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

Pan London Care Impact Partnership Social Outcomes Contract

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Commissioning Better Outcomes Evaluation

COMMUNITY FUND

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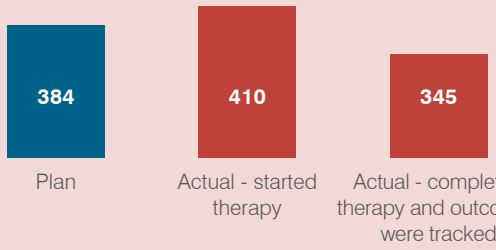
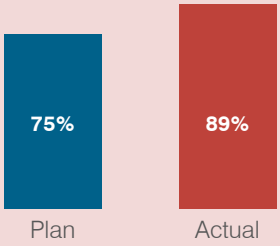
Project focus and stakeholders	
Commissioner(s):	Pan London Care Impact Partnership (London Boroughs of: Barking and Dagenham, Bexley, Haringey, Hounslow, Kingston, Merton, Newham Richmond, Sutton, Tower Hamlets)[1]
Service provider(s):	Family Psychology Mutual CIC Family Action South West London and St George's Mental Health Trust
Intermediary:	Positive Families Partnership (Partnership co-ordinator)
Investors:	10 investors via the Bridges Fund Management Social Impact Bond Fund
Intervention:	Provision of Multi-Systemic Therapy and Functional Family Therapy
Target cohort:	Young people aged 11-16 (some aged 17 on exception)
Period of delivery:	Feb 2018 – June 2021

Project achievements

Service users supported



Outcomes achieved: Young people remaining out of care through the tracking period



Payments and Investment	Planned	Actual
Outcome payments made	£7,704k[2]	£6,534k
Investment committed	£4,234k	£5,175k
Investment drawn down	£4,234k	£2,867k
Investment returned	£475k	£217k (expected)
Internal Rate of Return (IRR)[3]	5%	No return yet[4]
Money Multiple (MM)	1.11	No return yet[5]

1 Bexley, Merton, Newham, Sutton and Tower Hamlets were the original commissioners of the service, when delivery started in February 2018. Barking and Dagenham joined the partnership in August 2018, followed by Haringey, Hounslow, Richmond and Kingston in Summer 2019.

2 This figure was originally confirmed to be correct, although there have since been some queries and discrepancies in the data relating to planned outcomes payments.

3 IRR is essentially a way of converting the total returns on an investment (for example profits made by a business, or in this case total outcome payments) into a percentage rate, calculated over the length of the investment and varying according to cash flow – i.e. how quickly and soon payments are made. For more information see: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/957374/A_study_into_the_challenges_and_benefits_of_the_SIB_commissioning_process._Final_Report_V2.pdf

4 At time of reporting

5 At time of reporting

1.1 Introduction

The Commissioning Better Outcomes (CBO) Fund is a programme funded by The National Lottery Community Fund, which aims to support the development of more social impact bonds (SIBs) and other outcomes-based commissioning models in England. The National Lottery Community Fund commissioned Ecorys and ATQ Consultants to evaluate the programme. A key element of the evaluation is nine in-depth reviews of projects developed with support from the programme, and the 'Pan London Care Impact Partnership Social Outcomes Contract is one of these, with the project itself being called the 'Positive Families Partnership' (PFP).

SIBs are a form of outcomes-based commissioning (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. Stakeholders involved with PFP prefer to describe it as a Social Outcomes Contract (SOC). As with a SIB, there is no generally accepted definition of a SOC, but PFP stakeholders suggest a SOC is the more general term for all contracts that pay for outcomes rather than inputs (including both those backed by external investment and those that are not).

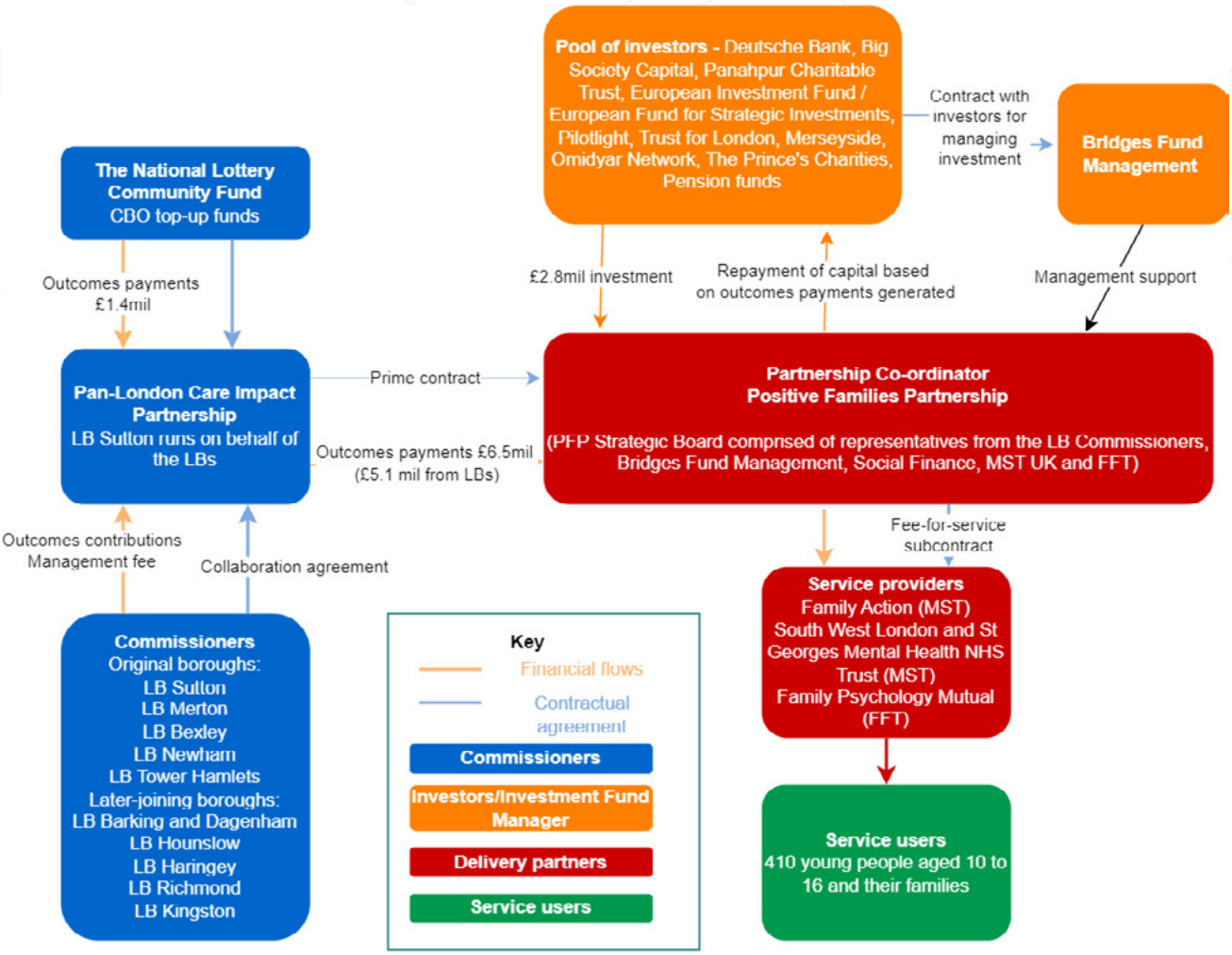
This report is the final review of PFP, which reports on the performance of the project, the effects of commissioning and delivering the project through a SOC (with social investment provided), an assessment of the value-for-money (VfM) of the SOC, and overview of the legacy of PFP. It is based on a review of performance data from the CBO, documents provided by stakeholders, and consultations with the main stakeholders involved in the PFP. These included five of the ten London Borough (LB) commissioners, two of the three service providers (Family Psychology Mutual and Family Action), the core PFP team and Bridges Fund Management (BFM) as the social investment fund manager (IFM), which provided social investment to support the project.

1.2 Pan London Care Impact Partnership SOC overview

The Pan London Care Impact Partnership (PCLIP) SOC was commissioned by a partnership of 10 London Boroughs (LBs), starting delivery in 2018, as a preventative programme. It supported 410 young people aged 10-16, through providing access to evidence-based family therapy (either Multi-Systemic Therapy (MST) or Functional Family Therapy (FFT), to help families stay together and prevent young people entering care. The LBs paid for only one outcome, which was that a child would remain out of care for seven consecutive days or more, during a two-year tracking period following the intervention. Commissioners made an outcome payment for every seven consecutive days a young person was recorded as 'not in care'.

Figure 1 shows the overall structure and funding flows for the SOC. The prime SOC was held between the Pan London Care Impact Partnership (PLCIP) (on behalf of the LBs) and the PFP. Bridges Fund Management provided the £2.8 million of upfront working capital to cover the costs of delivering the service, drawing on investment from a pool of investors. Bridges Outcomes Partnerships provided performance management and data analysis functions within the PFP. PFP held contracts with three service providers, which provided therapy directly to 410 young people aged 10-16 referred to the project programme and their families. The London Boroughs (via the PLCIP) and The National Lottery Community Fund paid for the outcomes (and were projected to pay up to £6.5million in outcomes payments by the end of the contract – i.e., June 2023).

Figure 1: **Pan London Care Impact Partnership SOC Structure and funding flows**



Development of the PLCIP SOC began in 2013, when the Greater London Authority (GLA) convened most of the 33 LBs to explore the idea of commissioning a SOC. Several LBs confirmed their interest in developing a SOC in the priority area of children in, or on the edge of entering, care. There were several motivations for funding the project through a SOC, including a strategic push from the GLA and the Mayor's Office to develop a multi-borough outcomes contract that could be scaled; using a contract that would enable the commissioners to procure a preventative service, which they could then pay for from the subsequent avoided costs of care placements for young people; and the availability of up-front capital would enable the most suitable social providers to be involved in a Payment by Results (PbR) contract (as they would otherwise not be able to take on the financial risk of being involved in PbR).

In 2015, the GLA secured development funding from CBO and then commissioned Social Finance to research the interventions and develop the business case. LB Tower Hamlets led on the procurement of the service (on behalf of five LBs) and went out to competitive tender in 2017. Bridges Fund Management, Family Psychology Mutual, Family Action and South West London and St George's Mental Health NHS Trust formed a partnership to bid for the tender and were successful.

After a five-month mobilisation period, PFP delivery launched in February 2018. Sutton took over the management of the Pan London Care Impact Partnership from this point on, with a Sutton lead in charge of ongoing liaison with and between the PFP and commissioners. LB Barking and Dagenham joined the partnership in September 2018, followed by Richmond and Kingston in April 2019 and Hounslow

and Haringey in August 2019. While Barking and Dagenham was the lead borough for the 2018 CBO application and for commissioning the service, once the contract was signed, LB Sutton maintained its lead role. The project ended all delivery in December 2021, and the tracking period ended in June 2023, with commissioners paying outcomes payments until then.

In reading this report it is important to flag that there have been multiple contract variations between The National Lottery Community Fund and the Pan London Care Impact Partnership (PLCIP). After the original award in 2017, which covered the five original boroughs, there was a contract variation in 2019, to cover the subsequent CBO award for the later joining boroughs, and a later variation in 2021 to merge the CBO awards into one award. A final variation was made in 2022, to reprofile projected outcomes after the final referrals were made. Each of these variations led to changes in the project's targets and financial projections. This report uses the 2019 variation as the 'baseline' for targets, as figures agreed for this variation better reflect all ten boroughs than the original award (that only covered the original, founding boroughs).

1.3 What has happened in practice

Overall, the performance of PFP suggests that it was successful in supporting many young people and their families to remain together and to prevent family breakdown. It **overachieved on its target of starting support for 384 families and young people, and started working with 410 families**. Of these, 345 families engaged enough to start the outcomes tracking.

Overall, the 345 **young people remained out of care for 89% of the two-year tracking period**. This is a positive finding, especially considering that the original business case estimated that 65% of young people accessing therapy via the PFP would have entered care without support, and that the target in the SOC was that young people would remain out of care for 75% of the tracking period. Alongside the care outcome, stakeholders highlighted wider outcomes for families, including improved family relationships and individual functioning (e.g. in terms of managing emotions and improved conduct). Overall, stakeholders interviewed were satisfied with the MST and FFT interventions.

Commissioners' actual payments were less than the planned amount in 2019 (£6.5 million compared with £7.7 million) because the overall scale was less than anticipated in the original award. **The Pan London Care Impact Partnership calculated the avoided cost (from young people entering care) was around £27.6 million**.[6] The avoided costs will far outweigh the costs of the service.

