissioners); they still preferred to share this risk with an investment fund manager rather than take it all on themselves.

– In addition to the financial support, WLZ stakeholders valued the partnership with Bridges during the set-up phase of the SIB contract - the expertise in structuring, simplifying the payment

mechanism and driving performance management – as well as in accessing legal support and for advice on navigating the complex outcome payment arrangements with commissioners.

## 6.2 Longer-term plans

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At the time of the fieldwork (June - August 2021), WLZ was exploring alternative funding models beyond the LCF contract with the help of some pro-bono consultancy support to review their business plan. Generally, WLZ's priority was that any future funding structure continued to draw on public and private sources, as this was integral to their collective

impact mission. They also wanted LAs and schools to continue to pay in the same way (based on outcomes for LAs, and in arrears for schools) as they felt that reflected the priorities of the different commissioners whilst still ensuring that they had a vested interest in how the service was delivered.

**Having the LA in is really key operationally, it really drives those relationships with other services. Having the schools in, having schools pay is absolutely critical to really getting them invested in our work. I think having them there is really important, as a partner in the collective impact model it drives part of the operational relationships we need.**

### WLZ stakeholder

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Amongst the LA commissioners there were mixed views in terms of their longer-term support for WLZ. One LA said that they wanted to support the WLZ project longer-term, particularly as they could see the needs amongst at-risk school-aged children were greater than ever with the impact of the Covid-19 crises. But for the LA to continue to support WLZ, their contributions would need to be reduced to enable long-term funding sustainability. In their view, as a school-based intervention, the schools' investment in the programme should be proportionately higher. This stakeholder also raised the ever-present challenge of securing funding for an early-intervention service in the long-term - compared to other services they commissioned, where the outcomes could be attributed to cashable savings<sup>29</sup>. The second LA said that the priority was currently on funding statutory services and therefore it would be hard to make the case to continue to fund WLZ.

There was also the consideration of local political priorities in the future, which were hard to predict at any time, plus the impact of the Covid-19 crisis on changing local and national funding opportunities.

WLZ were aware that local government budgets were likely to be more restricted in future funding cycles due to the pandemic, and that there was very little chance of increasing their contributions; considering the PbR element was introduced because of the LA commissioners, this may mean future WLZ support might not include a PbR element. WLZ thought that a shift away from outcomes would be less of a detriment to their operations, as the contract to date had embedded a high-performance culture enough for the evidence-led, impact focused decision making to continue regardless. Bridges also agreed that WLZ would likely take forward their organisational learning from an outcomes contract to any future delivery regardless of how it was funded.

<sup>29</sup> It is worth noting that the WLZ commissioning stakeholders may not have reviewed the information on the fiscal savings/avoided costs information calculated by the independent organisation.

Even if they cannot all continue to deliver this as an outcomes contract, they have learned so much from doing it, and that will continue to live with whatever they continue to deliver in the future.

#### **Bridges stakeholder**

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A final challenge that affected the longer-term planning for WLZ was that the extended periods of lockdowns and restrictions had limited philanthropic engagement and the opportunity to grow support for WLZ. While this had not affected the delivery of the SIB during the CBO, or LCF, it had implications for progressing plans to increase the role and contribution of philanthropists to potentially cover the amount currently covered by the top-up funds. However, a philanthropist stakeholder thought that

there was still the potential to raise the profile of WLZ as a key social organisation within the community. They thought WLZ had developed the brand, but more could be done to ensure their work was widely known and associated amongst philanthropists with improving outcomes for children. Although increasing contributions from philanthropists was part of WLZ's plan, it was not the plan to ever fully-fund the service that way due to the benefits of having public funding in the mix too.

# 7.0 Conclusions

This chapter reflects on the learning from the WLZ project and the advantages and disadvantages of commissioning WLZ through a SIB model. Then

finally it assesses the extent to which the project met the CBO objectives.

## 7.1 CBO objectives

WLZ contributed to CBO's overall aim of growing the market of SIBs and other forms of OBC – it led to the launch of the WLZ SIB which then led to the launch of the LCF-funded SIB.

