

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

Reconnections Social Impact Bond

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Summary

Introduction

The Commissioning Better Outcomes (CBO) fund is a Social Impact Bond (SIB) programme funded by The National Lottery Community Fund, which supports the development of SIBs in England as part of The National Lottery Community Fund's work to explore innovative ways of improving the pursuit of social outcomes. The Reconnections project is part-funded by the CBO programme. A key element of the CBO evaluation (being undertaken by Ecorys and ATQ Consultants) are nine in-depth reviews, with Reconnections 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 Fund, conducting a review of the project up to three times during the SIB's lifecycle. This report is the second in-depth review of Reconnections and concerns the development of the SIB over its first 2 years (up until November 2018).

Reconnections is the first SIB in England aimed at reducing loneliness and social isolation. Worcestershire County Council (WCC) with co-commissioners from Redditch & Bromsgrove, South Worcestershire

and Wyre Forest Clinical Commissioning Groups commissioned Reconnections, a Special Purpose Vehicle (SPV), to deliver the Reconnections SIB. Key aspects of the intervention include engaging individuals who have become chronically lonely, or who are at significant risk of chronic loneliness, with a jointly developed action plan that defines specific and clear activity that will take place to help a service user reduce their loneliness over a 6-18 month period. People can self-refer to Reconnections or be referred from any organisation, such as a GP or community organisation.

A range of specialist providers deliver the Reconnections service. The SIB enables these providers to deliver one-to-one tailored support for lonely older people who co-develop an action plan to establish ways in which they can (re)connect with a variety of local support networks. The SIB facilitates this access to services to link individuals with their communities, with activities including local volunteers matched with beneficiaries to provide emotional or practical support and also links into community groups or activities, depending on individual interests.

Main findings of the second in-depth review

Reconnections has seen a significant amount of change to its delivery model over its first two years in order to address the initial learning from the project, including the depth of need of many referred to the programme, and the challenges of fewer than anticipated referrals volumes. These include changes to the level of support offered to people supported on the programme, changes to the volunteer programme to overcome shortages in volunteers, changes to approaches to engagement and also changes to the project management arrangements. The outcomes tariff for one of the payments was also amended in 2018 to reflect the complexity of many client needs. According to many stakeholders, a key driver for the improvement of Reconnections was the strong

management skills of the SIB Director and the flexibility that the SIB contract allowed for the Director to make change and innovation happen.

The findings from the second review show that some of the key assumptions that the programme was built upon were inaccurate. Ultimately, the assumptions found in the business case underlying the programme were too optimistic. The business case assumed that beneficiaries would have varying levels of loneliness/complexity, social isolation issues could be resolved by signposting beneficiaries into social activities; that this could be achieved by volunteers with relatively minimal training/oversight; and that this could be achieved in six months. The reality proved to be far more complex than this. In particular, a higher number of people than

expected had a range of chronic needs that needed to be considered alongside their loneliness (e.g. mental health problems, addiction) and that significantly improving wellbeing and reducing loneliness would often take longer than anticipated. The time and effort (and therefore resources) required to tackle the causes of loneliness or additional needs meant that although Reconnections was achieving the per person reductions in loneliness anticipated, the resource required to make this happen was significantly higher than anticipated. The Reconnections Board were also concerned that the programme was not always meeting client needs and that a more intense model of support was leading to unsustainable losses. This led to a re-negotiation of the initial outcome payments for the SIB and some of the entry criteria for the programme. For example, Reconnections had initially been available only to people who self-reported above a certain level of loneliness, but the team considered that a small but important minority of referrals might self-declare a low level of loneliness but actually were in significant need of help and support.

In hindsight, stakeholders felt that the loneliness outcome measure linked to a payment may not be that well suited to a SIB. Loneliness is a self-reported measure. Although there are number of very widely used self-reported scales (the UCLA scale as used by Reconnections is validated across many projects¹), it is something that is inherently subjective and someone's loneliness relates to a whole number of factors. Also, the programme measures loneliness at one single point in time (i.e. during a telephone interview with beneficiaries) at the baseline and then at two later payment-trigger intervals in the programme - if they have had a 'bad day' or a 'quiet weekend' when they undertake a survey then they will score their loneliness levels as being low. The delivery team in the providers also highlighted that the loneliness scale was often not sensitive enough to recognise changes made by an individual (e.g. people saying they are 'sometimes' lonely might mean different things to different people i.e. they are 'sometimes' lonely at the weekends or 'sometimes' lonely on the annual anniversary of their

spouse's death). This measurement arrangement may mean that although a loneliness measurement is one helpful indicator of the impact of a programme, it may not be comprehensive or robust enough to form the primary payment mechanism for loneliness programmes (at least in the long-term). This also provides lessons for those developing SIBs to address complex, multi-dimensional needs where all outcome payments are attached to self-reported measures that are 'soft', and linked to a number of factors in addition to the intervention.

Despite this, the main 'SIB effect' highlighted by most stakeholders was the ability of Reconnections to generate a high amount of performance data to truly understand whether a project is performing and having a positive or negative impact on its beneficiaries. On a monthly basis, the project manager worked with each provider to assess the number of referrals, any changes in beneficiary loneliness levels, the satisfaction levels of each beneficiary supported by the provider (measured through a questionnaire) as well as spot checks with beneficiary case files to assess how performance was progressing. Interestingly, despite aforementioned concerns about the use of the loneliness measure as the basis of the outcome payment, most stakeholders saw this increased performance data as hugely important in quickly identifying under-performance (and doing something about it) and ensuring that the programme did not 'trundle along' like other non-SIBs (who might be underperforming but no one was actually aware of this). Despite assertions that the SIB led better performance management, this may not be a 'SIB' effect; for example, the Ageing Better programme also utilises data from the UCLA scale within a 'test and learn' approach to monitor and assess performance over time.²

A second key SIB effect has been the flexibility and innovation in response to challenges that a SIB contract allows in a way a heavily prescriptive service level agreement-based fee for service contract does not. This flexibility is enabled by both assessing

1 See, for example: Russell, D. 1996. *UCLA Loneliness Scale (Version 3): Reliability, Validity and Factor Structure*. Journal of Personality Assessment. 66(1) 20-40.
2 See: https://www.tnlcommunityfund.org.uk/media/documents/ageing-better/prog_fulfilling_lives_ageing_better_briefing.pdf

performance data (see above) and having the flexibility and ability to respond to what the data states is going well and not so well. This flexibility allowed for a rapid shifting of the approach when needed included recruiting volunteers through social media, shifting to more intense support for those in greatest need and extending the period of support for many from six to nine months.

The second review has identified a significant amount of good will from all of the key stakeholders involved to 'help make Reconnections work'. They all seemed to recognise that Reconnections was trying something new (by addressing loneliness through a SIB mechanism). However, there have been some challenges; the investors lost significant sums estimated provisionally at around £200,000 during the initial stages and Social Finance (the project manager) has also invested heavily in supporting the management of this programme.

1. Introduction

CBO is a SIB programme funded by The National Lottery Community Fund, which aimed to support the development of more SIBs in England as part of its work to explore innovative ways of improving the pursuit of social outcomes. The Reconnections project is part-funded by the CBO programme, with CBO's top-up funds acting as a co-commissioning contribution alongside payments from local commissioners upon proof of outcomes. The National Lottery Community Fund has commissioned Ecorys and ATQ Consultants to evaluate the programme.

The CBO programme has four outcomes:

1. Improve the skills and confidence of commissioners with regards to the development of SIBs;
2. 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;
3. More delivery partners, including VCSE organisations, are able to access new forms of finance to reach more people;

4. Increased learning and an enhanced collective understanding of how to develop and deliver successful SIBs.

The CBO evaluation is focusing on answering three key questions:

1. 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;
2. Challenges in developing SIBs and how these could be overcome; and
3. 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.