Overall, stakeholders involved in the project were generally positive about being involved in a SOC. PFP staff were pleased with the learning from the project and being able to apply it elsewhere, developing their skills, and being able to work in an innovative way (in terms of a multi-borough, multi-service provider partnership) to make the most of the MST and FFT services. Services providers delivering directly to families felt that they had learned much more about how SOCs worked and were amenable to working on future SOCs. They appreciated the positive nature of the partnership working and bringing boroughs together to be able to access two evidence-based interventions (MST and FFT). Commissioners interviewed were also positive about their experience of the SOC and were happy because positive outcomes were achieved for young people and families in their boroughs. They particularly commended the management and co-ordination by LB Sutton and the use of PbR so that they would only pay when outcomes were achieved. However, they highlighted that strategic stakeholders within the LBs were sometimes more reluctant about involvement in the SOC and were unconvinced of the invest-to-save logic because they could not be certain if the young people supported

6 As calculated for the independent evaluation of the Positive Families Partnership (not yet published).

would have entered care without MST or FFT, and therefore if costs were actually being avoided.

The IFM experience of the SOC was positive, and they felt that the partnership achieved successful outcomes for families, both in terms of stability but also wider family functioning. They felt the project was well-managed and that the PFP adapted well during COVID-19 (by being able to use working capital flexibly to address families' emerging needs and enable continued access to therapy). From the National Lottery Community Fund perspective, they felt that the project's outcomes could lead to direct and wider costs avoided being beyond the high scenario at the original award.

1.4 Successes, challenges and impacts of the SOC mechanism

Stakeholders felt that positive effects of being involved in a SOC included:

- The **focus on outcomes** through the PbR approach facilitated ongoing service improvements because it served as a constant motivator for PFP to ensure a high-quality service. The PbR model ensured that PFP and commissioners tracked families' outcomes over time, which stakeholders felt would have been possible but not enforced in other commissioning approaches. There was no evidence that having just the one outcome linked to payment came at the expense of focusing on wider outcomes such as family functioning, individual functioning, mental health and wellbeing. Stakeholders agreed that the investor helped to add a layer of scrutiny to ensure that the project was contributing to these other outcomes too.
- Stakeholders across the partnership perceived that there was a **better cost-per-outcome for boroughs** via the SOC compared with spot-purchase or fee-for-service, because they only paid for the service if outcomes were achieved, and they received additional money from CBO to contribute to outcomes. They compared the service to Step Change – a similar, grant-funded MST and FFT programme delivered in three London Boroughs – which had a higher cost-per-family than PFP. This was likely because the amount paid for the Step Change was the same as planned, even though it did not meet its targets in terms of the number of families supported.
- The SOC supported the **partnership's flexibility to adapt** during COVID-19, because the up-front working capital could be deployed quickly and flexibly to meet emerging needs (such as improving access to digital tools for families). As the service was contracted on the basis of achieving the outcome, no contractual changes were required because all parties agreed that PFP could adapt in a way that would mean that achieving outcomes would still be feasible.
- Commissioners and PFP stakeholders also highlighted that without the SOC (or some other form of alternative funding across the partnership), individual boroughs **would not have been able to bulk purchase** both MST and FFT because it would have been a large initial outlay. This means that without the SOC it is unlikely that families in these boroughs would have had access to MST and FFT.

Stakeholders described negative effects, or challenges of the SOC as:

- There being a **lack of strategic buy-in** to the SOC model, and the invest-to-save logic. Several commissioners and PFP representatives noted that budget-holders were sometimes unsure of the SOC model because they could not be certain about how much they would have to pay until the two-year tracking period came to an end.

- A key challenge identified in the first in-depth review related to **the counterfactual**, and the extent to which LBs could be sure that if they had not referred a young person and family into the service, the young person would have entered care. This was a clear concern within the context of the SOC because of the explicit link made between the costs of the outcomes payments and the later costs avoided outlined in the SOC's business model.

While the business model accounted for a certain proportion of families being referred where, without the service, the young person would not have entered care, commissioners interviewed for the second in-depth review noted that they were still often challenged by budget-holders about the extent to which they could be sure.

An assessment of the Value-for-Money of the SOC aspect of the project, in line with the four E's (i.e. economy, efficiency, effectiveness and equity) suggests that generally, **the PLCIP SOC was good value-for-money**.

The cost-per-service user was slightly lower than intended and the outcomes achieved were in line with the original award. Commissioners' procurement of the SOC was competitive and there was a cap on the outcomes funding that commissioners were willing to commit, meaning that potential providers were incentivised to put in a bid that offered good value-for-money for the commissioners. The evidence suggests that the value for money objectives for the project were achieved equitably, in terms of there being service user and stakeholder engagement in the development of the service specification, and PFP reaching the intended target cohort, with robust referral processes ensuring that MST and FFT were considered for young people and families across boroughs. Most stakeholders interviewed felt that the SOC offered good value-for-money.

1.5 Legacy and sustainability

Although the PFP was generally successful, and stakeholders interviewed thought that the service was good value for money, the contract was not extended and came to an end in June 2023. There was some appetite from commissioners to extend the contract, and lots of work had been put into negotiations between PFP, the commissioners and The National Lottery Community Fund to do this in 2020-2021. However, ultimately there was not sufficient commitment to make the volumes of service user referrals to the SOC viable to be extended. This was for several reasons, including boroughs focusing more on developing their in-house offer and deciding that they did not want to externally commission their edge-of-care services; a lack of senior commitment within some boroughs, where strategic stakeholders did not feel ownership of, and buy-in to, the project, so they did not want to continue; lack of buy-in to the cost-avoidance model due to difficulties with proving the counterfactual (i.e., if young people would have entered care had they not been supported by PFP); and some boroughs needing to reduce costs as a result of COVID-19.

Despite the contract not being extended, the stakeholders interviewed described several 'legacy effects' of having been involved in the SOC. The commissioning stakeholders generally said their involvement had changed their perception of SOCs – from something they found complex and difficult to comprehend at the beginning, to something that they would consider trying again in future, if the circumstances were right. One of the service provider stakeholders highlighted how their organisation had gone on to work in other outcomes contracts and suggested that their involvement in the SOC had helped to build up their track record. PFP stakeholders described how they had learned a lot from co-ordinating a service at scale in an efficient way and felt they would transfer that learning to other outcomes contracts or projects that they would work on in the future.

1.6 Conclusions

The PLCIP SOC was a very interesting model, as one of the few multi-commissioner, common-platform[7] outcomes contracts in the UK. Subsequently, there are many key learning points. The main conclusions are as follows:

The SOC was a notable project because it was one of the first commissioner-led common platform outcomes contracts in the UK. The model of having a borough in the lead (Sutton) worked well for commissioners and stakeholders felt it was an effective and efficient way of providing a unified borough partnership to interact with PFP. It streamlined communications for the PFP and helped to simplify an otherwise very complex partnership set-up. Future multi-commissioner contracts should consider this as a model to emulate, especially in contexts where there are many moving parts.

The SOC successfully scaled from five to ten LBs in the partnership, as it originally intended. According to stakeholders that joined the partnership, the accession process was generally smooth from a contractual perspective, but it was operationally complex, particularly for the PFP in scaling up.

The SOC enabled LBs to access two evidence-based therapies – MST and FFT. Without the SOC it is unlikely that commissioners would have had the budget to bulk purchase either or both of the interventions at scale.

Robust referral mechanisms, supported by strong clinical discussions, prevented cherry-picking (a possible risk in PbR contracts where providers support service users who they deem 'easier' to support and more likely to achieve the outcomes). All stakeholders were satisfied that the PFP supported the service users they intended to reach.

Most stakeholders felt the SOC supported service improvement, as a result of increased monitoring of referrals and outcomes (to feedback into a continuous loop of improvement) and additional scrutiny of investors.

The project also highlighted the ongoing challenges of applying the invest-to-save logic in practice, as commissioning stakeholders interviewed reported that senior stakeholders continued to be sceptical of whether they were actually avoiding costs.

The PFP experience also provides some important learning on the applicability of SOCs in crisis situations, such as COVID-19. Despite the challenges posed by COVID-19, the partnership responded quickly and effectively to shift delivery online and continue to provide a consistent service to families. Contracting on outcomes, rather than inputs or activities, facilitated the speed of this change, as no contractual amendments were required. PFP was the only CBO project where investors provided additional capital (£200,000) to support the COVID-19 response. Despite its clear success, there was insufficient commitment to extend the PFP, so it came to an end in 2023. A range of factors led to this, including political (a focus on in-sourcing), personal (a change in strategic personnel) and economic (a change in budgets due to Covid), emphasising the complexity of commissioning large-scale outcomes contracts in a changing and uncertain environment.

Overall, the PLCIP SOC contributed to the CBO's programme objectives of improving the skills and confidence of commissioners in developing SOCs; increasing delivery of early prevention services (especially by voluntary, community and social enterprise organisations); supporting more voluntary, community and social enterprise (VCSE) organisations to access and engage with new forms of finance; growing the market in SIBs and OBCs; and increasing learning and a better understanding of how to develop and deliver successful outcomes-based contracts.

7 A common platform in the SIB/SOC context means a set of processes and contract elements that have been pre-designed and put in place as a structure that can be offered to commissioners with appropriate local adaptation.

2.0 Introduction

This review forms part of the evaluation of the Commissioning Better Outcomes (CBO) programme and is the final review of the Pan London Care Impact Partnership Social Outcomes Contract. Previous reviews of this project, and other reports from the CBO evaluation, can be found here.

2.1 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)[8] 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 PLCIP SOC, was part-funded by the CBO programme.

The CBO programme has four objectives:

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

8 Outcomes-based commissioning describes a way to deliver services where all or part of the payment is contingent on achieving specified outcomes. The nature of the payment mechanism in an outcome-based contract can vary, and many schemes include a proportion of upfront payment that is not contingent on the achievement of a specified outcome.

2.2 What do we mean by a SIB, a SOC and the SOC effect?

SIBs are a form of outcomes-based commissioning (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 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."[9]

Stakeholders within the PFP project describe it as a Social Outcomes Contract (SOC). In addition to there being no generally accepted definition of a 'SIB', there also is no generally accepted definition of a SOC.

For the purpose of this report, and to allow consistency and comparability with other in-depth reviews, when we talk about the 'SOC' and its effects, 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 these components are directly related to, or acting as a catalyst for, the observations we are making about the project.

2.3 The in-depth reviews

A key element of the CBO evaluation is our nine in-depth reviews, with the PLCIP SOC featuring as one of the reviews. The purpose of the in-depth reviews is to follow the longitudinal development of a sample of projects funded by the CBO programme, conducting a review of the project up to three times during the project's lifecycle. This is the final review of the PLCIP SOC. The first in-depth review report focused on the development and set-up of the SOC.

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

- The progress the project had made since the second visit, including progress against referral targets and outcome payments, and whether any changes had been made to delivery or the structure of the project, and why
- How the SIB mechanism impacted, either positively or negatively, on service delivery, the relationships between stakeholders, outcomes, and the service users' experiences
- The legacy of the project, including whether the SIB mechanism and/or intervention was continued and why/why not, and whether the SIB mechanism 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 first in-depth review of the PLCIP project also identified the following areas to investigate further in the final review:

- How well the fee-for-service contracting with the service providers has functioned

9 See: https://golab.bsg.ox.ac.uk/knowledge-bank/glossary/#i

- How successful the collaboration contract model has been for the accession of new London Boroughs (LBs)
- How LBs stay on board or disengage during the course of the contract and why, and whether the focus on the partnership approach (rather than the contracting or financing mechanism) has had an impact on engaging other LBs to join
- If (and the extent to which) having one outcome linked to payment: has an impact on the achievement of other (non-payment linked) outcomes, aids transparency or hides cost-benefit, hides complexity in the business case, and is the only relevant outcome worth paying for
- How LBs agree and co-operate on the minimum referral agreement
- The effectiveness of referral processes in avoiding perverse incentives
- The effect of the cap on the deal mechanism and stakeholders
- How well Multi-Systemic Therapy (MST) or Functional Family Therapy (FFT) have worked within a SOC model
- The impact (if any) of the lack of competitive dialogue at procurement stage
- How (and to what extent) the SOC has reduced cost per family for the LBs compared to prior fee-for-service (FfS) / spot purchase arrangements
- The extent to which the SOC supports continuous improvement in delivery
- The impact of Covid-19 on the use of a SOC in the project
- The impact of the project on commissioners' skills, knowledge and understanding relating to SOCs.

For this final review, the evaluation team:

- undertook semi-structured interviews with representatives from all the main parties to the project, including commissioners, service providers and the investment fund manager (Bridges Fund Management). These were conducted between September 2020 and June 2021;
- reviewed performance data and monitoring information supplied by the project stakeholders to The National Lottery Community Fund; and
- reviewed key documents supplied by project stakeholders.

2.4 Report structure

The remainder of the report is structured as follows:

- Section 3 provides an overview of how the project works, including the SOC mechanism
- Section 4 describes major developments and changes in the project since its launch, including the performance of the project against its planned metrics, and stakeholder experiences
- Section 5 discusses the successes, challenges and impacts brought about by the SOC mechanism, including an assessment of the Value for Money of the SOC mechanism
- Section 6 describes the sustainment and legacy of the project
- Section 7 draws conclusions from this review.