By means of summary, this SIB has contributed to the CBO programme's intended outcomes in the following ways:

**– Improve the skills and confidence of commissioners with regards to the development of SIBs: Partly achieved:**

One LA experienced a few challenges with this project, partly related to turnover in project management since the contracts were signed. This limited their engagement in the contract and contributed to their perception of the suitability of the project. However, WLZ also included a second LA, as well as seven philanthropists and over 20 schools as funders, which broadened the range of commissioners involved in a SIB contract (even if the payment arrangements with six philanthropists was on a grants basis) and which has provided a base for further scaling of the SIBs to new LA and school commissioners, as well as involving LAs, schools and philanthropic funders in the LCF supported model.

**– Increased early intervention and prevention is undertaken by delivery partners, including VCSE organisations, to address deep rooted social issues and help those most in need: Fully achieved:**

WLZ provided early intervention and prevention support for four years under CBO and have sustained the delivery under the LCF project. Without the PbR contract it was unlikely the LA commissioners would have commissioned the service and, without the upfront social investment, WLZ would not have been able to take on the full financial risk of a PbR project (needed both at the start of CBO and LCF). As a longer-term plan, WLZ hope to implement the collective partnership with a similar set up of multiple funders and involving

community agencies, but there may be less of a need to fund the project as SIB specifically. WLZ were currently exploring ways to implement a sustainable funding mechanism to ensure their early intervention and prevention work is sustained.

**– More delivery partners, including VCSE organisations, can access new forms of finance to reach more people: Fully achieved:**

WLZ was able to access social investment (drawing down £550k) and as a new organisation had not accessed social investment before. WLZ was notable also for the large number of local partners (43) commissioned and paid as part of its Collective Impact Intervention, who arguably benefited from WLZ's access, as their prime provider, to the social investment.

**– Increased learning and an enhanced collective understanding of how to develop and deliver successful SIBs: Fully achieved:**

Overall, West London Zone offered learning about how to successfully implement a SIB mechanism to fund a collective impact intervention aiming to intervene earlier in the lives of at-risk children, to ultimately improve longer term child outcomes in a range of areas. At the project outset, the proposals for the SIB were ambitious, with several unique features in the developing SIB market at the time. Although changes were needed from the original SIB design to make the contract work in practice, there was generally support for the revised model developed during the CBO contract, which has been taken forwards as part of the LCF funded SIB until 2024. Furthermore, it appeared that the benefits of an outcomes contract continued to be shared by the wider partnership of funders, even with the philanthropists and schools paying on a different basis, as well as organisational benefits for WLZ from prioritising scaling delivery from the outset.

## 7.2 Advantages of commissioning WLZ as a SIB

There were several key advantages to including a SIB within the WLZ project:

- **The volume targets properly incentivised WLZ to scale their intervention soon after the pilot.** While these were primarily set to ensure that WLZ could repay the investors their working capital loan; the pressure to achieve them meant WLZ prioritised engaging additional schools and partners in the short-term whilst maintain quality. As a result, WLZ became well established as a reputable early intervention provider in the local area within a few years. In another type of contract, WLZ possibly would have waited to scale until after they had reviewed and refined the intervention again following the pilot. However, the demands of the SIB meant that WLZ scaling was considered as part of any wider refinements to their operation model.
- **In WLZ's view the overall collective partnership benefited from the outcomes focus and inclusion of the PbR element within the shared funding arrangement, even with only some of the commissioners paying based on results<sup>30</sup>.** WLZ thought that the framework articulated the project's shared objectives and helped WLZ to focus decision making around the interests of the child and protect any mission drift or from being influenced by any one dominant commissioner interests.
- **WLZ was successful in developing and implementing an adaptive management approach informed by mature performance monitoring process.** WLZ thought that having the outcomes framework embedded from day one focused their management decision making, where they could have easily deviated within the collective impact mission otherwise, and ultimately it still allowed innovation within the original scope of the CBO award. It is worth noting that performance management is often a key feature within SIB projects, but providers typically draw on external

advice from others or are managed separately by an intermediary organisation, whereas in WLZ, the management team developed their approach mostly autonomously.

Although it was true to say that the SIB dynamics influenced these elements of the WLZ project, there were caveats in attributing the success wholly to the SIB mechanism, as some of the developments would have been prioritised in the collective impact initiative regardless. Firstly, working at scale and engaging additional LAs was core to WLZ's objective to achieve long-term based reform within the targeted area of London. Whilst the SIB incentivised scaling early on, the team would have always looked for ways to do it. Arguably, scaling early on whilst also amending the model substantially had its challenges.