1.1 What do we mean by a SIB and the SIB effect?

SIBs are a form of outcomes-based commissioning³ (OBC). 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 social 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.”

³ Outcomes-based contracting is a mechanism whereby service providers are contracted based on the achievement of outcomes. This can entail tying outcomes into the contract and/or linking payments to the achievement of outcomes. (see: <https://golab.bsg.ox.ac.uk/knowledge-bank/glossary/#o>)

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 the purpose of 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, capital from social investors, and approach to performance management, and the extent to which that the component is directly related to, or acting as a catalyst for, the observations we are making about the project.

1.2 The in-depth review reports

A key element of the CBO evaluation is our nine in-depth reviews⁴, with Reconnections 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 CBO, conducting a review of the project up to three times during the SIB's lifecycle.

This report is the second⁵ in-depth review of Reconnections. The focus is on stakeholder experiences and learning from the SIB delivery post-launch. This builds on the learning described in the first in-depth review report, which focused on the launch of Reconnections and included a detailed description of the SIB model, as well as the rationale for its design and the experience of key stakeholders.

The key areas of interest in the second in-depth review are to understand:

- the progress the SIB has made since the first visit, including process against outcome payments;
- whether any changes have been made to delivery or the structure of the SIB, and why
- how the SIB mechanism is impacting, either positively or negatively, on service delivery; and
- the relationships between stakeholders, outcomes and the beneficiaries' experiences.

The first in-depth review of Reconnections also highlighted that the second review would be interested in understanding the saving that the SIB created for the Local Authority and the NHS (due to a reduction in loneliness and therefore a reduction in the use of services such as doctor appointments). It is too early for

these savings to be understood or measured and the external evaluation had not reported these savings at this point in the Reconnections programme. This issue will be covered in the final third review taking place in the first half of 2020. The first review also said that the next review would look at whether the SIB has encouraged innovation. During the first in-depth review none of the interviews undertaken highlighted innovation as a noticeable SIB-effect although this view changed during the second review as this report will highlight.

The interviews with stakeholders were conducted between September 2018 and November 2018, roughly half-way between the project's launched and scheduled end. Further clarification calls were undertaken with the Reconnections project manager in December 2019 to provide additional (historical) information on some of the issues highlighted in early drafts of this evaluation report.

The content of this report is as follows:

- Section 2 in this report provides an overview of how the SIB works, including the SIB model and Reconnections intervention, as well as the key areas of interest as described in the first in-depth review.
- Section 3 then includes details on the progress and the key developments that have occurred as part of implementation, including what has worked well and less well with the intervention.
- Section 4 reflects on the successes and challenges relating to the SIB mechanism, during this phase, and Section 5 summarises different stakeholders' experiences of the SIB.

4 The in-depth reviews were initially called 'deep dives'

5 The first in-depth review can be found here: Fox, T. 2016. *Reconnections Social Impact Bond: reducing loneliness in Worcestershire – an in-depth review produced as part of the Commissioning Better Outcomes evaluation*. Available from: https://www.bigsocietycapital.com/sites/default/files/attachments/CBO_In-Depth%20Reviews_Reconnections.pdf

2. How the SIB works

This section provides an overview of how the Reconnections SIB works, as reported on in [our first in-depth review](#)⁶.

2.1 What is the SIB model?

Reconnections was the first SIB in England aimed at reducing loneliness and social isolation. Worcestershire County Council (WCC) with co-commissioners from Redditch & Bromsgrove, South Worcestershire and Wyre Forest Clinical Commissioning Groups commissioned Reconnections, a Special Purpose Vehicle (SPV), to deliver the Reconnections SIB. (See section 2.1.1 to understand what an SPV is and what its role is in this SIB.)

Key aspects of the intervention include:

- engaging individuals who have become chronically lonely, or who are at significant risk of chronic loneliness; assessing beneficiaries' needs to properly understand why they are lonely (i.e. personal circumstances, financial situation, relationship problems);
- jointly developing a clear action plan with the beneficiary that defines specific and clear activity that will take place to help them reduce their loneliness over a 6-18 month period.

People can self-refer to Reconnections or be referred from any organisation, such as a GP or community organisation.

Through the SPV a range of specialist providers deliver the Reconnections service which aimed to support around 3,000 over 50 year olds. The SIB enables these providers to deliver one-to-one tailored support for lonely older people who co-develop an action plan to establish ways in which they can (re) connect with a variety of local support networks. Reconnections facilitates this access to services by providing hands-on support to link individuals with their communities and provide practical and

emotional support in a very bespoke way depending on the needs of each individual. Activities include:

- a service to link volunteer 'friends' with beneficiaries who provide on-going support to help them overcome emotional, economic and social barriers
- links into self-help groups (which contain people of similar age and who are experiencing similar issues) to help people develop and grow their own social connections
- signposting to existing support activities taking place in the local community, linked to economic, health, social care and emotional support services.

A volunteer based locally works with each beneficiary to help them achieve the actions in their plan and maintain their connections to make them build resilience and become more independent without the need for volunteer support. In addition to the volunteers there are a range of caseworkers employed by the providers to provide support to beneficiaries with more complex needs.

⁶ See here: https://www.tnlcommunityfund.org.uk/media/research-documents/social-investment/CBO-Update-Report_Full-Report.pdf?mtime=20190215124522

Reconnections in numbers (from the period May 2015 to November 2018):

2,151 referrals were made into the service between May 2015 and November 2018. Of these referrals, 1,563 were triaged and there were 1,205 participants in the service.

Of the 1,205 participants in the service between May 2015 and November 2018, 1,551 outcomes were collected (i.e. meaning that measures had been collected from participants) and 1,783 outcomes were achieved (i.e. the target loneliness decrease was achieved). Please note that there are two rounds of evaluations and therefore there are two potential outcomes collected for each participant: one at six months and one at eighteen months. This explains why there are more outcomes collected than participants. Regarding outcomes, an outcomes is recorded as any reduction in loneliness from the user's triage score. If the user's recorded loneliness score reduces by 2 points at six months and three at eighteen months, then they have achieved five outcomes overall.

- At six months, 885 outcomes were collected and 1,047 outcomes were achieved (a reduction in loneliness point); 545 had a loneliness decrease. The average loneliness decrease was -1.18 (the target was between 0.83 and 0.55 decrease).
- At eighteen months, 666 outcomes were collected and 736 outcomes were achieved; 400 had a loneliness decrease. The average loneliness decrease was -1.105.

Of the 1,253 participants, 615 participants had an outcome collected at both six and eighteen months. 945 users had a loneliness decrease at least one evaluation and 615 users had a loneliness decrease across both evaluations.

1,551 outcomes (including at six months and 12 months) were collected (the plan was 1,475) and the average loneliness reduction across all participants was -1.47 (1,783 outcomes divided by 1,205 participants) and was -1.15 from those who provided an outcomes score (1,783 outcomes divided by number of outcomes collected).

Up to November 2018, in all cases outcome A was achieved – i.e. average UCLA points reduced by between 0.83 and 0.55 points at six months - generating £544K commissioner payments and all CBO/SOF payments. In 506 cases, the 18-month trigger was achieved generating £92K commissioner payments (no SOF/CBO payments).