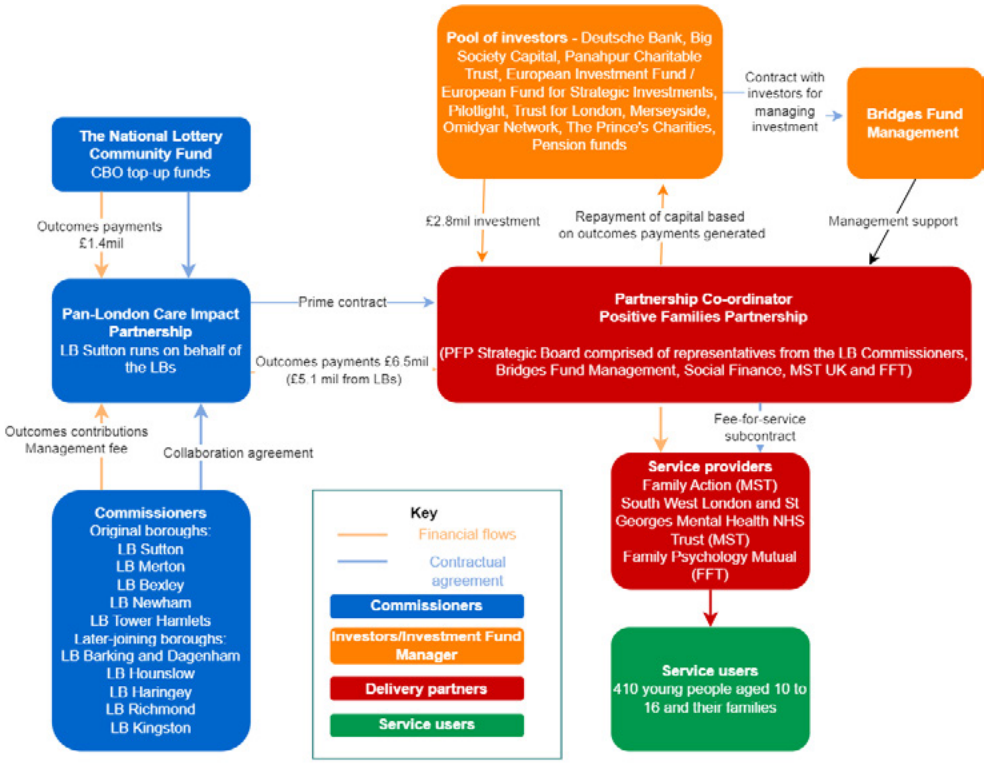
3.0 Pan London Care Impact Partnership project overview

The Pan London Care Impact Partnership (PLCIP) Social Outcomes Contract (SOC) was commissioned by a partnership of 10 London Boroughs (LBs), starting delivery in 2018. It supported 410 young people aged 10-16 referred to the project, through providing access to evidence-based family therapy (either Multi-Systemic Therapy (MST) or Functional Family Therapy (FFT)), to help families stay together and prevent young people entering care. The LBs and CBO paid for one outcome, which was that a child would remain out of care for seven consecutive days or more, during a two-year tracking period following the intervention. Commissioners made an outcome payment for every seven consecutive days a young person was recorded as 'not in care'.

3.1 Set up and key stakeholders

Figure 2 below shows the overall structure of the project. The prime social outcomes contract was held between the PLCIP (on behalf of the LBs) and the PFP. Bridges Fund Management provided the upfront working capital to cover the costs of delivering the service, drawing on investment from a pool of investors. The Positive Families Partnership (PFP) provided performance management and data analysis functions within the PFP. PFP held contracts with three service providers, who provided therapy directly to 410 young people aged 10-16 and their families. The LBs and The National Lottery Community Fund paid for the outcomes.

Figure 2: **PLCIP SOC structure and operational flows**



Source: CBO Data. Note: The amount of investment capital and number of service users supported are 'actual' figures. Investors made a legally binding commitment of £5.2 million, but not all of this was deployed.

The key stakeholders involved in the partnership were:

- ***Commissioners:*** The 'Pan London Care Impact Partnership', made up of: the London Boroughs of Bexley, Merton, Newham, Sutton and Tower Hamlets (originally), with the London Boroughs of Barking and Dagenham, Hounslow, Haringey, Richmond and Kingston joining later on by 2019.
- ***Service providers:*** Family Action (providing MST), South West London and St George's Mental Health NHS Trust (providing MST), and Family Psychology Mutual (providing FFT).
- ***Investment fund manager:*** Bridges Fund Management (Bridges) raised dedicated working capital and was appointed by 10 social investors to manage their commitments. These investors were: Deutsche Bank, Big Society Capital, Panahpur Charitable Trust, European Investment Fund / European Fund for Strategic Investments, Pilotlight, Trust for London, Merseyside, Omidyar Network, The Prince's Charities, and Pension funds.
- ***Partnership Co-ordinator / Social Enterprise Prime Contractor:*** the participating boroughs of the Pan London Care Impact Partnership held the service contract with the social prime contractor, the PFP. The PFP had a small core team including a Programme Manager and an analyst, who were responsible for managing the overall performance of the project. The PFP was wholly owned by Bridges Outcomes Partnerships.

3.2 The intervention model

PFP provided access to two evidence-based interventions: MST and FFT. Inclusion criteria for the intervention also included:

- the young person having at least one of several referral behaviours[10]; and
- the young person living at home with an agreed caregiver, or if they were in care, there was a plan to return the young person home within three weeks of the service starting.

Exclusion criteria included:

- the young person living independently or a primary caregiver could not be identified;
- there were current concerns about the young person relating to suicidal or homicidal behaviour;
- the young person's psychiatric problems were the main reason for referral;
- the young person only displayed problem sexualised behaviour; and
- the young person had severe difficulties with social communication, interaction and repetitive behaviours.

The interventions had such exclusionary criteria because they were based on a model of the family providing the solutions and were based on the young person's behavioural problems being the main reason for referral (rather than psychiatric concerns, which may have been more effectively managed through a different type of support).

MST and FFT are evidence-based and accredited interventions that need to be set up and delivered in accordance with the relevant accreditation licencing requirements. In the PFP project, MST worked with families with adolescents who displayed antisocial or offending behaviour across multiple settings (for example, in the home, in the community or at school), and who were at risk of entering care or custody. In this approach, parents were seen as the main agents of change within the family, and therapists developed plans to help parents encourage positive behaviours and target specific problems.

Similarly, FFT worked with adolescents (and their families) who were at risk of entering care or custody because of antisocial or offending behaviour, but it did not require these behaviours to present across multiple settings (although it could still work across

10 These include: physically aggressive, verbally aggressive, absconds/goes missing, at risk of/engaging in child sexual exploitation, uses drugs or alcohol, makes threats or harm to others, at risk of criminal exploitation (gang affiliation), experiences poor parental behaviours e.g. neglect, struggles with self-identity, self-harming (but not suicidal) and criminal behaviour.

these settings). It aimed to improve family functioning by reframing members' behaviours in a more positive light. While both interventions appear to be similar in nature, MST is more structured, and can work in cases where young people resist engaging with the process (although this was not encouraged), as the therapist can just meet with parents (whereas in FFT a whole-family approach is needed from the outset).[11]

3.3 History and development

Figure 3 shows the timeline for the project. In 2013, the Greater London Authority (GLA) convened most of the 33 London Boroughs (LBs) to explore the idea of commissioning a social outcomes contract. One of LBs' priority areas was children in, or on the edge of entering, care. Six LBs confirmed their interest in the project, and in mid-2015, the GLA applied to CBO for development funding, which it secured successfully.

It then held a competitive tendering process, and Social Finance was appointed to research the interventions and develop the business case. LBs chose MST and FFT as the interventions, informed by a period of research reviewing evidence-based interventions, locally-provided good examples of family support, and speaking with national leads to talk through the interventions and how they linked to the potential cohorts.

There were multiple reasons for funding the project through a SOC. There was a strategic push from the GLA to develop a multi-borough outcomes contract that could be scaled, and thus produce cost efficiencies. As highlighted in the first in-depth review, this strategic push was fuelled by an intention to see LBs work collaboratively to develop a Pan London offer, to identify alternative sources of funding to help achieve the Mayor's aims for London. They wanted to try a payment-by-results model with social investment because of the invest-to-save logic (i.e. it would enable the commissioners to procure a preventative service and then pay for it from the avoided costs due to it resulting in reduced costs for them in terms of care placements, later on).

Many of the LBs did not have the budget available to pay for large-scale preventative services on a fee-for-service basis so the invest-to-save model provided a potential route to access these services. The availability of up-front capital would enable the most suitable social providers to be involved in a Payment by Results (PbR) contract (that would otherwise not be able to take on the financial risk of a standard PbR contract). Being able to access the CBO top-up fund was also a draw for some of the commissioners.

"The Lottery side of it was a real pull into this. Having Lottery subsidise [21%] of the outcome payment made councils a bigger attraction. It was already a low rate but in addition they believe in this project and take another [21%] off, that was very attractive to councils. We don't generally attract funding in that way, can't generally get grants and that type of funding, so it was a sweetener." - Commissioner

LB Tower Hamlets led on the procurement of the project (including legal work and ethics checks). They held a 'Market Warming Day', to explain the project and the rationale for choosing MST and FFT to potential providers. The original contract notice was openly advertised, but the subsequent procurement process was carried out under the light-touch regime[12] using Restricted Procedure, where

11 CBO full application form

12 Under the 'Light Touch Regime' procurements must be advertised and, a contract notice or special type of prior information notice and an invitation to confirm interest must be used. However, the council can then design its own procedure for procurement, provided it complies with principles of equal treatment and transparency, carries out the procedure in line with the information included in the notice, and sets reasonable and proportionate time limits. See for more information: https://www.local.gov.uk/national-procurement-strategy/pcr-toolkit-2015/what-improvements-can-we-make-way-we-buy/light-touch

only those who responded to the invitation to confirm interest were invited to submit a full proposal.[13]

The commissioners used a joint-tendering process, which required the investor to bid in partnership with the service provider(s). In 2017, Bridges and Social Finance worked in partnership as PFP and conducted a mini-bid process for service providers, undertaking due diligence with a shortlist of them.

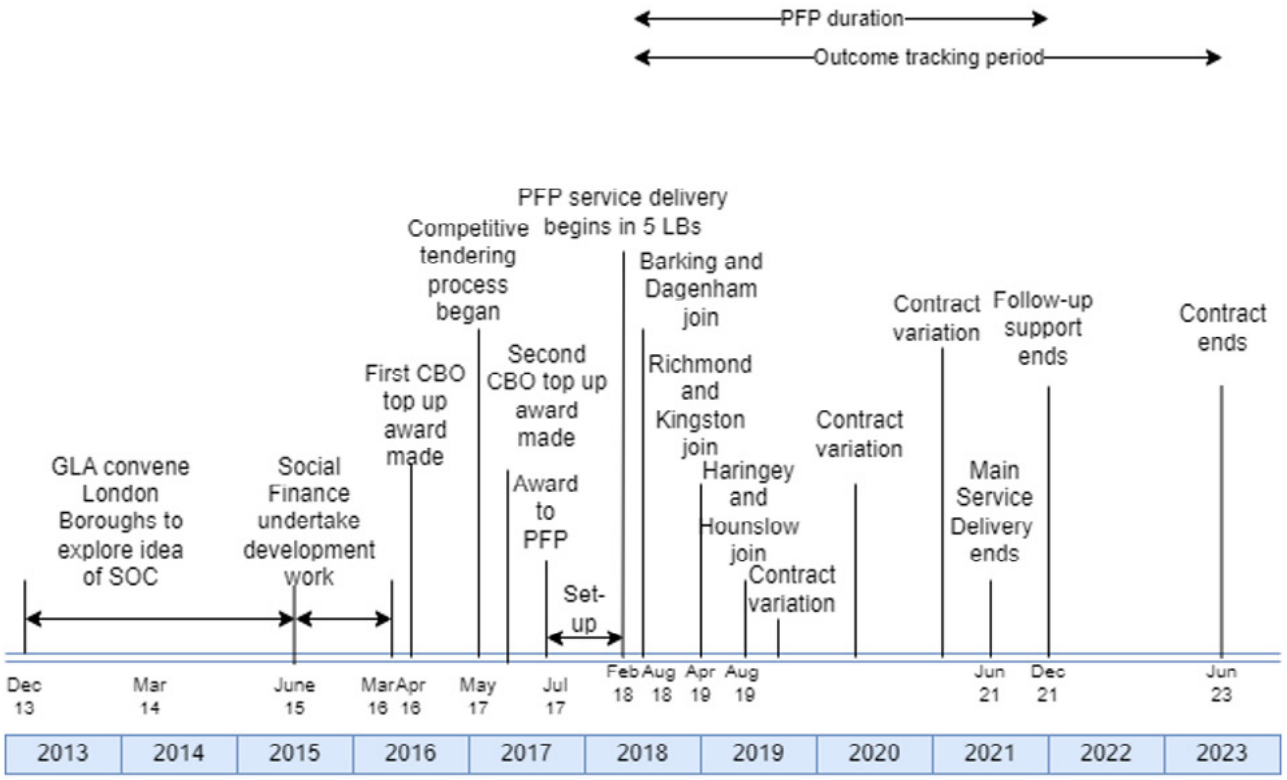
Commissioners awarded the contract to the PFP, and LB Sutton became the lead commissioner, acting on behalf of the Pan London Care Impact Partnership. There was a five-month mobilisation period (which involved recruiting people in post within the service provider organisations and the PFP prime contractor), before the contract commenced in February 2018. LB Barking and Dagenham, which had been awarded a separate CBO top-up in 2017, joined the partnership in September 2018.