Secondly, WLZ's performance management approach was also likely to have been driven both by the requirements of managing an outcomes contract, but also the requirement of managing a collective impact project. While stakeholders reflected that the outcomes framework influenced their processes, in any scenario WLZ would have needed to develop mature monitoring processes to bring the stakeholder groups together and ensure there was progress towards achieving their shared mission. The main difference incorporating the SIB had on the approach was including the processes to ensure they received the outcome payments from commissioners and were able to repay the investor. Therefore, the SIB added to processes that would have existed anyway rather than transformed WLZ's approach.

Lastly, including multiple commissioners in funding the intervention ultimately reflected WLZ's aspiration to bring together a range of local stakeholders to share the cost of an early intervention service, rather than driven by a benefit of the SIB in having multiple funders. Although including the PbR element worked well to secure commitment from the LAs, at least at the project outset, by the end of the project the

<sup>30</sup> It is important to note that the project was primarily funded on a Payment by Results basis; LAs and CBO paid entirely on outcomes, schools paid only on engagements and, in Year 1, one of the seven philanthropists paid on outcomes.



shared funding arrangement reflected what worked to implement the collective impact initiative rather than the emphasis being on paying based on results specifically.

Even with the caveats, the evidence suggested that including the SIB appeared to add value to the collective partnership during the CBO contract:

it galvanised progress in achieving place-based reform, ensured that the commissioners remained focus around the interest of service users rather than any other competing priorities, and brought together public and private funders to pay for an early intervention service.

### 7.3 Disadvantages of commissioning WLZ as a SIB

Despite the alignment between elements of the collective impact objectives and the requirements of the SIB, there were disadvantages to combining the two in the WLZ project:

**– WLZ’s central coordinating role in the SIB and intervention meant that WLZ led all the decision making during the project.** Whilst routinely engaging commissioners was important, there was limited scope for other stakeholder to influence the direction of travel for the project beyond what WLZ thought was needed. In WLZ’s view this helped them to achieve the collective mission of improving outcomes for children, as the focus was on their children’s interests, rather than aligning with one area of stakeholder priorities. However, it contributed to tension with one commissioner, who felt they were expected to pay for a service without having much say in its design or operation. Like above, it is difficult to untangle the challenges of a provider-led collective impact project with the requirements of the SIB. Despite the challenges faced, the commissioner’s borough did continue to engage with WLZ in the LCF contract.

**– Bringing together a collective impact initiative and a SIB likely increased the management demands on WLZ – a new and relatively small organisation at project outset.** Even though stakeholder engagement would have been core to the collective partnership, the additional dynamic of the investor created a challenging element of the project initially, as WLZ needed to scale to the meet the volume targets (only once Bridges were assured of WLZ performance and their monitoring approach was there less noticeable oversight from the investor

day-to-day). Plus, with funders paying based on outcome performance, WLZ needed to ensure that performance monitoring and engagement processes were quickly established and effective. WLZ reflected that they had previously under-estimated the level of commissioner engagement needed to ensure sufficient understanding and support for their work. Although engaging all the stakeholders in the partnership was important, it was essential that those paying on results were not lost in the process.

In short, adding the SIB requirements complicated an already complex partnership, in terms of the monitoring processes and the potential for WLZ to establish strong working relationships with a range of stakeholders. For the most part, WLZ were able to resolve these challenges and sustain the collective partnership for CBO, and in LCF, without detriment to the quality of their operations or the experience of the partners and service users.

The SIB costs accounted for 10% of project spend, including the investor return, SIB management or the performance management elements spurred by the SIB mechanism (e.g., implementing a data driven process to identify and cohort and set an outcomes baseline). What is unclear is whether these costs are additional to if the project had been funded through an alternative commissioning approach, or if other commissioning approaches would have incurred different costs. We do know that some stakeholders thought the service was expensive relative to other support available in the area, though it is difficult to ascertain whether this is due to the SIB costs, or the costs of running a collective impact project with multiple partners. Commissioner views on the extent to which the costs were good value for money were

mixed, though schools felt the service was good value for money.