In terms of costs:

- £650K investments made (plan £850K – 76%)
- Delivery costs of £1.2m (102% plan and 91.6% of all actual costs)
- SIB management costs of £102K⁷ (49% plan and 8% total costs)

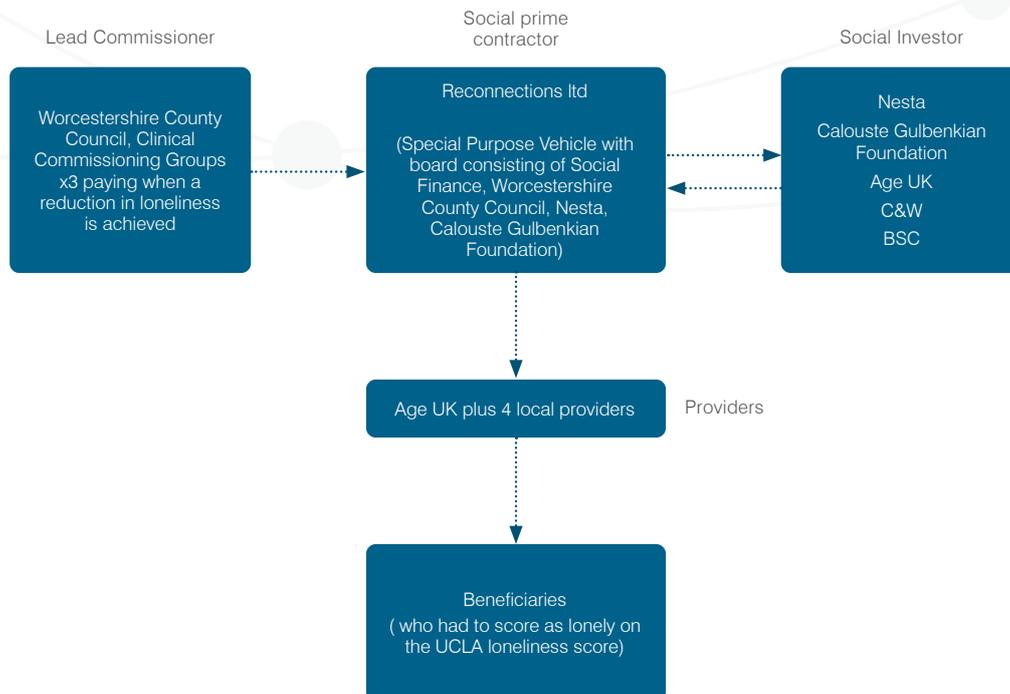
In terms of outcomes payments:

- Commissioners £635K (78% plan & 76% all outcomes paid)
- Outcomes funds £208K (94% plan and 24% outcomes paid).

⁷ Performance management costs will be disaggregated in the final in-depth review

2.1.1 SIB contracting model and key stakeholders

An overview of the Reconnections structure is found below⁸.



The main elements of the Reconnections contracting model are as follows:

- **Commissioner:** Worcestershire County Council is the lead commissioner for the SIB along with three co-commissioners from Redditch & Bromsgrove, South Worcestershire and Wyre Forest Clinical Commissioning Groups (CCGs). This joint co-commissioning approach was facilitated by the existence of an Integrated Commissioning Unit in Worcestershire which helps link the Local Authority and the CCGs together to jointly address health problems in the area.

- **Reconnections Ltd Special Purpose Vehicle (SPV):** The Reconnections SIB is being managed by Reconnections Ltd, a Special Purpose Vehicle or SPV. An SPV is a legal entity that is created solely for a particular financial transaction or to fulfill specific objectives and liabilities - and serves

to limit risks for other organisations involved in the SIB. Forming an SPV is a common approach in SIBs or when contracting with a group of entities in public private partnerships⁹. SPVs can also play an enabling role in the legal, financial and operational structure of a SIB. Investor funding is channeled into the SIB SPV which enters into a contract with the commissioner. Ownership of the SPV varies from contract to contract and in this instance the SPV is wholly owned by the investors (see below). The Board consists of an independent chair, a second independent member, representatives from Social Finance Care and Wellbeing Fund, NESTA and a Director from Social Finance.

- **Social Finance:** provides management and operational support for the project and the SPV. A SIB Director from Social Finance was put in place to lead the project and a part-time contracts manager

⁸ Big Society Capital (BSC) originally invested in the SIB in order to help it become established with a view to selling its investment stake to the Care and Wellbeing Fund and Age UK in order to invest in other propositions.

⁹ No private partner is involved in Reconnections.

from Social Finance was involved at the beginning of Reconnections - and both of them worked alongside a local project manager employed by Age UK. Social Finance is a not-for-profit social investment intermediary that partners with government, the social sector and the financial community, to find ways to tackle social problems through alternative funding mechanisms such as SIBs.

- Provider: Age UK Herefordshire and Worcestershire is the lead provider for the SIB. Age UK employed a local project manager to work on the project who was supported by the Social Finance Director. The project was originally supported by seven delivery partners (from the local VCSE sector), but when Social Finance took over the management, this was reduced from seven to four to improve outcomes and ensure delivery remained aligned with the Reconnections model and ethos (see below for more detail). Part way through the first year of Reconnections there was a performance review where some of the providers were decommissioned leaving the following providers- Onside Advocacy, Simply Limitless and Worcester Community Trust (and Age UK as the lead provider).

- Investors: Nesta is the main investor for the SIB. Nesta is a charity with a mission to help people in social need who need support in a variety of

ways, including (in the case of the Worcestershire Loneliness SIB) direct investment. Nesta sits on the board of the Reconnections SPV and takes part in strategic decisions linked to the direction and delivery of the SIB. The other main initial investor was Big Society Capital (BSC). BSC originally invested in the SIB in order to help it become established with a view to selling its investment stake to the Care and Wellbeing Fund and Age UK in order to invest in other propositions. This deal was planned from the start by BSC who planned to invest in Reconnections to get the programme off the ground- before then selling its stake to another organisation (we cannot comment on what happened to this deal due to a lack of data). The other investors are the Care and Wellbeing Fund (managed by Social Finance) and Age UK.

SOF and CBO also funded around half of the outcomes of the Reconnection SIB. In early 2018 CBO agreed with Commissioners to vary the awards significantly primarily because of issues with referral pathways and also because the cohort for the project became skewed towards very isolated people rather than mildly isolated (that made it more difficult to achieve an outcome). The price per outcome paid by CBO and the commissioners were also increased to reflect the additional average costs of each higher need service user.

2.1.2 The Reconnections intervention - Outcome structure and payment mechanism

The primary outcome for this SIB (upon which payments are made) was linked to the reduction in loneliness of supported individuals. A baseline is established for each beneficiary to determine the extent of their loneliness, using the internationally accredited R-UCLA loneliness scale (developed by the University of California- see below for details) which assigns points for the scale of their loneliness.

Beneficiaries are asked a series of questions to determine the scale of their loneliness, ranging from four points (not lonely) to 12 points (totally isolated). A comparison is made between the beneficiary's original score when they joined the service and the

score after the beneficiary has been supported for six to nine months. If a beneficiary drops, for instance, from a 9 to an 8 on the scale then an outcome payment is made. The calculation for payments each period is based on overall reduction across all supported beneficiaries (taking into account those who may have stayed the same and those who may have increased in their levels of loneliness). A second outcome payment could be made after 18 months by again looking at the original score of the beneficiary at the beginning and comparing it with the score of a third survey of their loneliness.

What was interesting about the Reconnections SIB in the first in-depth review?

In the first in-depth review we identified that Reconnections was interesting for the following reasons:

- It was the first SIB to tackle loneliness in the UK meaning its payment outcomes, projected and actual impact and also other metrics such as target numbers and unit costs were seen as a benchmark for other similar SIBs dealing with similar health and social issues.

- As this report will show, Reconnections generally faced a series of challenges around its delivery meaning a range of lessons can be learnt around the assumptions which the SIB was built upon, its delivery model as well as what works and why in relation to having a meaningful impact on a person's level of loneliness.