LB Sutton and Barking and Dagenham tried to engage other London commissioners, and in April 2019, Richmond and Kingston joined, followed by Hounslow and Haringey in August 2019.

While Barking and Dagenham was the original lead borough for the separate 2016 CBO application and for commissioning the service, once the contract was signed, the project lead and CBO award were transferred to LB Sutton in its lead role for the whole partnership.

A 'collaboration contract' was in place between the participating boroughs, setting out how the boroughs would work together, make decisions, hold data sharing protocols, and how they would work with the providers. Each of the boroughs paid LB Sutton £13,000 a year to provide a co-commissioning service on their behalf during the delivery phase. This fee was halved after all referrals were completed.

Figure 3: **PLCIP timeline**



13 See: https://www.sell2wales.gov.wales/Search/Search_Print.aspx?ID=MAR192784

3.4 Payment mechanism and outcome structure

3.4.1 The payment mechanism

The LBs and CBO top-up paid for one outcome: that a child remained out of care for seven consecutive days or more, during a two-year tracking period following the intervention. A case would become eligible for outcome payment once the family engaged in the service offer for a minimum of 28 days. PFP stakeholders highlighted that in practice, this was more flexible, and they only claimed outcomes where they felt the intervention had made a difference to a family, and where there was good engagement with a family for an extended period.

Outcome payments were incurred 11 or 17 weeks after the first family meeting for FFT and MST interventions, respectively. Outcomes were validated by LBs using statutory administrative data collected on young people's social care status. The outcome payment was £214 per seven-day period including a £45 CBO top up. It was a fixed value regardless of the type of therapeutic intervention, set at a level which compared favourably with boroughs' average placement costs.

When developing the business case, Social Finance estimated the counterfactual (that is, in the absence of an intervention, estimating the number of young people who would not have entered care) by examining historical data on the numbers of young people on 'the edge of care' who did not enter care, and then calculating the percentage of young people (and their families) for whom MST or FFT could be suitable. They then used the current data (at the time) and applied these percentages to estimate how many children they expected to prevent from going into care through the two interventions. They used these calculations to underpin the business model. The business model assumed that 35% of young people would not have entered care without the intervention.

There was a financial cap embedded in the payment structure for the original five boroughs, which signified the maximum that the boroughs could pay. The commissioners stipulated this when they went out for tender and it was set at an outcome payment equal to a 75% success rate for the first 384 cases (the minimum number commitment for the contract term). The CBO outcome payments were also capped at covering the value of 21% of commissioner outcomes.

As part of the therapy, the PFP also tracked a range of metrics (e.g. relating to mental health, family functioning, behaviour) to support a holistic understanding of a family's situation and help tailor support, although these were not linked to payment. As described in the first in-depth review, commissioners chose to link only one outcome to payment because the model was already so complex (with multiple commissioners and service providers).

As the prime contractor, PFP held the social outcomes contract with the commissioners, and was the entity paid on the achievement of the outcomes. The three service providers were contracted by the PFP on a fee-for-service basis, meaning that they did not bear any outcome risk. However, the service providers had key performance indicators (KPIs) that they needed to meet, which were monitored during regular contract meetings (e.g. a certain number of accepted enquiries, the length of time between an accepted enquiry to becoming a service user and the attrition rate (i.e. proportion of families dropping out of the service)).

3.4.2 Investment and financial risk sharing

Bridges Fund Management was the investment fund manager that managed the investment (or up-front capital) used to set up and deliver the PFP. As discussed in the first in-depth review, Bridges shared some high-level learnings with the GLA in the early development of the project, but later responded to the invitation to tender, where it sourced the service providers and responded to the bid.

The SOC was attractive to the Fund Manager because it was in a policy area where there was a 'huge' need and where they felt delivery innovations were necessary. They also felt it was an innovative model (with potential to grow as more commissioners joined through the collaboration agreement) and a key opportunity to demonstrate the power of a partnership approach.

At contract award, 10 investors committed £5,200,000 investment but the total investment drawn down was £2,867,704. The investment was transferred from investors to the PFP partnership co-ordinator, which would use the investment to set up the project and pay providers on an ongoing basis. The level of Internal Rate of Return (IRR) was variable. At the median scenario the expected IRR was 5%, provided the innovations introduced into the service were successful.

The investment capital was 100% at risk, meaning that investment returns were not guaranteed. There were no financial penalties in place for the commissioners not meeting the minimum referrals (see the first in-depth review) meaning that the commissioners were not required to pay anything except for the families supported and outcomes achieved.

3.4.3 Performance management and governance

As outlined in Figure 2, the PFP social enterprise prime contractor / partnership coordinator was responsible for the overall delivery performance in relation to the SOC. The PFP had a Performance Manager, whose role was to feed the data about referrals, service use, and outcomes back into delivery to help make improvements to the service, by identifying, implementing and piloting service innovations. The PFP also managed all the stakeholders in the project and developed and managed systems for assessing ongoing performance.

Alongside the Performance Manager there was a Clinical Director, whose role was to oversee the implementation of MST and FFT as a joint offer and ensure systems and approaches were aligned as far as possible and learning was shared between the two therapies. Alongside the reporting for the SOC, as licensed interventions, MST and FFT both required additional reporting requirements from the service providers, relating to specific outcomes measures and implementation and delivery fidelity.

The SOC had a Strategic Board (running up to 2023), chaired by LB Sutton and with representation from each participating borough. While the group met as a closed group, time was allocated to meet with representatives from the PFP Board, PFP Delivery team, MST UK and FFT. The board's role was to provide oversight of performance; determine, review, and approve the strategy for the future management of the contract with the PFP; and review, approve and govern the collaboration agreement between the boroughs.

There were operational review meetings for each borough, involving that borough's senior operational lead, LB Sutton, staff from PFP, and MST and FFT supervisors. These meetings aimed to monitor the performance of the PFP; verify provider compliance with safeguarding and information management regulations; provide a forum for the resolution of issues (both operational and contractual); and support the delivery of service reviews and continuous improvement to the model. These meetings ended in summer 2021, with the closure of main delivery of the service.

3.4.4 Comparing PLCIP with other CBO projects

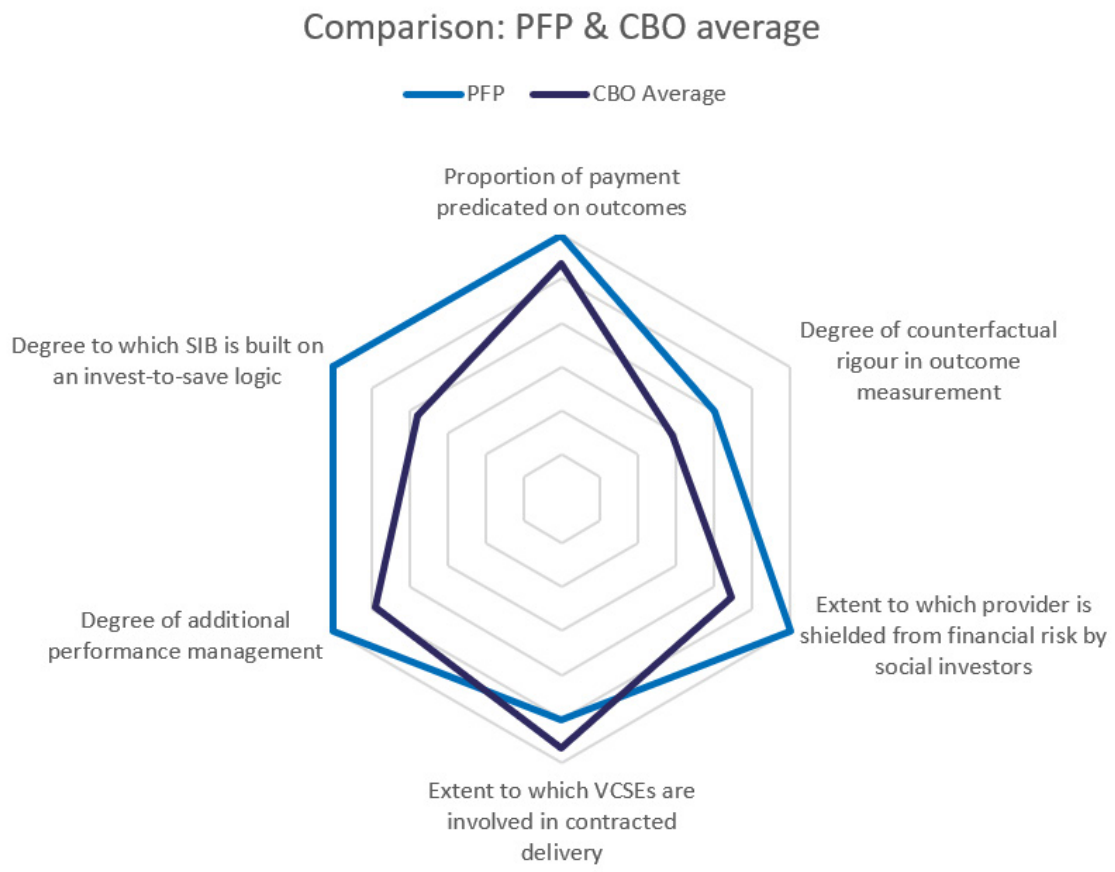
The CBO evaluation team has developed a framework for analysis to compare the SIB/SOC models across the nine in-depth review projects. This draws on the SIB dimensions set out by the Government Outcomes Lab[14], adding a sixth dimension related to cashable savings. The aim here is to understand how SIB/SOC funding mechanisms vary across CBO, and how they have evolved from their original conception. Figure 4 uses this framework to compare PLCIP with the average positioning for the CBO in-depth review projects against this framework (Annex 1 describes the dimensions and the different categories that exist within it).

It is important to stress that these are not value judgements – there is no 'optimum' SIB design, but rather different designs to suit different contexts.

For further information on how these categories were formulated, and the rationale behind them, see here.

14 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 4: **SIB dimensions in PLCIP and other CBO in-depth reviews**



The positioning of PLCIP against the framework shows that:

- ***The PbR model was, as conceived, based 100% on payment for outcomes achieved. This is typical of the CBO projects that feature as in-depth reviews:*** two thirds (six out of nine) of the projects have 100% of payments attached only to outcomes. In the remaining three projects (Mental Health Employment Partnership, West London Zone and Be the Change) commissioners also pay for engagements / outputs.
- ***Validation method:*** Although payments were made for all outcomes achieved, there was no impact evaluation to ensure that outcomes were attributed to the intervention. This again is typical of SIB models in CBO. PLCIP has a 'deadweight' assumption built into its payment mechanism. This attempts to ensure that commissioners only pay for outcomes that are likely attributable to the intervention. This is rare in the CBO in-depth review projects – to the best of our knowledge only three of the nine in-depth review projects have an estimation of attribution built into their outcome payments.

- ***Provider financial risk:*** The three service providers were protected entirely from the financial risk of outcomes not being achieved, with all such risk being taken on by Bridges (the investment fund manager). This is common across in-depth review projects, and in five projects providers are fully shielded from financial risk by the investors; in the other four the risk is shared between providers and investors.
- ***VCSE service delivery:*** The delivery was undertaken by two VCSE sector organisations and one public sector organisation. It is typical for delivery to be undertaken by VCSEs in the other CBO in-depth review projects in part because CBO requires engagement with at least one VCSE organisation (though not necessarily in a provider capacity).
- ***Performance management:*** The SIB was designed so PFP (as the social enterprise prime contractor) would be responsible for managing the overall project's performance, rather than the service providers. This is the most common approach across the nine in-depth review projects, with five being managed by external organisations; in two others it is being managed internally and in the final two projects there is a mix of external and internal performance management. However, as mentioned in Section 3.4.3, service providers had separate reporting requirements to FFT or MST (where relevant) relating to delivery fidelity and outcomes.
- ***Degree to which project is built on an 'invest-to-save' logic:*** The invest-to-save logic was a key principle underlying the business case for the PLCIP. The logic was that if the support succeeded in preventing the young person from entering care, then there would be avoided care placement costs for the LB, and these avoided costs would pay for the project outcomes. Only two other CBO in-depth review projects are heavily predicated on an invest to save logic (Ways to Wellness and HCT).

4.0 What has happened in practice

This section covers major developments over the lifetime of the project.

4.1 Contractual and operational changes

As outlined in Figure 3, following the initial service launch, five additional LBs joined the partnership. The LBs applied for a separate award to access top-up funding from CBO, which was originally offered in December 2017.[15] This means that there were two awards in place with the CBO for the project: one for the original five LBs, and one for the latter five. This required two separate CBO awards, claims and monitoring reports. Commissioning stakeholders interviewed felt that having separate monitoring requirements for the original and later-joining boroughs was a challenge and overly burdensome. In 2021, CBO agreed with the Pan London Care Impact Partnership to merge the two awards under one, single award.[16]

No changes were made in relation to the target cohort (i.e. age of young people), the outcome linked to payment (i.e. every seven consecutive days a young person remained out of care), or the payment tracking period (i.e. two-years).