Finally, some of WLZ's longer term planning was compounded by the impacts of Covid-19. WLZ and commissioning stakeholders pointed to the very likely risk that there would be less public funding available following the high spending period during the crisis with funding statutory services becoming the priority over early intervention.

Therefore, despite positive adaptations to the SIB

structure and intervention during the first year, and promising performance up to the second cohort, WLZ faced challenges in confirming sustainable funding arrangements, and specifically a means to replace the top-up funds covered through LCF until 2024. Longer term, WLZ's priority was to keep all the commissioning stakeholder groups engaged in the project, particularly the public sector in some form, but strictly continuing the outcomes-focus/PbR element was perceived as less essential.

## 7.4 Overall Conclusions

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Overall, WLZ demonstrated that it was possible to use a SIB structure to fund a complex collective impact initiative, involving both public and private sector (philanthropic) commissioners and using outcome evidence of holistic developmental change in primary and secondary aged children. The project was also an example of a successful application of the SIB set-up in the early intervention space, where arguably the positive change following the intervention may not be realised until long after the programme has ended, and even then may be hard to quantify or only evidenced in the absence of negative outcomes.

The learning from CBO was that implementing a SIB of this kind had its challenges. Ultimately though, WLZ overcame these and have subsequently scaled from one LA to in three additional areas over the course of the CBO and LCF contracts, making progress towards WLZ's original ambition to achieve place-based reform within a specific community of London. Furthermore, the implementation of WLZ has contributed important learning to the SIB landscape, not least because some of the features (e.g., WLZ holding dual management responsibilities in the SIB and delivery, using foundation funding as first-loss capital) included in the project were novel at the time of the project inception in 2016. From the WLZ project, we can also reflect on several advantages and disadvantages of commissioning WLZ as a SIB.

## Annex 1: SIB dimensions used for comparative analysis

Dimension	1: Nature of payment for outcomes	2: Strength of payment for outcomes	3: Nature of capital used to fund services
Question examining degree to which each project aligns with SIB dimensions (1 = a little, 3 = a lot)	To what extent is the family based on payment for outcomes?	To what extent does the outcome measurement approach ensure outcomes can be attributable to the intervention?	To what extent is a social investor shielding the service provider from financial risk?
Scale	<p><b>3</b> - 100% PbR and 100% of the PbR is tied to outcomes</p> <p><b>2</b> - 100% PbR, with a mix of outcome payments and engagement/output payments</p> <p><b>1</b> - Partial PbR: Split between fee-for-service payments and PbR</p>	<p><b>3</b> - Quasi-experimental</p> <p><b>2</b> - Historical comparison</p> <p><b>1</b> - Pre-post analysis</p>	<p><b>3</b> - 100% PbR and 100% of the PbR is tied to outcomes</p> <p><b>2</b> - 100% PbR, with a mix of outcome payments and engagement/output payments</p> <p><b>1</b> - Partial PbR: Split between fee-for-service payments and PbR</p>
Dimension	4: Role of VCSE in service delivery	5: Management approach	6: Invest-to-save
Question examining degree to which each project aligns with SIB dimensions (1 = a little, 3 = a lot)	Is delivery being provided by a VCSE?	How is performance managed?	To what degree is the family built on an invest-to-save logic?
Scale	<p><b>3</b> - VCSE service provider</p> <p><b>2</b> - Public sector service provider</p> <p><b>1</b> - Private sector service provider</p>	<p><b>3</b> - Intermediated performance management: An organisation external to the ones providing direct delivery of the intervention is monitoring and managing the performance of service providers</p> <p><b>2</b> - Hybrid: A 'social prime' organisation is responsible for managing the performance of their own service provision, and the performance of other service providers</p> <p><b>1</b> - Direct performance management: The organisation delivering the service is also responsible for managing their own performance, and there is no external intermedia</p>	<p><b>3</b> - SIB designed on invest-to-save logic, with savings generated used to pay for outcome payments</p> <p><b>2</b> - SIB designed on a partial invest-to-save logic; SIB anticipated to generate savings to commissioner but these are either not cashable and/or will not cover the full outcome payments</p> <p><b>1</b> - SIB not designed on invest-to-save logic; savings either do not fall to outcome payer and/or savings not a key underpinning logic for pursuing a SIB</p>