2.2 Areas for investigation in the second in-depth review

During the first review there were early signs that Reconnections was having issues with achieving its outcomes and therefore, investors were not receiving their anticipated outcomes payments. At that point, it was too early to understand how significant these issues were and so the second in-depth review was interested in seeing whether true under-performance was taking place or whether profiling of the rate of outcomes achievements was poorly predicted in the SIB modelling, what was driving these issues to occur and finally what solutions those responsible

for delivering Reconnections were introducing. The second review was also interested in seeing how a SIB linked to loneliness may work, recognising that loneliness is a self-reported measure, it is something that is difficult to control and get an objective or externally validated measure of, and someone's loneliness relates to a whole range of factors not just whether a person is networked into friendship and community networks. This means the review was interested to see if this policy area 'works' within a SIB model and how any issues are being overcome.

3. What has happened in practice? An update.

This section sets out the progress of Reconnections over the period of Jan 2017 to November 2018. It explains how the SIB has developed and how it is being delivered in practice. Since the last report in 2016, Reconnections has faced a number of key challenges, some of which are SIB related whilst others are not. These challenges have led to a series of relatively significant changes to the delivery of the programme, which has affected how the SIB has worked in practice.

A key issue facing Reconnections over the period of this study was linked to the number of referrals it was receiving from GPs and other agencies and also lower than anticipated volunteers being involved in the programme. As this section will highlight, smaller numbers of people being supported and lower numbers of outcome payments being achieved, affected the amount of outcome payments that have been released and also how payments to the investor are now being given. This meant that Reconnections was underperforming across this key outcome measure of success and a series of changes took place, which this section highlights.

3.1 Changes to the management of Reconnections

A key change that took place to deal with Reconnections achieving below expectations was linked to how the programme was managed. In the first phase of Reconnections' life the SIB was managed by a full-time local project manager employed by Age UK. This changed when Social Finance provided some additional leadership of the programme through employing a Director who worked alongside the Age UK local project manager to understand and overcome some of the low performance issues such as referral volumes and volunteer numbers. This Social Finance SIB Director had previous expertise and experience of running and delivering a SIB related to health and the general feeling was this management shift led to a step change in how Reconnections was implemented. Although this step change was generally seen as positive, the resources required to employ this experienced and full-time senior manager does need to be considered in light of the overall budget of Reconnections which is relatively small. The management costs also need to be considered

against the costs of other similar interventions that tackle loneliness and isolation, which do not tend to have (or need) relatively high value project managers at a similar level to the one found at Reconnections. Stakeholders explained that the high management costs (estimated by stakeholders to be higher than a non SIB¹⁰) were because the project was underperforming. This resulted in a need to invest heavily in a strong manager who was able to help improve the situation relatively quickly (before stakeholders, including the investors, decided to cease their interest in the programme). While SIBs are purported to divert risk away from providers to the investors, this example highlights how the risk is not always fully transferred, as investors can pull out if performance is low.

Stronger project management was also brought in to ensure the SIB clearly focussed on outcomes and overall performance (rather than continuing to deliver services regardless of whether they were having a positive impact). One stakeholder from the intermediary mentioned this point as a 'SIB effect' by saying that

¹⁰ At the time of writing, no figures on management costs were available.

‘the stronger project manager meant there was nowhere to hide in a SIBthere are probably countless projects trundling along that are underperforming- without a strong project manager looking at the performance data they just carry on regardless’.

In their early work, the SIB Director from Social Finance particularly focussed on the frontline aspects of Reconnections and became heavily involved in volunteer recruitment and training, stakeholder engagement, provider development and capacity

3.2 Changes to the delivery model

Another set of key changes to Reconnections linked to the early underperformance of the programme related to alterations to its delivery model. These changes to the model influenced how Reconnections delivered its support and how the outcomes were achieved by the programme.

A key change to the delivery model related to activity linked to volunteers. The lack of volunteers and the level of experience that volunteers had was seen as a key problem for Reconnections during the first 18 months of its life. The way the volunteers were recruited and supported became a key improvement in the programme compared to what existed previously. Volunteers are used by Reconnections to deliver support to beneficiaries meaning they are central to the Reconnections delivery model. Previously during the first year of the SIB the programme there had been low numbers of volunteers and the amount of support and training they received was also felt to be less than required (recognising that in some instances volunteers were dealing with relatively complex cases even though they had received little training). The volunteer programme became jointly delivered by Social Finance and Age UKHW which gave extra

building and also setting up stronger monitoring systems. In this respect the SIB Director became very operational and focussed on the frontline quality of service instead of simply being focussed on ‘SIB’ related issues such as outcome payments, investor engagement and working with the commissioners. Stakeholders taking part in the evaluation praised her hands-on approach and also interestingly noted that it was her strong project management rather than any particular technical aspects linked to the SIB that made the greatest of difference (i.e. good project managers achieve results irrespective of the SIB mechanism). However, the SIB provided the freedom for the SIB Director to work on the issues that mattered (which changed from one month to the next) in a way a traditional contract would not.

capacity to deliver a more effective and higher quality recruitment, training and support model. The volunteer recruitment became much more streamlined and efficient through the development of on-line registration (previously anyone interested in volunteering would need to complete their application by hand and send through the post). This led to the recruitment of volunteers becoming quicker which in turn increased the number of volunteers becoming involved (as fewer people lost interest in being a volunteer due to the long recruitment process). The training and support for volunteers has also become more thorough and professional. The training again recognises that volunteers are sometimes dealing with complex cases of individuals who are lonely for a range of deep-rooted physical, emotional and financial reasons and who need more than a ‘friendly chat’ every week. The training was delivered directly by the SIB director and Age UKHW Project manager to build capacity and ensure that any learning was shared with Age UKHW. The local Age UKHW team then adopted the Reconnections volunteer structure within their own volunteer team. The SIB director also introduced a more flexible timetable of training (including evenings and weekends) which also allowed for ongoing sessions that took place at

various points across a volunteer's involvement in the programme (rather than just at the start which was the previous arrangement).

A centralised Volunteer support team has now been established, which provides a single point of support to all volunteers on the programme, rather than through the individual delivery providers. A full-time volunteer coordinator role was introduced as well as a part time volunteer administrative support post. The scope of the team is to provide general support, address concerns or issues, and provide ongoing training and advice to the volunteers. After each contact is made by a volunteer with their matched beneficiary they provide an update to the volunteer team. This provides additional opportunity for sharing of ideas, identification of concerns and general volunteer support. There were also various peer to peer connection opportunities provided for all volunteers using a range of social media forums, printed materials, online training and social gatherings.

A second key change to the delivery model relates to caseworkers being introduced across the delivery partners to more thoroughly assess the needs of beneficiaries before they are referred on to a certain volunteer or other support service. These caseworkers included ex-social workers, care home, housing or other support workers who had specialist knowledge on whether the beneficiary needed high, medium or low levels of support and also a better understanding of the drivers of people's levels of loneliness. Prior to their involvement, generally all beneficiaries were treated as having the same needs, which sometimes meant that they were allocated to a volunteer who could not provide the support they needed to see a measurable drop in their loneliness (e.g. people with significant mental health problems being allocated to a volunteer who had only received limited training). A named caseworker was allocated to every beneficiary and remained attached throughout the support period. If a case was more complex they may never pass them over to a volunteer. A more straightforward case might be passed across shortly after their initial assessment by a caseworker. If any additional needs were subsequently identified on any case the allocated

caseworker could easily be brought back into the day to day support.

A third key change in the delivery model that again helped to increase the impact of the programme and also therefore help achieve outcomes and release payments related to extending the length of time a beneficiary could receive support through Reconnections. Previously a beneficiary could receive a maximum of six months support. However, some beneficiaries were becoming unwell or having a spell in hospital because of underlying health problems (e.g. mental health or addiction) which often affected the amount of support they could receive from Reconnections (which directly affected their loneliness levels). It was decided that Reconnections could increase its support for a further three months in these cases, which meant there was more likelihood of a drop in beneficiary-loneliness scores and therefore a higher likelihood an outcome would be achieved.