4.1.1 Changes in response to COVID-19

Unlike some of the other CBO projects included as part of the in-depth reviews, COVID-19 did not have an impact on the PFP's contractual agreement with the commissioners, and PFP was able to continue providing services – albeit with adaptations – throughout the periods of government restrictions.

Referrals

In terms of **referrals and service starts**, CBO data indicates that during the period from April 2020 to February 2021, the number of families starting therapy was 146, compared to a target of 116. The stakeholders interviewed generally noted that referrals to the service remained steady throughout, with the over-performance of some boroughs counteracting the drop in referrals from others. Some commissioning stakeholders highlighted that they noticed no change due to the pandemic but in fact a smoother referral process as they became more familiar with the MST/FFT criteria. In addition, a stakeholder from the Investment Fund Manager noted that the pandemic-related restrictions seemed to amplify some of the crisis situations for families, resulting in increased demand for PFP.

However, some commissioners interviewed noticed a reduction in referral numbers, attributing this in part to the drop-off in communication between PFP and local authority social workers while working from home. One commissioner felt that without the constant reminder that PFP was available (through regular in-person meetings and co-location in LB offices), some social workers were prioritising other services.

15 Although, according to the CBO Fund, it was not necessary for the LBs to apply for a separate award.

16 As a result of these changes, there were two contract variations: one in 2019 (when the five new boroughs joined) and one in 2021 (when the award was merged). This report uses the 2019 variation as the 'baseline' for targets, as figures agreed for this variation better reflect all ten boroughs than the original award (that only covered the original, founding boroughs).

Project delivery

Given the Government's social and physical distancing requirements introduced from March 2020, PFP therapists had to **pivot delivery from in-person to virtual or telephone-based**, to ensure that young people and their families could continue accessing therapy. Maintaining engagement resulted in some creative thinking around how best to reach young people and families, who often lacked access to the tools necessary to get online safely and for long periods. PFP made the executive decision early on in the pandemic to provide families and young people with laptops, phones or Facebook Portals[17] to maintain their involvement and engagement with the service. Where efficiencies were made in service delivery (e.g., in terms of staff members' travel costs), funds could be reallocated, in this case towards ensuring the service was still accessible. PFP drew down £200,000 in investment during COVID-19 to ensure the service's viability (an increase on the planned £20,000 of investment over the same period).

Overall, stakeholders felt that the **switch to online/ virtual delivery worked well**. PFP stakeholders noted that for many of the young people receiving MST/FFT through PFP, their engagement with virtual methods was good because they were more familiar and comfortable with them from using them in their personal lives. However, service provider stakeholders noted that everyone's comfort levels varied and for some, discussing personal, and sometimes traumatic circumstances virtually was hard. This reflects wider experiences in Children's Social Care services during the pandemic, where social workers adapted to new ways of working, but often found that virtual forms of communications did not allow them to fully assess families' situations, and face-to-face visits were, in some cases, necessary.[18]

"It's a very different style of engagement. I think the intensity of doing online work, plus the fact that we've had people who've basically been living in one room because lots of people who live in London are living in shared houses. When you're in a shared house and that's where you live, work and sleep, it's quite intense. So you know that that has created some difficulties. I mean, some people take to online work really well, and then we've ended up in a more hybrid position where we're having some face-to-face contact where it's safe to do so." – Service Lead

COVID-19 created opportunities and new working arrangements that benefitted service delivery. With a reduction in travel due to virtual working, the PFP was able to fill capacity gaps more easily. The investment fund manager noted how well PFP as a whole service had responded, showing the team's resilience and creativity throughout.

Overall, the commissioning stakeholders interviewed noted that the social outcomes contract provided enough flexibility for PFP to move to a virtual model of delivery, without requiring any changes to the contract terms.

This was also the case in another edge-of-care CBO project funded through a social outcomes contract – Turning the Tide. This was a similar project operating in North Somerset, that aimed to prevent young people from entering care or reunify those in care with their families. It also moved to a virtual model during the pandemic, and was recommissioned in 2021 using a hybrid model of virtual and in-person delivery of a parenting programme.

17 Facebook Portals are a tablet designed for video calling to connect people and make it feel as if you are in the same room, giving a wider aspect on the screen, tracking people as they move around a room. More information available online at: https://portal.facebook.com/gb/products/portal/

18 Ofsted. 2022. Children's social care 2022: recovering from the COVID-19 pandemic. Available from: https://www.gov.uk/government/publications/childrens-social-care-2022-recovering-from-the-covid-19-pandemic/childrens-social-care-2022-recovering-from-the-covid-19-pandemic

Outcomes and payment structure

COVID-19 **did not have an impact on the achievability of the outcome** linked to payment, and all parties were satisfied to continue delivering towards – and paying for – the outcome of a young person remaining out of care. As the outcome was verified through administrative statutory data, there were also no changes to the verification process as a result of COVID-19. This was a similar situation to the Turning the Tide project in North Somerset, which also required no contract changes throughout COVID-19 because the commissioner, the provider and the investor were all satisfied that it would be possible to continue delivering to families and achieve the intended outcomes. However, to offset the impact of COVID-19 on the uptake of PFP by service users, The National Lottery Community Fund agreed to extend the CBO award by up to a year in anticipation of Covid affecting engagement and outcomes. It also aligned CBO funding to the end of the award, so was left in place, even when COVID did not have the anticipated effect.

4.2 Progress in delivering the intervention

Beyond the adaptations made to the delivery of MST and FFT during COVID-19 (as highlighted in 4.1.1), as both MST and FFT are evidence-based interventions, with generally defined elements of support, there were no major changes to how they were delivered over time (although within the models the therapists have a high degree of flexibility to tailor specific activities to the needs of families).

Stakeholders from PFP highlighted that throughout the course of the project, PFP introduced a series of delivery pilots or innovations, with the aim of improving service efficiency, quality and experiences of the service. Not including the investment to move the programme of activity online (see Section 4.1.1) and the expansion of the service to the five boroughs (see Section 4.1), PFP highlighted that the other changes made included:[19]

- **Provision of better terms and conditions of employment** for therapists to attract and retain the best clinical experts, including use of retention bonuses to help therapists stay to the end of the programme.
- **Expanded offer of booster sessions for families supported by FFT** (after the intervention ended), by actively identifying families who might benefit from additional therapy and access to additional sessions (at no further costs to LBs), rather than just supporting those who reached out for support/were re-referred in by social workers (i.e. as standard in the FFT model)[20].
- Bringing in an **additional supervisor for FFT** to ensure consistent level of supervision quality across all LBs.
- Expedited **specialist training for therapists** (done by flying therapists out to USA to access training that was otherwise not available) to ensure that therapists could start in a timely manner and there would be no interruptions of families' therapy;
- Bringing in **extra therapists and recruiting above budget** to maintain capacity of the service.

The PFP team suggested that these additions were enabled by the flexible use of investment draw-down and the flexibility of the contract allowing changes to delivery, and they indicated that these led to a range of outcomes such as increased staff retention and job satisfaction; consistent and accessible services for families; increased quality of service and supervision; and a team that was well-utilised and could respond quickly to uptakes in demand for services (because PFP over-budgeted for therapists to ensure continuity). However, there was limited evidence from other stakeholders involved in PFP to be able to validate these outcomes.

Another key theme from the interviews related to

19 The PFP noted that these design innovations cost around £1.8million

20 Booster sessions are an element of FFT only; MST does not provide follow-up support for families, although social workers can get in touch with therapists to discuss families if needed.

the management of the partnership by Sutton. Generally, the commissioners that we spoke to felt that the management of the PLCIP by the LB Sutton team had been necessary for the project to function. One commissioner highlighted that the complicated nature of having ten boroughs in the partnership - all with different systems, processes, and bureaucracy – required a dedicated lead that could co-ordinate everything to enable a united commissioning partnership to interface with PFP. The commissioners felt it was important that the contract lead was available to be able to provide data or answer queries when necessary.

From the PFP's perspective, having a single point of contact for the borough partnership was helpful as it meant that they could develop a stronger working relationship. For the investment fund manager, the contract was complex but well managed by Sutton, and in most cases the partnership worked through the referral issues to develop a consistency in practice, which was effective in delivering timely outcomes. The set-up also enabled several commissioners to focus more on strategy. For example, a commissioning lead from one of the boroughs said not having to deal with the day-to-day details of contract management meant that they could take a step back and have more space to think about the borough's overall 'Edge-of-Care' offering and its strategic direction. Overall, the success of this approach is an important 'lesson learned' that could be useful for those considering co-commissioning arrangements in the future (even if not in a social outcomes contract context). A CBO stakeholder highlighted that the multi-commissioner approach possibly unlocked economies of scale. For example, the Turning the Tide project in North Somerset spent around £15,000 per year on contract management (i.e. 13% more expensive than what each of the LBs were required to pay in the PLCIP SOC).

"I am part of other partnerships, not necessarily social impact bonds, but again I think the strength of this programme has really been the co-ordination. I think [Sutton lead] how [they] take that role on, how they are always available to talk, always able to provide as clear data as you need it, but otherwise it just runs. That's the glue that makes the partnership work." - Commissioner

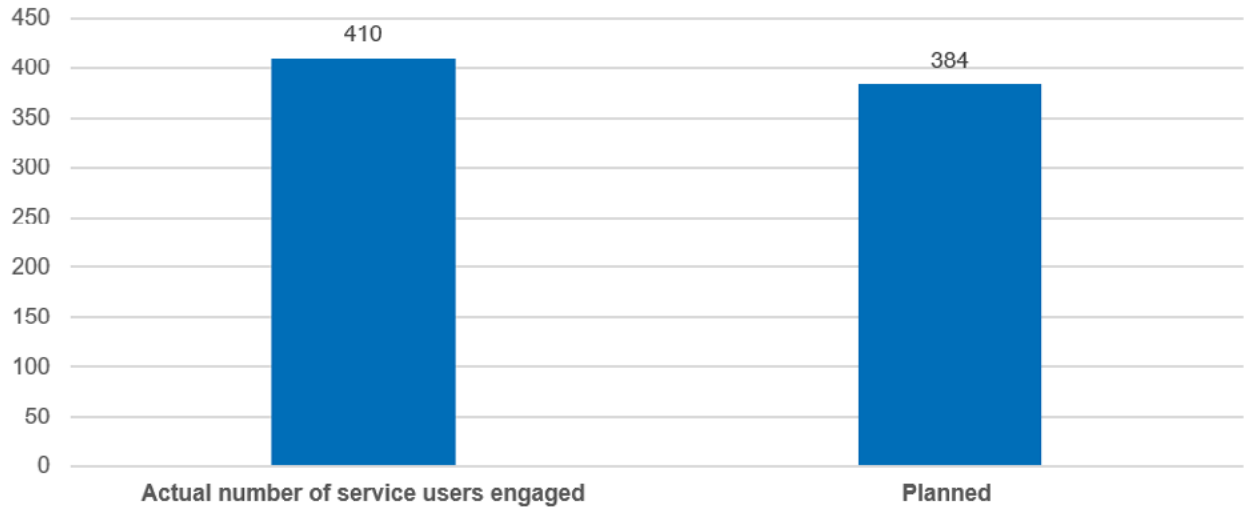
4.3 Project performance

This section provides information on how the project has achieved against its targets.

4.3.1 Volume targets

As Figure 5 illustrates, PFP exceeded its 2021 revised planned median scenario for the total number of service users engaged, achieving 116% of its target (410 service users engaged against the revised figure of 384). This was the target set out in the SOC. This was also in line with the 2019 contract variation between the PLCIP and The National Lottery Community Fund, which had a target of 410 families engaged. As discussed in Section 4.1, CBO and the 10 local commissioners agreed to revise down the target number of service users engaged, following the initial years of service delivery, where the referrals were lower than originally anticipated. There were several reasons for this (see the next paragraph).

Figure 5: **Actual number of service users engaged, against medium scenario targets at award**



Source: CBO data

4.3.2 Outcome performance

Of the 410 families that started therapy, 345 (or 84%) engaged in PFP enough to have their outcomes tracked for the two years.

Young people remained out of care for 89% of the two-year tracking period. This is a positive finding, especially considering that the original business case estimated that 65% of young people accessing therapy via the PFP would have entered care without support.

Overall, there was a strong level of consensus across the stakeholders interviewed that, at the time of the interviews (September 2020 to June 2021), the PFP project had delivered positive outcomes for young people and their families. Stakeholders mentioned the stability of the families post-intervention as a key positive outcome (as this is the outcome linked to payment), but also wider outcomes, including improved family relationships and individual functioning (e.g. in terms of managing emotions and improved conduct). There was strong consensus that the therapies (MST and FFT) were working as intended.