A fourth key change to the delivery model of Reconnections related to the payment structure. The senior management team (including the investors) discussed the outcomes payments attached to the Reconnections SIB. Although these are dealt with in more detail in the next chapter, they related to the difficulties in predicting the size of the target population found in the area, the falls in loneliness that the intervention is likely to create and the unit costs of support.

An additional change to the delivery structure related to the decision to reduce the providers from 7 down to 4 during the first year of the programme. An interesting 'SIB effect' that was instrumental in producing this change, was the large amount of performance management data Reconnections had available to track and understand the performance of each of the seven original providers. This data included the number of referrals that each partner had, changes in loneliness levels of each beneficiary being supported by providers and satisfaction levels of each beneficiary with the service they were receiving. This data was available for every provider for every month and meetings took place

between the Reconnections SIB Director and AGE UKHW project manager and each provider to assess progress at the end of every month. In addition, qualitative assessments were done on ten case files of supported beneficiaries every month to further assess performance. This 'data heavy' approach to performance was seen to increase the 'understanding of performance' as one stakeholder put it, to a level that had not been seen before by the Reconnections providers. After several months of underperformance (and attempt to resolve the situation) in three providers, it was decided to stop the monthly funding from Reconnections. Interestingly, because monthly meetings took place, the decision to stop the funding was both mutual and also did not come as a complete surprise.

Another key change related to the level of outcome payments made for every point dropped on the loneliness scale for beneficiaries. A rise in outcome payments for each point dropped in the loneliness score paid for by the Commissioner was agreed in recognition of the unit cost for encouraging a measurable drop in loneliness being higher than originally expected. The original unit cost came from the cost/ benefit analysis done by Social Finance which identified the costs of loneliness on the public purse¹¹. This original costing was felt to underestimate the various complex issues that the target beneficiaries experienced which contributed

to their loneliness (in particular poor health); The new costing meant that it was recognised that Reconnections was not simply helping 'the little old lady who felt a bit lonely some of the time', as one stakeholder put it, and better reflected the effort that was required to encourage beneficiaries to feel less lonely.

A final change and strength of Reconnections was around the increased marketing activity the programme had been undertaking in recent months. Spurred on by a lack of referrals coming into the programme from GPs, Reconnections had stepped up its marketing work in other agencies and in the wider community, including local businesses so people who came into contact with those suffering from social isolation were more aware of the work of Reconnections and were able to signpost people into the programme. For example, Reconnections has worked closely with the communications team in the Council, which has been able to disseminate information about the service to relevant services; They also held regular 'outdoor lounges' to raise awareness of loneliness in key locations, a regular market stall was held in Kidderminster and Reconnections had a shop front in a local shopping centre. Regular open access events took place including more unusual activities such as the Big Community Dog Walk, Drone flying event, Flash mob and Bucket List Biker day.

3.3 What's worked well

The main aspects that were felt to work well in the delivery of Reconnections were:

- A strong aspect of the delivery model and something that improved significantly during the first two years of Reconnections was the retention rate of volunteers. A high applications and retention rate was linked to a number of factors that moved the volunteer programme from an ad-hoc activity with limited resources to a professional programme that was properly resourced with strong investment of time and money. As stated elsewhere in this report,

the volunteers received high levels of support and training which helped create a strong sense of community that was built up within the volunteer group. This sense of community was particularly generated by the creation of a volunteer forum on Facebook, which helped stimulate a sense of belonging, joint ownership and peer support in the programme. The ongoing training also helped bring volunteers together on a face-to-face basis which again helped create a community among volunteers. Critically, the high levels of volunteer retention meant

¹¹ http://www.socialfinance.org.uk/wp-content/uploads/2015/06/Investing_to_Tackle_Loneliness.pdf

that beneficiaries received ongoing and long-term support from the same individual. This meant that their initial relationship was strengthened and created trust helping them to then grow their social networks with new individuals, beyond their 1-1 relationship, which then had a beneficial impact on overall levels of isolation. Volunteers were therefore able to develop a strong understanding of the sometimes complex needs of beneficiaries and were able to help them through a pathway of support lasting months rather than weeks.

- All stakeholders taking part in the evaluation recognised a key ingredient of success was the strong relationship that existed within the delivery model. This bond between the providers, Age UK, Social Finance and the commissioner was felt to be particularly strong because the Reconnections programme had experienced a fair amount of trouble during its first few years. These problems could have created strains in the relationship, but stakeholders all stated that it actually brought them together to tackle issues and challenges together and, that a clear sense of team work was present to overcome various issues and underperformance. The level of partnership working strengthened the more issues Reconnections faced. It is useful to note that the strong working relationships that evolved did not 'just happen because it was a SIB' as there were regular learning workshops, team sessions and joint training that all helped stimulate high levels of trust and transparency between the different stakeholders.

- Another key strength of the delivery model was linked to the providers being willing to adapt and innovate across the first few years of Reconnections' life. New and innovative ways to deliver the programme were developed through regular sessions with not only those who managed Reconnections but also staff, volunteers, beneficiaries and other stakeholders

who developed the ideas and therefore were happy to embrace new ways of working, sometimes on a weekly basis. Both the commissioner and Social Finance were both grateful at how the providers and volunteers took these changes 'in their stride' and adapted what they did and how they did it in order to collectively help the Reconnections programme become more successful.

- Reconnections has seen an increased awareness of the needs of the programme's target groups. As the providers worked with more beneficiaries they developed a much stronger understanding of the drivers behind loneliness and the levels of need outside of the simple 'friendship' aspect (e.g. mental health issues, financial hardship, long-term illness). At the beginning of the programme's life there was often a recognition from the Reconnections Board and Age UK HW project manager that the needs of the target group had been simplified and that the solutions to their problems were only linked to reconnecting them to social circles and community networks when actually their needs were much more complex than this. Providers often stated that it took them six months to recognise that the intervention, although strong, was not going to have the level of impact that was predicted, mainly because beneficiaries needed support from a host of different providers beyond those provided by Reconnections. As the staff (including volunteers) in the providers became more aware of beneficiary needs they introduced a '5 ways to wellbeing' approach which considered the holistic needs of individuals (these being Get Active, Get Social, Get mindful, Get Learning and Get helpful). Staff also worked harder to understand the support of other support services in the area and on providing referrals on to these more specialist services to address additional needs if this was the most appropriate approach to take.

3.4 What's worked less well

— A key early observation on the delivery model of Reconnections related to a large underestimation of the needs of the target group. Support needs became much more complex in nature and providers were required to refresh the type of volunteer who they originally had on their books from traditional 'befriender' volunteers who may have been used to calling a beneficiary once a week for a 'nice chat' to a set of volunteers who were willing and able to deal with the very complex needs of people. This meant volunteers were sometimes working as 'mini social workers' rather than simply providing a befriending service. Volunteers were sometimes surprised about the level of need of beneficiaries and were glad to receive training to help them understand how to deal with the array of issues each of them required 'on top' of the loneliness angle (e.g. training included dealing with domestic abuse, dealing with anxiety). While the caseworker model helped to ensure that the more complex cases were held by a more experienced professional, the level of need of beneficiaries was still, at times, difficult for volunteers to manage. This led some stakeholders to feel that non-self-reported tools for assessing the suitability of beneficiaries would have helped Reconnections and the volunteers to focus on individuals who were most appropriate for the programme and also help identify individuals who were perhaps better supported by other programmes outside of Reconnections.

— An additional issue with Reconnections was a perceived over estimation of the numbers of volunteers who could support the target beneficiaries. The eventual winning bid chosen at

the commissioning stage stated the number of volunteers that the providers already had on board and who could be relied upon to reach out and support beneficiaries. As the programme began its delivery phase it became apparent halfway through its first year that there were less existing suitable volunteers than first stated in the bid meaning targets were not being met around engagement and outcomes. Although the availability of volunteers was at a level generally foreseen at the bid stages, the suitability of the volunteers in relation to them being able to deal with beneficiaries with complex needs was less than originally thought. A significant amount of effort was put into reinvigorating the volunteer programme and increasing the number of suitable and properly trained volunteers who could help beneficiaries and produce more outcomes for Reconnections.

— Transport and accessibility issues were previously not factored into the costings of Reconnections. Beneficiaries have highlighted that in some areas, transport is a barrier to participation, especially in the more rural locations. Public transport infrastructure is limited in some areas, and accessibility to some locations is challenging, especially for those with limited mobility. For example, there is one minibus in Wyre Forest (loaned from Age UKHW), which transports participants to and from a wellbeing centre to take part in Reconnections activities, but it only seats 10 people. Beneficiaries may sometimes provide lifts to others, but for some beneficiaries, getting to the community centre independently can be challenging.

4. Successes and challenges of the SIB approach

This section describes the impact of the SIB mechanism to date, and the associated successes and challenges and disadvantages related to the SIB approach.

4.1 Successes

Providers have greater flexibility in delivery – key stakeholders in provider organisations commented that the focus on achieving an outcome (i.e. reducing loneliness) in the SIB structure means that they are constantly reflecting on what they are providing and assessing whether there are other ways they could deliver to try and improve outcomes for beneficiaries. Having the upfront capital from the investors to set up and implement the project gave the providers space to test different ways of working to find the most effective approach, such as using different approaches to engage people once they have been referred to the delivery provider, through to trialling various activities with participants. Volunteers in one organisation noted that the flexibility they have is beneficial, not just in terms of being able to reach people, but also to expand on their offer as an organisation:

“We’ve chosen what we do here, and we’ve extended it as referrals have grown. We’re constantly thinking as a centre, ‘What else can we do to engage people?’ The flexibility of that, for us as a centre, is absolutely great.” - Volunteer

A delivery provider manager felt that the ability to experiment and innovate with how they deliver a service to achieve an outcome most effectively was unique to the SIB model. Usually, under a fee-for-service contract, the organisation was required to deliver specific activities. However, under the SIB

model, they have felt like they can be much more flexible in their approach.

“I think the difference with a social impact bond is that because we’re starting from nothing and trying to achieve something, so you feel like you’re a pioneer in terms of some of the work that you’re doing. I think that’s how I’d compare the two things. It’s all to do with funding I realise, but the sense I feel with a social impact bond model is very different to how I feel working within other models.” – Delivery provider manager

The SIB approach has embedded an **outcomes-focused culture** – even though delivery providers are not paid for achieving the outcomes (and instead are paid the same amount each month), the overarching SIB approach has inspired some behaviour change among them, and they are thinking increasingly about outcomes, and how to best measure them, in their wider (non-SIB) work. A manager at one delivery provider organisation described how they are now measuring outcomes in some of their other contracts, so that they are able to evidence the impact that they make. Being able to demonstrate this impact has then helped them to strengthen their bids for other contracts.

“Because of the way we look at the SIB, there are more outcomes; we’re constantly more focused on increasing outcomes and making sure we’re setting them up in the way that the Reconnections SIB wanted us to think. So even now we’re increasingly thinking about outcomes, so the measurements are going to be clearer and therefore encourages funding for [the organisation].” – Delivery provider manager

Volunteers at a delivery provider organisation also noted the increased level of accountability that comes with a SIB model. As they are more conscious of the need to achieve the loneliness related outcome, it has made them think more about outcomes in general. Volunteers highlighted that they measure other outcomes (that are not linked to payment), such as feeling positive or staying safe, through the Outcomes Star, so they are able to see how the project is making an impact in a range of different ways. This does not only allow them to build up their evidence base, but it also helps them understand which interventions are working well, and which are not.

“I think this project is much more accountable. Every little bit is accountable, every little bit is documented or measured, not that other projects aren’t but this one, every single thing is accounted for. Which is good because then we can see if it is working or not.” - Volunteer

The SIB has improved collaboration – The rigorous performance management that is integral to the SIB approach (i.e. to ensure that it is reaching its targets) has facilitated collaboration between the different stakeholders involved. This has led to improvements in how the service is structured, run and delivered (see Chapter 3 for more details). The project management team highlighted that this might not have happened under a different contracting approach (such as a grant) where there would be less of a focus to improve the service (because funding would not be directly linked to performance). The improvement in the management of Reconnections has been facilitated, in part, by the goodwill of the investors – to accept that they may make a financial loss on the SIB – and the commissioners – to add more flexibility in the outcomes they will pay for. Nonetheless, it is arguable that the SIB structure, by distributing risk across different parties (financial for investors, and reputational, for commissioners (where commissioners still feel the pressure to ensure that the services they commission are delivering results)), has encouraged a more determined and collaborative response to underperformance.

4.2 Challenges and disadvantages

Over-estimation of metrics during the business case – Although the joint development of the SIB included a clear business case, which assessed the most appropriate outcome measurements and the size and nature of the cohort, stakeholders recognised that the business case drawn up by Social Finance had its limitations. Stakeholders commented that with hindsight, the figures for the needs, demands and potential take-up of the service were generally on the high side, meaning that actual levels of take-up for the service were lower than anticipated, leading to lower than expected outcomes achievement. Stakeholders from Social Finance highlighted that it was very difficult to accurately predict key metrics such as current loneliness levels of the cohort, the expected impact (i.e. changes in loneliness after the intervention) and the actual size of the cohort. One stakeholder commented that this was compounded further by providers bidding to deliver the intervention overstating their capabilities (for example, how many volunteers they had). This meant that, to some extent, Reconnections was built on the ‘wrong’ assumptions, which resulted in “*over-estimation, rather than underperformance.*”

High costs for staff input – As highlighted in Section 1, a core element of a SIB is a high degree of performance management, and this was taken into account and built into the outcomes payments. However, the cost of managing Reconnections increased beyond initial expectations. Although the ‘goodwill’ and determination discussed in Section 4.1 helped to drive up the quality of management, which led to an improved service, stakeholders noted that this came at a high cost. In particular, it involved significant amounts of investment of senior people’s time from both Social Finance and the delivery partners. For example, one person from Social Finance’s time increased from one day a week on the project at the beginning to full-time on the project. Although the SIB model allowed this change to happen, it is unrealistic to assume that all projects of this size can benefit from the same level of input.

Indeed, stakeholders commented that a non-SIB loneliness intervention with the same budget would not have benefitted from the same amount of senior time if it was not performing as anticipated. The SIB, with its focus on achieving outcomes (rather than being prescriptive in how the service is managed and developed) allowed this reshuffling of resources to focus on improving delivery and the achievement of outcomes. There may be a lesson for other non-SIB contracts about factoring in the costs of senior management involvement in the event of projects not performing to expectations.

A delay in savings - Reconnections was originally set to generate £3.1 million savings over the lifetime of the CBO grant. These savings were linked to a reduction in the use of other services (including GP visits) that came about because of a reduction in a person’s loneliness. However, these savings are not expected to materialise until after the delivery of Reconnections is finished in 2020. The amount of expected savings was also reduced from £3.1 million to £2.2 million recognising a change in the cohort of people being supported by the programme. Savings will be investigated during the third iteration of the Reconnections evaluation in March 2020 assuming this is part of the local evaluation carried out by Reconnections.