Case study: **re-building trust within families**[21]

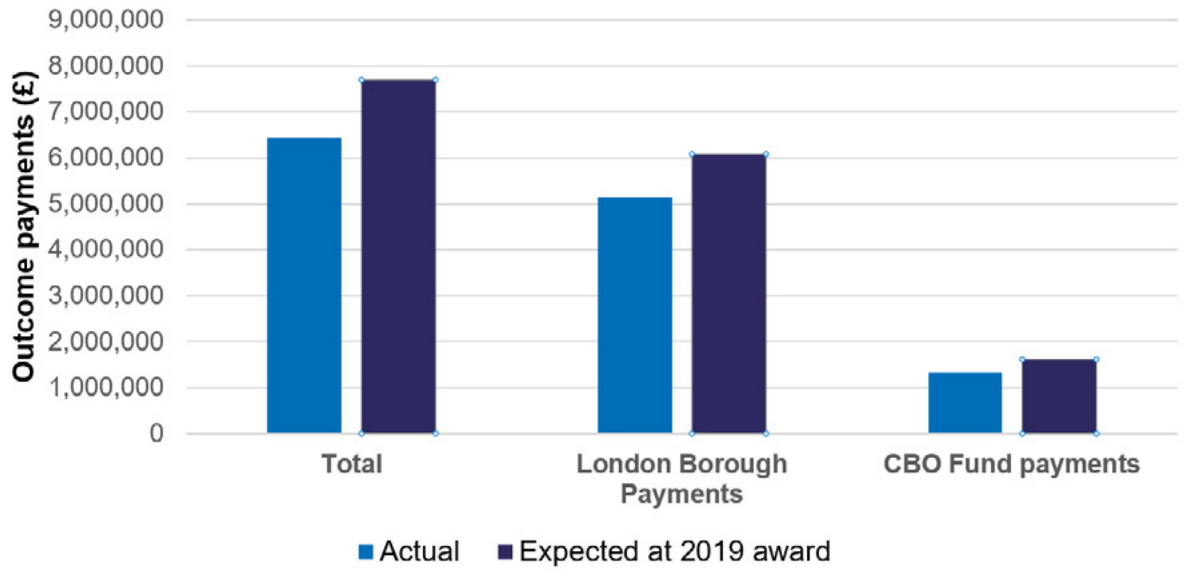
In one case study example, provided by one of the participating London boroughs, a young person and their family was referred into PFP because of physical aggression from the young person towards their parents. In addition, the parents struggled to set boundaries, and the young person was coming home late and had poor attendance at school. Upon starting therapy with the family, the therapist created a safety and behaviour plan, to help avoid hostility through encouraging better communication and identifying the triggers for aggressive behaviour, and agreeing house rules and rewards for adherence.

They also worked with the young person's school/ teachers to make attendance more appealing for the young person. The therapist also aimed to re-build the relationship between one of the parents and the young person, building on the positive aspects of their relationship (e.g. that the young person confided in their parent) to help the parent reframe their behaviour towards providing mentoring, advice and support to the young person. These efforts helped the situation to stabilise, and the therapist left the young person and the family feeling much happier, with the young person being removed from the 'child at risk' register.

4.3.3 Commissioner payments and investor returns

Up to the point of reporting, as shown in Figure 6, the commissioners' actual payments were slightly less than the planned amount at award. This is because the PFP did not achieve the anticipated scale of delivery at contract award.

Figure 6: **Commissioner payments**



Source: CBO data

The PLCIP was costed on an 'invest-to-save' basis, meaning that the savings made through young people not entering care paid for the outcomes payments. According to the independent evaluation of PFP,[22] the LBs avoided costs of £27.6 million – above the target in the 2019 award. While these are significant savings, as discussed in Section 5, some commissioners were not convinced on the invest-to-save logic.

21 Adapted from a case study provided by a participating London Borough.

22 Not yet published.

4.4 Stakeholder experiences

This section summarises stakeholders' views on – and experiences of – working within the project, and being involved in a SOC.

4.4.1 Service provider experience

We consulted with PFP staff and with the service providers that delivered MST/FFT directly to families. The PFP staff that we spoke to were generally positive of the partnership. The central team believed their work had been a springboard for teams branching out into further work, such as neglect or abuse services. The PFP model was designed with expansion and replicability in mind for such a case.

The team also mentioned the skill development they had gained from this partnership, believing their skills to be easily transferrable to another area of social care performing the same role. The staff also recognised that there was innovative work done at both a stakeholder and borough level to make the most of the MST/FFT services and maximise the impact for LBs. They hoped to be able to continue with this approach to innovation in the future, drawing upon the skills and experience gained from implementing MST/FFT within the PFP across ten boroughs.

"There's an experience base that needs to be collated or kept and drawn on for future work". – Service provider

The perspective from the service providers was generally positive, although we were unable to speak with South West London and St George's Mental Health NHS Trust, therefore their opinion may differ. For one service provider, their opinion on SIBs/SOCs had changed, from being sceptical of SOCs, to considering being involved in one in the future. They felt more aware of the processes, how that type of contract operates and can be beneficial, with PFP actively contributing to that change. For the other service provider, having worked with social investment/social outcomes contracting before, they knew what to expect and were perhaps less risk averse or cautious about being involved in the SOC to begin with. Both service providers commented on the positive nature of the partnership working and relationship development, getting boroughs together who would not usually work together and services advocating for each other at panels. Both FPM and Family Action suggested they would be interested in investing in a SIB or SOC in the future (with FPM later involved in another social outcomes contract in North and South Norfolk). The risk level would have to be tolerable for their organisation, but it would be a way to generate additional revenue.

4.4.2 Commissioner experience

The commissioners that we spoke to were generally positive about their experience of the SOC, although we only spoke to representatives from five of the LBs so this might not be the same view for the partnership as a whole (although it did include a mix of commissioners who decided not to extend the contract beyond 2023 – see Section 6.0). The commissioners were happy with the SOC because positive outcomes were being achieved for young people and families in their boroughs.

From the commissioners' perspective, key strengths of the project included the management and co-ordination of the partnership by Sutton, using PbR so that they only paid when outcomes were achieved, and having the outcomes contribution from CBO. However, commissioners sometimes stated that their view was not necessarily representative of staff in the wider borough, and highlighted that there was still some consternation among strategic or senior operational staff members, about the use of the SOC, as they were unconvinced of the invest-to-save

logic because they could not be certain if the young people supported would have entered care without the support, and therefore if costs were being avoided.

Commissioners were generally open to the idea of commissioning another project through an outcomes contract in the future, now that they had an improved understanding about how it would work in practice. One commissioner noted that if they were to do another outcomes contact, they would look at a model where it might be easier to prove the counterfactual (e.g. a step-down outcomes only contract, where the outcome is the young person is reunified with their family).

"I guess that it can actually work. When I first read about it, I thought it was a really complicated concept and I didn't really grasp it, but now I can see how it can work in practice and that it creates some really good results, for local authority, providers and most of all, service users." - Commissioner

4.4.3 Investor/IFM experience

The investment fund manager's view of the SOC was very positive. Overall, they felt that the partnership had achieved successful outcomes for families, with stability rates higher than expected and wider assessments of family functioning being "incredibly compelling". In particular, the investment fund manager highlighted that the whole partnership was well-managed, from the therapist teams, to PFP and the wider borough partnership. The investment fund manager also reflected on the PFP's ability to adapt quickly to respond to the needs of families during COVID-19.

"The response during all of last year has been really absolutely brilliant and it continues to be because there is also obviously ongoing pressures and ongoing risks, but the team keeps on kind of figuring out what are the new needs, what are the new issues and finding ways to come up with solutions." – Investment Fund Manager

4.4.4 The National Lottery Community Fund experience

From The National Lottery Community Fund perspective, the outcomes for PFP were above target. They expected this could lead to direct and wider costs avoided being beyond the high scenario, which was very positive. The National Lottery Community Fund highlighted that PFP provided further evidence that the use of SOCs or SIBs in the context of edge-of-care models, such as the Turning the Tide SIB and the Essex MST SIB, was successful. In particular, they highlighted how in both PFP and Turning the Tide, the service providers were able to adapt their delivery during COVID-19 to ensure they could continue delivering support to families remotely, through providing the technologies and tools to facilitate this.

5.0 Successes, challenges and impacts of the SOC mechanism

This chapter discusses the overall learning, in terms of the successes, challenges and impacts, of funding PFP through a SOC mechanism, compared to funding this project through another mechanism (such as fee-for-service or PbR). It also addresses overall value for money, as judged by both stakeholders and, so far as possible, independently by us as evaluators.

5.1 Successes and challenges of the SIB/SOC mechanism

Successes

Ongoing service improvements: There was consensus from stakeholders across the partnership that the payment-by-results mechanism facilitated ongoing service improvements because it served as a constant motivator for PFP to ensure a quality service. The additional role of the investment fund manager (on behalf of investors) furthered this through providing additional scrutiny and support in identifying opportunities for service improvement. The partnership stakeholders felt the SOC approach facilitated service improvements in several ways:

Unlike fee-for-service or spot-purchase models, where payment is contingent on inputs or service delivery, the two-year post-intervention outcomes tracking period ensured that commissioners and the PFP **tracked families' outcomes over time**. While this is possible to do outside of the SOC mechanism, stakeholders felt that the SOC was providing the focus and structure to do this. One commissioner noted that this focused attention not just on families' long-term stability outcomes, but also the wider changes to their lives (e.g. improved relationships or improved educational attendance). This has helped inform their broader understanding of what worked and what did not work for families in their borough. From the PFP's perspective, keeping track of the longer-term outcomes enabled a feedback loop, where learning from the outcomes could help inform future delivery and ensure PFP was aware of and responsive to any emerging issues. While this outcomes tracking could be done outside of a SOC context, for the PFP, the SOC provided the structure (i.e. the two-year outcomes-tracking period) to facilitate ongoing data collection and monitoring – including outcomes in addition to whether the child is in care.

"You are getting to see, not just that they are in care or out of care, but the wider impact. It's interesting to see the journey of the child that is returning to school. It's hard to attribute to one place, but if you follow them, they weren't going to school, but we now know that things have settled down at home, they're being more respectful with family and vice versa. You get to see all that. PFP show us differences in our cohort. You get insight into what has changed for the family, not just statistics about who is or isn't in care." - Commissioner

In the first in-depth review we noted a key area to explore was whether the single outcome tied to payment (i.e. days remaining out care) would lead to a focus on wider outcomes. There was evidence that the wider outcomes were of interest to stakeholders involved in the contract, and this was driven by the involvement of investors. One commissioner noted that the investors were socially motivated, and PFP therefore had **accountability to its investors to demonstrate the wider outcomes** that families were experiencing following support by PFP. Other, similar CBO projects have had success using a slightly different model. The National Lottery Community Fund highlighted that the Turning the Tide project in North Somerset also had success using a payment structure where the majority of payment was tied to the care outcome. However, a key difference with Turning the Tide was that some payment was made in relation to an improvement in a subjective general wellbeing measure (the Outcomes Star).

"You wouldn't get [this level of data] from a commissioned service, it feels like PFP give us more than we're asking for. They understand the children." - Commissioner

- ***A perception of a better cost-per-outcome for boroughs compared with spot-purchase or fee-for-service:*** Most commissioners interviewed generally reflected that the 'social outcomes contract' element did not make a big difference to costs, but there were high transaction costs associated with setting up a complicated multi-commissioner project. PFP stakeholders generally felt that contracting MST or FFT though a SOC reduced the cost-per-family compared with other contracting approaches such as spot-purchase or fee-for-service. This was for two reasons:
- Firstly, as noted in the first in-depth review, boroughs only pay when outcomes are achieved. With fee-for-service or spot-purchase, boroughs would pay up-front for the service regardless of outcomes for families. Stakeholders highlighted a similar multi-borough MST and FFT service – the Step Change programme - which was grant-funded by the Department for Education's Innovation Programme. This service's funding was approximately £3.3million, yet the evaluation of this programme found it supported 95 out of the target 170 young people. This suggests that the cost-per-family supported through Step Change was higher than PFP (c. £34,700, compared with £15,900 – see Section 5.2.2), in part because the total funding was the same regardless of the number of families supported.
- Secondly, the CBO contribution (i.e. of paying 21% of the outcomes payments) helped to reduce the cost for boroughs. While this is not strictly a feature of a SOC, commissioners would only have been able to access this contribution by either commissioning the service as a SOC or as a PbR model.
- ***Improved quality referral mechanisms in some boroughs:*** An area for consideration noted in the first in-depth review was to explore the effectiveness of referral mechanisms in avoiding perverse incentives (e.g. the risk of cherry picking, where service providers select service users that are most likely to achieve the expected outcomes and leave the most challenging cases[23]).

Consultations with stakeholders across the partnership indicated that the referral mechanisms were robust and encouraged strong clinical discussions about each case referred to help assess the suitability of either MST or FFT for families. While referral mechanisms varied across boroughs, typically they involved a panel with the LB children's services leads, and representatives from PFP (both MST and FFT clinicians) to assess the suitability of interventions for families referred in.

23 Government Outcomes Lab definition. See Glossary here: https://golab.bsg.ox.ac.uk/knowledge-bank/glossary/

One commissioner felt that the service had helped to strengthen the quality of the referral pathway in the borough, because social workers had to be more cognisant of the potential financial implications of referring a family to the service, and therefore had to really think through their decisions.