Commissioner capacity – Representatives from the Local Authority commented that they lacked the capacity to develop some of the more technical aspects of the project, including the financial modelling, and estimating and monitoring the unit cost. Even though some of this more technical work was undertaken by external experts, the Local Authority still felt that internal capacity was lacking to truly understand issues connected with commissioning a SIB. One stakeholder from the Local Authority questioned the ‘return on investment’, in terms of all of the extra time and resources that they put into developing the intervention, against the outcomes of it. This is a notable finding because it is something that has been reported by local

authority commissioners more widely¹² and it raises wider questions on whether the lack of capacity and capability is a barrier to local authority commissioners developing SIBs locally.

Inappropriate outcome measure – Several stakeholders voiced their concern that the measurement of outcomes linked to payment – i.e. a reduction in the score on the UCLA loneliness scale – might not be appropriate, because, as a self-reported measure, it can be affected by short-term fluctuations in people's perceptions. One interviewee commented that the outcome measure only "*captures a moment in time*" and changes in loneliness score do not always reflect the qualitative difference that the intervention has made to a person. Some of the volunteers from one of the delivery providers described how people's perception of their loneliness can fluctuate in an afternoon. For example, one volunteer said that participants may have a great time at an activity, and not feel lonely, but if they return home to an empty house, then they will feel lonely again. As the volunteer stated:

“There are so many things that affect the answer that people give.” (Volunteer)

The long-term focus (measured at three points in time, before, six months later, and 12 months after that) on the loneliness outcome is a positive aspect of the SIB. However, some stakeholders felt that one measure, at each of these points of time, did not provide a 'true' picture of someone's loneliness, as an individual's feelings of loneliness can fluctuate

a lot. In particular, one stakeholder reflected that beneficiaries do not always resonate with the items on the measure, and they find it difficult to conceptualise what the items on the scale actually translate to in real life. However, stakeholders also felt that there were limited other options for outcomes measures of loneliness that would be suitable for use in this context. This raises a wider question of whether a PbR approach is appropriate, when the intended outcome is difficult to measure and relies on an individual's subjective view of their situation.

Complexity of cases – one of the challenges that has emerged over time is that through the referral mechanisms used – particularly adult social care referrals – the intervention has been uncovering individuals with very complex needs. Stakeholders from delivery providers commented that some of the cases referred in are too complex for the intervention to deal with, as the team do not necessarily have the skills, qualifications or level of time needed to deal with the cases. This challenge is magnified in the SIB model, because individuals with very complex needs will often need more than six months to experience a change in their perceived level of loneliness. Therefore, the types of referrals made into the service are important because if they are too complex, then the chances of the intervention achieving, and thus claiming an outcome, are reduced. This brings into question whether the intervention was an appropriate fit for the problem in the first place, or if more consultation work was needed up front to fully understand the issues presenting, and the approaches needed to address them.

¹² <https://www.gov.uk/government/publications/research-social-impact-bond-commissioning-and-replication>

5. Stakeholder experience of the SIB mechanism

This section outlines the experiences of the different stakeholders involved in Reconnections, including the commissioners, the investors, the Reconnections SPV team, delivery providers, volunteers and beneficiaries.

Stakeholder	Experience of Reconnections SIB
Commissioner: Worcestershire County Council	<p>The SIB has taken a significant amount of resources to develop and help establish the contract for Reconnections as well as the programme's design more widely. The SIB has 'pushed the technical boundaries' of the Commissioner in terms of understanding the complexity of designing a loneliness intervention through a SIB. The Commissioner is satisfied with the various changes that have been made to the delivery model as they recognise that reducing a person's level of loneliness is more complex than first thought.</p>
Investors	<p>The investors have seen Reconnections very much as a pilot and has been 'satisfied but not happy' that their investment has seen only some repayment (but below value of the 'principle' capital amount). They recognise that Reconnections was partly about 'learning by doing' and therefore felt that a return was less important than other investments in their portfolio. The investors did state that not all investors would have been happy to see a lack of return and loss and that Reconnections should not be seen as a typical case for a typical investor interested in becoming involved in SIBs.</p>
Intermediary: Social Finance	<p>Social Finance were 100% committed to making this work and again saw Reconnections as a pilot to test out new ways of working and seeing how loneliness might (or might not) be tackled through a SIB. Social Finance have worked hard to make this SIB work and ensure a large amount of changes took place. They also recognised that Reconnections needed a strong and highly experienced SIB Director.</p>
Delivery providers	<p>As the delivery providers are contracted on a fee-for-service basis, under which they are paid the same amount of money every month regardless of the SIB's performance, managers stated that they are not really exposed to the SIB mechanism, in terms of outcomes payments. However, as typical with fee-for-service contracts, the delivery providers are expected to perform and are at risk of being de-commissioned if they do not perform.</p> <p>Nonetheless, managers had noticed a different feel to the project, as the SIB approach had affected certain processes, such as performance management and data collection, which delivery providers viewed as being positive. One delivery provider manager commented that unlike their other (non-SIB) projects, the SIB felt well organised and well executed. This was partly down to the SIB collecting and monitoring a range of datasets (that non-SIBs are less interested in) and also around the SIB director simply being well organised and a good project manager.</p> <p>Delivery providers also felt that the SIB, through its focus on achieving outcomes, had changed their view of, and approach to, measuring outcomes in their wider work. Overall, delivery providers had a positive view of working within the SIB. It allowed them to test different approaches to engaging beneficiaries and delivering activities, which had allowed them to expand on their offer as organisations.</p>

<p>Volunteers</p>	<p>For the volunteers that we spoke to, this was the first SIB project that they had been involved in. Their views were very positive. Compared with other (non-SIB) projects that they had worked within, they commented that they had to be much more accountable in Reconnections, in terms of capturing outcomes data¹³, taking note of the activities that they did or the approaches to engagement that they used. They felt that this was a positive thing, because by capturing all of this data they were able to start to see if different approaches were working well or less well.</p> <p>Another positive element of working with a SIB was that volunteers felt that they could be more flexible as the project progressed and the number of referrals grew, and could test different approaches. They felt that this helped to increase the credibility of the organisation, because they were able to offer more services to people.</p>
<p>Beneficiaries</p>	<p>The service users of the project that we spoke to reported positive experiences. Several of the participants had gone from not being involved in anything, to attending the centre multiple times a week, on a regular basis. Most of the activities accessed by one of the delivery partners (Simply Limitless) related to fitness/sport, including walking, table tennis, and indoor bowls. However, there were other activities such as crafts, and one-off events, such as bonfire nights, outings to a local fish and chip shop, and barbeques.</p> <p>The beneficiaries did not know that the project was run through a SIB, but they had noticed significant changes to their self-perceived levels of loneliness during the first 3-4 months, mainly thanks to the 'motivational' delivery staff. Beneficiaries also commented on the nature of the provision, in terms of lots of the delivery in the early months being individually tailored to the beneficiaries, depending on their needs. Speaking about some of the physical activities that they did, one beneficiary said:</p> <p>“There are really motivational personalities here. [The member of delivery staff] is really motivational. She gives individual assessment and attention, which I should think we have all benefitted from.... You get tailored support if you need it.” - Beneficiary</p>

13 Outcomes not linked to payment, but relating to wellbeing, health, living arrangements, etc.

6. Conclusion

At the time of writing, the SIB has not performed as expected so far and, although the business case for the programme was originally reported by stakeholders to be strong, there is recognition that some of the key metrics and assumptions which the SIB was built on were incorrect. In particular, metrics that were wrong included referral rates, unit cost, numbers in the target group and actual impacts on levels of loneliness. Some of the figures stated in the original bid at the commissioning stage were also high compared to what was experienced in reality. In particular, the number of existing volunteers that providers stated they had access to was felt to be much higher than they had on their system meaning a lot of 'extra' work was required to increase the number of suitable volunteers available to Reconnections. Stakeholders tended to state that the figures which the programme was built upon had been wrong rather than the Reconnections programme being particularly poor at helping people who suffer from loneliness. In particular, (as stated below) those who had designed the Reconnections programme had underestimated how complex the needs of target groups were and how difficult it was to achieve an outcome without a serious amount of investment of time and resources. This theme has emerged in other CBO SIBs (such as the Mental Health and Employment Partnership Staffordshire) and has been discussed in the third CBO evaluation update report.