Although considerations about whether costs will be avoided can happen in any commissioning approach, it was magnified in the SOC because of the link between spend on outcomes and avoided costs in the original business model.

"From a social worker [perspective], it's not, 'Let's just put them there and see what happens', it's like you have to really think about, is this really the right service, is this worth the financial spend? So I think it's about being more purposeful in your planning." - Commissioner

However, as noted in the 'Challenges' below, the referral pathways varied across the boroughs, and this caused some challenges for boroughs and PFP alike.

Flexibility to adapt during COVID-19: Several commissioners and PFP representatives highlighted that the SOC contract enabled PFP to adapt quickly to emerging needs as a result of COVID-19 (see Section 2.3 for specific changes) without requiring any contractual amendments. This was because PFP was contracted to deliver outcomes, rather than specific inputs, and because the outcomes were still achievable in the context of COVID-19, no contractual changes were needed. In addition, as highlighted in Section 4.1.1, stakeholders reported that service users generally reacted positively to these changes and adaptations.

"The contract is a strong one and there haven't been many holes as a partnership.... When Covid hit, there was enough flexibility to flip to a virtual model." – Commissioner

Delivering at scale enabled more boroughs to access two therapeutic services: Co-commissioning across multiple boroughs meant that PFP were able to offer both MST and FFT to LBs. Most of the commissioners said that they would not have been able to access both therapies otherwise because they would not have sufficient referrals on their own to make it viable for a provider to deliver both. To make the model of offering both FFT or MST viable, the SOC required at least 384 referrals, which would have only been possible to get across multiple LBs. Having the additional flexibility to add further boroughs into the partnership, and the investment capital needed to scale up the PFP, enabled the partnership to meet this target.

A stakeholder from The National Lottery Community Fund highlighted that, in comparison, the Turning the Tide edge-of-care project was commissioned by a single local authority, and the single local authority struggled to reach its minimum number of referrals to support for the reunification cohort. This highlights that scaling up has the potential to minimise the risk of not meeting minimum numbers. Contracting on an outcomes basis ensured that costs were spread out over time and were contingent only on positive outcomes being achieved (and therefore paid for through avoided costs later on).

Commissioners and PFP stakeholders also highlighted that without the SOC, boroughs would not have been able to bulk purchase both MST and FFT because it would have been a large initial outlay.

"I don't know now, but even then, to bulk purchase something like that, I don't think you could get that approved." - Commissioner

Challenges

Embedding the culture of contracting for outcomes: In the first in-depth review, we identified that a key challenge during the SOC development process was engaging senior decision-makers, with some being sceptical about the SOC model and the role of investment in paying for the service up-front. Research for the second in-depth review found there was still some scepticism across boroughs, although mainly in boroughs where there had been changes in senior management.

Several commissioners and PFP representatives noted that budget-holders were sometimes unsure of the SOC model because they could not be certain about how much they would have to pay until the two-year tracking period came to an end. Commissioners noted that this was a particular challenge when a new manager joined because they felt like they were *"always having to justify the spend and the cost avoidance."* This was magnified further in boroughs where (as of the end of 2020) they reported not realising any cashable savings (due to a range of factors including a rise of younger people entering care, increases in placement unit costs, etc) in their care placement budget.

"It's just different to how [commissioners]contract in any other way. They're used to knowing what they're going to spend in a year, I will spend 100k on this contract for three years, it's in the budget, voila. But for us, first of all the first year they don't have to pay us until after the intervention, so they get a five-month payment holiday, then they only pay for every week out of care. There is a best case and a worst case. But it's not a fixed number and it extends in our case over 2 years. So they're paying in year 2 for something that happened over a year ago. People don't get that, they don't want to contract that way. They're worried that they're spending more than they should." – PFP representative

Counterfactual considerations when referring families for support: A key challenge identified in the first in-depth review related to the extent to which LBs could be sure that if they had not referred a young person and family into the service, the young person would have entered care. This was a clear concern within the context of the SOC because of the explicit link made between the costs of the outcomes payments and the later costs avoided outlined in the SOC's business model. While the business model accounted for a certain proportion of families being referred where, without the service, the young person would not have entered care, commissioners interviewed for the second in-depth review noted that they were still often challenged by budget-holders about the extent to which they could be sure. From the consultations there appeared to be variations across boroughs in terms of their level of acceptance of not being able to prove the counterfactual.

- For example, in one borough, the commissioner highlighted that while they had tried to make detailed referral forms to help evidence the need for the service, ultimately, they trusted professionals' decision-making about whether to refer a family in.

In this example, the commissioning and operational teams were bought into the preventative, 'invest-to-save' approach and were more comfortable about referring families where the child was on the trajectory of entering care. Whereas in another borough, the commissioning stakeholder highlighted that they only referred families in where they felt certain that without PFP, the young person would enter care.

5.2 Value for money of the SIB mechanism

This section discusses the Value for Money of the SOC mechanism, in terms of the four 'E's – economy, efficiency, effectiveness and equity. These are examined for the PFP project in turn, below.

5.2.1 Economy

Short definition: Spending the right amount to achieve the required inputs

Economy, and keeping costs to a minimum, is generally of less importance than the other VFM dimensions in SIBs and SOCs. This is because keeping costs to a minimum work against the overriding objective of maximising outcomes achieved – especially when those outcomes are intended to create savings or otherwise justify the spending on the intervention. It is however still important that costs are as low as they can be while being consistent with this overriding objective of maximising outcomes.

Table 1 provides an overview of the costs of the PLCIP SOC, set out in terms of the costs of the delivery by the service providers, and the costs of the SOC management. Overall, the total costs of the SOC were lower than planned at the original median scenario (i.e. £7,704,119) because referral numbers were lower than expected. As highlighted in Section 3.2, over the course of the project, the PFP team and BFM agreed to invest in different 'innovations' to the service with the aim of increasing efficiency, quality and overall service experience for families. PFP estimated that it committed £1,800,000 to these innovations (captured in the total costs in Table 1).

Table 1: **PLCIP SOC costs**

Type	Description	Amount	% of Total
Core costs	Delivery by service providers and PFP	£4,762,802	73%
	PFP management of project	£1,018,871	15%
	Generic project overheads	£126,293	2%
SOC costs	Investment Return	£217,227	3%
	Evaluation and learning	£138,535	2%
	SOC Management	£281,012	4%
Total		£6,534,062	

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

Alongside the PFP delivery costs shown in Table 1, each of the London Boroughs paid £13,000 per year to the London Borough of Sutton, reducing to £7500 in 2021/22 and 2022/23 (i.e. a total of £351,000) to cover the costs of the overall co-ordination of the SOC from the borough side.

Most of the commissioners interviewed felt this was good value-for-money because it meant that it reduced much of their time needed for contract management (although stakeholders described some ongoing costs relating to contract and partnership meetings).

As highlighted in the first in-depth review, the procurement process was driven by an inclusion of the financial cap on how much each commissioner would pay for outcomes.[24] The service was competitively tendered for, using the light-touch regime[25] using Restricted Procedure, where only those who responded to the invitation were invited to submit a full proposal.

As highlighted in Table 1, the SOC-related costs (including the expected investment return) made up around 9% of the overall project costs. Stakeholders' perceptions of the costs relating to the SOC were mixed. Stakeholders from both service providers involved in the research noted that it was difficult to quantify how much time and resource they had put into the SOC element compared with the delivery of the therapy itself. In addition, they observed that there were other non-SOC related costs, relating to time spent on the referral decision-making process, that were not necessarily quantified or accounted for as an effect of the SOC.

"There is an awful lot of work that takes place behind the scenes in order to stimulate the system to give a predicted number of cases of the right quantity and value every month. That's a lot of effort. Now, in a fee for service you would see almost none of that. You might have a senior manager who says, 'We're paying for this service, and we're not seeing any referrals,' in which case you would either kind of push people to make those referrals, or you would begin to expand the criteria by which people could access that service." - Service provider

Stakeholders from the PFP that were interviewed highlighted that the central team was small and well-utilised, especially when the service scaled up to all ten boroughs (the PFP team did not increase in line with this). They also noted that they aimed to keep 'SOC'-related transaction costs to a minimum, e.g. by using pro-bono contracting templates, and using an outcome measure already measured by LBs.

Overall, therefore, effort was made to keep costs as low as possible where relevant, but PFP also used investment capital to pilot innovations to improve service delivery (so not necessarily delivering at the lowest cost), and so the project can be judged favourably against the 'Economy' dimension.

24 There was no limit on how much PFP could expand to add new commissioners

25 Under the 'Light Touch Regime' procurements must be advertised and a contract notice or special type of prior information notice and an invitation to confirm interest must be used. However, the council can then design its own procedure for procurement, provided it complies with principles of equal treatment and transparency, carries out the procedure in line with the information included in the notice, and sets reasonable and proportionate time limits. See for more information: https://www.local.gov.uk/national-procurement-strategy/pcr-toolkit-2015/what-improvements-can-we-make-way-we-buy/lighttouch

5.2.2 Efficiency

Short definition: Ensuring sufficiency and optimisation of agreed resources to deliver expected activities and outputs as well as possible

Efficiency, like economy, is in broad terms less important than the effectiveness dimension in assessing SIBs and SOCs. However, one critical aspect which falls under the efficiency dimension is whether the project was able to deliver the right number of referrals, since these are a critical output which in turn drives outcomes.

As described in Section 4, the overall number of service users engaged (410) was in line with the target. In general, this suggests that PFP was 'efficient', as it ultimately engaged its intended service users.

The cost-per-service user for PFP (taking the overall cost in Table 1 and dividing it by the number of service users supported, and taking into account expected investment returns) was £15,936.73, compared with a projected cost-per-service user (at the 2019 contract variation) of £18,790. This finding suggests that PFP was delivered with more efficiency than originally anticipated.

5.2.3 Effectiveness

Short definition: Achievement of desired effect of the project as measured by achievement of outcomes and other objectives.

Since effectiveness is a measure of outcomes it is almost by definition the key dimension for an outcomes-based contract. Overall, PFP performed very well in relation to 'effectiveness'. As highlighted in Section 4.3.2, PFP overachieved on the number of families starting therapy, and 89% of young people remained out of care during the tracking period (which is positive in relation to the business case that assumed 65% of young people would enter care without support from the service).

In terms of its broader objectives of using a SOC mechanism, PFP also appeared to achieve what it intended. For example, as highlighted in Section 3.3, a key motivation of using a SOC was to enable commissioners to retrospectively afford to procure a preventative service (due to it resulting in reduced costs for them in terms of care placements later on).

Given that estimated social care avoided costs were £27.6 million, and the LBs paid £5.2 million in outcome payments, the use of the SOC for this purpose seems to have been justified. However, this does rest on the business case assumption (that 65% of the cohort would have entered care without support from PFP) being correct (i.e. if none of the young people would have entered care anyway without PFP, the avoided care placement costs would be £0). Therefore, without a counterfactual, it is impossible to assess if this assumption held up in practice.

However, beyond the outcomes linked to payment, as highlighted in Section 4.3.2 stakeholders suggested that families experienced a wide range of other positive outcomes, alongside the social care related ones, such as improved family functioning and wellbeing, that, beyond being a positive change for young people and families, may have had further monetary benefits (e.g. reduced spend on mental health services) not accounted for above.

5.2.4 Equity

Short definition: Extent to which other VFM objectives are achieved equitably for service users and other key stakeholders.

The available evidence suggests that the value for money objectives for PFP were achieved equitably. As highlighted in the first in-depth review, there was service user and stakeholder engagement during the development phase of the service specification, to understand the local needs within each of the boroughs.

This was further bolstered through further research and a 'needs analysis' with the MST and FFT leads, to understand whether MST or FFT would fit within the wider landscape of provision in the area. However, this only applied to the original boroughs; a commissioner from a later-joining borough described how they had limited power over the project design and commented that it had been "frustrating having to fit into someone else's model."

Overall, PFP reached the target cohort it intended to. As highlighted in Section 5.1, stakeholders interviewed generally felt that the referral processes and mechanisms in place ensured that there was a fair access to services (although PFP stakeholders felt that it was fairer in boroughs that allowed PFP therapists to review all edge-of-care referrals, rather than ones that social care leads chose to refer on to PFP).

Overall, stakeholders did not think there had been any 'cherry picking' of referrals (i.e. where service providers select service users that are mostly likely to achieve the expected outcomes and leave the most challenging cases).[26]

5.2.5 Overall cost effectiveness

Short definition: The optimal use of resources to achieve the intended outcomes.

Overall, for each of the four 'E's – economy, efficiency, effectiveness and equity – the evidence indicates that PFP has generally demonstrated good value for money. The cost-per-service user was lower than intended and the outcomes achieved were above target. Stakeholders' views were considered and fed into the design and development of the project. Most stakeholders across the partnership felt that the SOC offered good value-for-money.

"I think that it is good value for money, actually. When you look at the financial business case for it, the very simple cost avoidance model, over the two years of outcomes payments, I think it's about £18k we pay per family, but if that keeps them out of care for like a couple of months, then actually it's going to pay for itself. So I absolutely think it has to be good value for money." – Commissioner

26 Government Outcomes Lab definition. See Glossary here: https://golab.bsg.ox.ac.uk/knowledge-bank/glossary/

6.0 Legacy and sustainability

This section describes what happened after PLCIP ended and the 'legacy effects' for stakeholders involved in PLCIP.