Despite the challenges to the programme the intervention itself, once it had been redesigned Reconnections saw significant improvements, and according to providers and volunteers, Reconnections seemed to be creating a number of positive outcomes. However, the actual level of take-up to the service was lower than expected, and the needs of service users referred in tended to be more complex than the business case anticipated. Ultimately, the assumptions underlying the project were overestimated as they assumed that: social isolation issues could be resolved by providing higher level 'befriending' activities and simply signposting

beneficiaries into social activities; that this could be achieved by volunteers with relatively minimal training; and that this could be achieved in six months. The reality proved to be far more complex than this. It is difficult to prove whether this is due to the limited prior evidence of work in this area, or a consequence of the need to make predictions as part of the SIB model. What is apparent is that other SIBs (such as YEF) have been prone to optimism bias (partly because there is a competitive bidding process at commissioning stage, which all forms of contracting may be vulnerable to) – i.e. that more can be achieved in a shorter period of time than proves to be the case – and, it would appear that the same has happened here. Providers from other SIBs have commented that SIB modelling often does not seem to accommodate for this level of complexity in real life, and this seems to be a key learning point for SIBs more generally, including this Reconnections SIB.

In hindsight, stakeholders felt that the loneliness outcome measure linked to a payment is less appropriate. Loneliness is a self-reported measure, it is something that is difficult to control and get an objective or externally validated measure of, and someone's loneliness relates to a whole number of factors (i.e. Reconnection may help people feel less isolated but, because they have depression, they will tend to often return to feeling isolated). Also, the programme measures loneliness at one single point in time (during a telephone interview with beneficiaries) at three payment stages across their involvement with the programme - if they have had a 'bad day' when they undertake a survey then they will score their loneliness levels as being low, or likewise a 'good day' could stimulate a response that overstates any positive change. Without assessing progress using other measures, this may mean that loneliness is not a particularly good issue to tackle through a SIB model. This also provides lessons for those developing SIBs where all outcome payments are attached to self-reported measures that are 'soft' and largely untested (in the SIB context) that are difficult to link directly to an intervention. ~It is

worth noting that there was no counterfactual work done that would have helped to understand what benefits could be attributable to the activities of Reconnections. These are critical points that other commissioners wishing to develop similar types of interventions should address. It should also be noted that other SIBs tend only to use similarly soft outcomes to complement a harder and more definitive outcome payment, such as stopping a child from falling into care.

Reconnections has seen a huge amount of goodwill from stakeholders in response to the model redesign, as it helped change the way the SIB supported delivery. During the third review, the evaluation will understand whether these changes have manifested themselves into better and strong outcomes and impacts. Reconnections has benefitted from various stakeholders (including investors who saw no returns on their investment for many months) who put in extra effort that is beyond the norm for a programme of this size. This goodwill cannot always be relied upon and if stakeholders had not 'made Reconnections work' then the programme may well have finished in the first year of its life. The third review will explore whether this additional effort was worth it and will consider if lessons can be learned about the amount of senior involvement required to 'course correct' when all contracts (not just SIBs) are not performing as intended.

Linked to the above, Reconnections has also benefitted from a large number of highly experienced stakeholders providing strategic advice to the programme, including senior managers at Social Finance, providers and the commissioners. Figures adding up the total management costs have not been estimated, but Reconnections has benefitted from a disproportionate amount of management time that other loneliness projects cannot rely on. Again, the determination by the Reconnections Board to make Reconnections work cannot be underestimated. This included the support Worcestershire County Council has given to Reconnections who, in practice, could have 'walked away' from the SIB as it was

struggling to achieve its outcomes. Instead, the commissioner was also determined to test the SIB approach recognising that it could potentially support future outcome-based commissioning in the future. The Commissioner was also very interested in how Reconnections has created new ways of working with volunteers in the local area and adding value to the type of beneficiary a volunteer could be expected to work with.

Some of the proposed 'SIB effects' that stakeholders claimed when SIBs first launched have materialised in the Reconnections SIB. It has instilled behaviour change amongst providers, in terms of how they think about and measure outcomes, not just within the SIB but in their wider work. This finding resonates with recent views on the impact of SIBs; for example, discussions held during the 2019 Social Outcomes Conference pointed towards SIBs being a "catalyst or a trigger that can kick a system into doing something differently"¹⁴ The drive to achieve outcomes has also led to high levels of adaptation in delivery, which has driven up quality and arguably achieved more outcomes than would have achieved without the SIB mechanism. However, the perception of the performance of the SIB also rests on an outcome measure that some stakeholders felt was ambiguous and did not accurately reflect the impact of the service because it captured a 'point in time' perception of loneliness. Furthermore, as stated at the start of this report, the 'SIB effect' which relates to whether Reconnections has saved money (linked to a reduction in loneliness) has not been quantified to date. This will be a key aspect of the third wave of interviews along with whether the changes to delivery highlighted in this report have led to better outcomes.

Areas to investigate in the next in-depth review

This report provides details of how a SIB has changed significantly in order to overcome a period of underperformance. These changes to delivery relate to project management, outcome payment rates volunteer recruitment as well as measurements of success. The report is particularly useful for those

14 GO Lab. 2019. The Social Outcomes Conference 2019: a round up. Available from: <https://golab.bsg.ox.ac.uk/community/blogs/roundup-soc19/>

who are developing a SIB linked to beneficiaries with complex needs where an impact of an intervention is linked to softer issues such as loneliness. A key issue for the next in-depth review is to understand whether these changes have manifested themselves in terms of a stronger performing programme. Underneath this key area of investigation are the following issues for the next and final review of Reconnections:

- Whether the SIB has saved organisations any money in the near-term i.e. has a reduction in loneliness meant that beneficiaries are now not using other services which would otherwise be paid for by public services
- What the different management costs of Reconnections have been (and how they have been covered), and how the value for money of this can be judged (including how this compares to the perceived value of the outcomes it has delivered through its life, how it stacks up against delivery costs and whether the final performance management cost delivered suitably strong management of performance)
- An assessment of the final repayments and returns to investors linked to Reconnections. It will also be interesting to assess the overall perceptions of success, returns and risk from the point of view of the investors.
- The impact of Covid-19 on the SIB's ability to achieve its outcomes, including the effect of digital delivery
- The view of commissioners around what they feel is acceptable in terms of evidence of outcomes (and impacts) generated, whether they perceive understanding the counterfactual is vital or a 'nice to have' (and if so, why), and whether they perceive the SIB to have been good value for money
- Any evidence on the counterfactual from the independent evaluation, looking at the results, costs, effectiveness and efficiency of Reconnections compared to a non-SIB focussed on reducing loneliness, including effectiveness and efficiency of referrals by the project to other service delivery providers and initiatives
- The future of the project and sustainability/legacy planning
- How far delivery providers have actually changed their processes (or changed behaviour) as a result of being involved in the SIB
- Stakeholders' reflections (including CBO programme staff) on the SIB now that it is coming to a close and overall lessons learned.
- Further review of the strength of the measurement scales
- Performance of providers across the project including why some were stood down early in the project and flexibility of the service compared to other SIB models
- Review of financial and reputational risk split between stakeholders
- Reflections of all stakeholders including CBO