In line with the original contract agreement, the main delivery of PFP came to an end in June 2021 (with some additional booster sessions available for FFT families up to the end of December 2021). The grant agreement with CBO ended in 2023, taking into account the two-year outcome tracking period for each young person supported.

Prior to the main delivery of PFP ending, the Sutton lead had spent a lot of time working with the wider PLCIP and with PFP to explore the potential of extending the contract for two years. Some commissioning stakeholders interviewed, along with PFP stakeholders, highlighted that given the PFP's success (both in terms of the majority of young people remaining out of care, but also the wider positive outcomes that families experienced) they felt that there was a clear rationale for extending the service.

However, while there was commitment from some of the boroughs to extend the contract beyond June 2023, some boroughs decided not to extend the contract. The commissioning stakeholders interviewed described several different reasons for this:

Other in-house service development: Commissioners highlighted that many boroughs started to bring – or considered bringing – their edge-of-care support in-house. This was in part due to their increased understanding of the range of family therapy and edge-of-care service provision available after having been part of the PFP. Through the PFP, boroughs gained a stronger understanding of the demographics, types of cases and needs of young people and their families in their own areas. However, because of specific referral criteria for MST and FFT, PFP could not accept all referrals and therefore some commissioners felt that there were gaps in support. Identifying these gaps allowed boroughs to strengthen their in-house edge of care provision to provide a more comprehensive offer.

"I think it's recognised that we're not going to be duplicating MST or FFT, but I think the sense is that if we strengthen that offer in-house, then we won't have much of a need for externally commissioned services. […] I don't think people can really justify investing in-house and also commissioning externally as well. In terms of timing, if that's the way it's going, suppose the [SOC] was there at the right time when we didn't really have anything in house to offer, but I think it's just more, for whatever reason, the new director or leadership are more committed to doing that in house." – Commissioner

Lack of senior commitment: Reflecting a theme identified in the first in-depth review, about the challenges of engaging senior stakeholders and getting their buy-in to the SOC model, one commissioner interviewed highlighted how senior decision-makers, having joined after the PFP started, lacked interest in and ownership of the project.

"This kind of lack of real ownership and commitment to it, at a senior level anyway, not because they didn't want it but because it wasn't their 'thing'. It was seen as a previous manager's 'thing' that was set up before they got there, and they're fine with it, they're not being really negative about it, but just didn't feel like this is our baby if you know what I mean. There wasn't that real commitment or ownership of it. And maybe if it had been the same director or Head of Service, there would have been more of a sense of that. I think there is, you know, because it isn't easy, it does take quite a lot of thinking, it does take a lot of work, sometimes it is easier to just disengage rather than keep working at it." – Commissioner

Lack of buy-in to the cost-avoidance model: Several commissioners highlighted that while they felt confident there was cost avoidance through PFP, this had so far not translated to 'cashable savings', because children's care placement costs were still the same or more than they had been. Even if PFP in isolation supported reduced costs, a lack of overall cashable savings for the LBs may have been caused by an increase in younger children entering care, and the rising cost of care placements. One commissioner described that it was difficult to convince their finance team to believe in the avoided cost figure that they presented.

"As always, it's the finances. So I think people will look at the spend on it… whenever we present figures it is always the whole picture, with the spend vs the projected cost avoidance, but, I'm sure you'll appreciate, people will just see the million pounds spent rather than focus on the cost avoidance which is a bit more complicated and at the moment, not translating into actual cashable savings… I do actually think that if we'd seen a significant reduction in our placements budget then it potentially would have been a different story, but because we haven't at this stage, that's an issue really, in terms of the narrative, in terms of us being able to simply say, 'Look, this was the placement spend before the contract spent, this is what it is now, here's all the numbers.' It makes it more difficult." – Commissioner

Reducing costs as a result of COVID-19: For many of the boroughs, there was additional financial scrutiny as a result of the pandemic, with LBs needing to reallocate their funds to pay for emergency support for people in need in their area. Commissioners described seeing increased demand for children's services and they were therefore rethinking the external services they commissioned. A PFP representative identified how the *"first thing that goes is anything preventative"* and in that way PFP was seen as a *"nice to have, not a need to have"*.

"What's happened for a lot of local authorities at the moment is that because of Covid they've developed a bit of short-sightedness in terms of recommissioning." – Service lead

Despite the contract not being extended, the stakeholders interviewed described several 'legacy effects' of having been involved in PFP. The commissioning stakeholders generally said their involvement had changed their perception of SOCs – from something they found complex and difficult to comprehend at the beginning, to something that they would consider trying again in future, if the circumstances were right (e.g. one commissioner noted severe LB budget cuts making it very difficult to get funding for non-statutory services).

As highlighted earlier in Section 4.4.1, one of the service provider stakeholders highlighted how their organisation had gone on to work in other outcomes contracts and suggested that their involvement in PFP had helped to build up their track record. PFP stakeholders described how they had learned a lot from co-ordinating a service at scale in an efficient way and felt they would transfer that learning to other outcomes contracts or projects that they would work on in future.

7.0 Conclusions

7.1 Overall conclusions and evaluative insight

Despite its general success in supporting young people and families to achieve positive outcomes, the PFP ended its final offer of booster sessions to families in December 2021. The contract (covering the two-year outcomes tracking period) ended in June 2023. A range of factors influenced this, including political (focus on in-sourcing), staffing (change in strategic personnel) and economic (change in budgets due to Covid), emphasising the intricacies of extending complex, co-commissioned services such as the PFP.

Although the PLCIP SOC will not be extended, as highlighted in the first in-depth review, the SOC was a notable project because it was one of the first commissioner-led common platform[27] outcomes contracts in the UK. The model of having a borough in the lead (Sutton) worked well for commissioners and stakeholders felt it was an effective and efficient way of providing a unified borough partnership to interact with PFP. It also streamlined communications for the PFP and helped to simplify an otherwise very complex partnership set-up. In our view future multi-commissioner contracts should consider this as a model to emulate, especially in contexts where there are many moving parts.

A successfully achieved aim during project design was to ensure the contract could be scalable, adding new boroughs into the partnership over time. In this aim, the PLCIP SOC was successful. Five additional boroughs joined the collaboration contract between the PLCIP from late 2018 to 2019. According to stakeholders that joined the partnership, the accession process was generally smooth from a contractual perspective, but it was operationally complex, particularly for the PFP in scaling up.

For boroughs, a desirable aspect of the PLCIP SOC was that it could offer two evidence-based therapies, MST and FFT, to families across London. Commissioners told us that this would not have been possible for them to do individually, except for on a spot-purchase basis for individual families, and they likely would not have been able to bulk purchase provision due to the large initial outlay. The SOC enabled provision to be delivered to all participating boroughs, with boroughs only paying when families experienced positive outcomes.

In the first in-depth review, we questioned how well two high-fidelity, evidenced-based models would work in a SOC model. Overall, the therapies worked well in the model, and delivery could be adapted to meet the needs of families during the Covid-19 pandemic. However, at times stakeholders felt that therapies had strict eligibility criteria and were not appropriate for as many families as initially anticipated. Given the length of the contract, commissioners questioned whether more flexibility could have been built into the SOC to enable boroughs to identify if other therapies might be more suitable, given the changing needs of cohorts over time.

Although a potential risk in outcomes-based contracting, there was no evidence of PFP 'cherry-picking' families to work with. There was strong consensus across stakeholders that referral mechanisms were robust, and panels encouraged strong clinical discussion about the appropriateness of MST/FFT for families referred in. If anything, there was some evidence that the SOC encouraged risk-averseness among referring boroughs, with some reluctant to refer families until the young person was right on the 'edge' of care. This stemmed from an ongoing concern among boroughs about the counterfactual, and the extent to which they could be certain that without being supported by the PFP, the child would have gone into care.

27 A common platform in the SIB/SOC context means a set of processes and contract elements that have been pre-designed and put in place as a structure that can be offered to commissioners with appropriate local adaptation.

A common, purported benefit of SOCs is that they help to drive service improvement, because delivery providers have more flexibility to change the inputs and activities in trying to achieve improved outcomes, using investment capital to facilitate these changes, and increased monitoring to assess the effectiveness of these changes, as a result of increased monitoring of referrals and outcomes, and additional scrutiny from investors. A strong theme to emerge from the research was that PFP provided comprehensive ongoing data management and analysis to help inform and improve service delivery. The two-year tracking period allowed PFP to monitor outcomes and identify where and why the service did not work for some families, and make changes accordingly, such as expanding the booster session offer.

A common theme in the research with stakeholders was concerns around the invest-to-save logic, particularly among senior strategic stakeholders within the participating LBs. Their ongoing concern was that it was difficult to be certain that the SOC was leading to avoided costs, because they could not be certain that a young person would enter care without the PLCIP SOC. Even though this assumption was built into the business case (i.e. assuming that 35% of young people would not have entered care anyway), this continued to be a concern. As highlighted through the stakeholder interviews, many senior people became fixated on whether there were cashable savings, rather than the outcomes being achieved. As one stakeholder highlighted, they had not yet (as of Autumn 2020) seen any cashable savings, as their care placement costs had gone up anyway.

The PLCIP SOC experience also provides some important learning on the applicability of SOCs in crisis situations, such as COVID-19. Despite the challenges posed by COVID-19, the partnership responded quickly and effectively to shift delivery online and continue to provide a consistent service to families. Contracting on outcomes, rather than inputs or activities, facilitated the speed of this change, as no contractual amendments were required.

Savings (though unverified externally) made through reduced travel time, and the ability to deploy working capital quickly, meant that PFP could purchase equipment and other items to meet families' immediate needs and to help ensure there were minimal barriers to families engaging in therapy remotely. A similar experience in the Turning the Tide project highlights that as long as the outcome continues to be achievable during a crisis situation, SOCs can provide sufficient flexibility to adapt, without requiring contractual changes.

7.2 Contribution to CBO aim and objectives

Overall, the PLCIP SOC has contributed to the CBO aim of supporting the development of more SIBs and outcomes-based commissioning models in England. It has also supported all of the objectives of the CBO. Table 2 explains the extent to which each of the four objectives has been met, and the supporting evidence for it.

Table 2: **Assessment of the PLCIP SOC's contribution to CBO objectives**

Objective	Extent to which achieved	Supporting evidence
Improved skills and confidence of commissioners with regards to the development of SIBs and SOCs	Fully	Commissioning stakeholders described how through developing the SOC they increased their understanding of them, and felt that they would consider doing them in future.
Increased early prevention is undertaken by service providers, including VCSE organisations, to address deep rooted social issues and help those most in need	Fully	The SOC was fundamental in launching the early intervention service, as the PbR element enabled the project to launch at scale. Stakeholders from both the LBs and Bridges highlighted that none of the delivery providers they thought would be suitable to deliver the intervention would have been able to engage on their own because they either could not take on the financial risk, be able to cover the costs needed to launch the service or cover the geography on their own. By having investors take on the financial risk, the providers were able to focus on what they do best: providing support to young people and their families.
More service providers, including VCSE organisations, are able to access new forms of finance to reach more people	Partly	The PFP subcontracted the VCSE service providers on a fee-for-service basis, so the VCSEs did not technically draw down working capital. However, the overall project was enabled by the availability of social investment, so VCSEs benefitted in that respect.
Growing the market in SIBs and OBCs	Partly	The PLCIP SOC has supported the growth of the SIB market, through the involvement of 10 LB commissioners in a single contract, although this has not been sustained growth, as the service was not extended.
Increased learning and an enhanced collective understanding of how to develop and deliver successful SIBs or broader outcomes-based contracts	Fully	There was a strong consensus across the stakeholders interviewed that the PLCIP SOC had generated increased understanding on how to develop multi-commissioner outcomes contracts and scalable outcomes contracts, and had used some of its CBO outcome payment contributions to fund the project evaluation.

7.3 Lessons for other projects

Based on our findings, the PLCIP SIB highlights some lessons learned that could be applied to future SIBs. Several of these are not unique to this project. They include:

- The SOC streamlined communications for PFP and helped simplify an otherwise very complex partnership set-up. Future multi-commissioner contracts could consider this as a model to emulate, especially if there are many moving parts.
- The SOC successfully scaled from five to ten LBs in the partnership and enabled LBs to access two evidence-based therapies – MST and FFT. According to stakeholders that joined the partnership, the accession process was generally smooth from a contractual perspective, but it was operationally complex, particularly for the PFP in scaling up. Again, without the SOC it is unlikely that commissioners would have had the budget to bulk purchase either or both of the interventions at scale.
- Robust referral mechanisms, supported by strong clinical discussions, prevented cherry-picking (a possible risk in PbR contracts where providers support service users who they deem 'easier' to support and more likely to achieve the outcomes).
- The PFP experience provides some important learning on the applicability of SOCs in crisis situations, such as COVID-19. Despite the challenges posed by COVID-19, the partnership responded quickly and effectively to shift delivery online and continued to provide a consistent service to families. Contracting on outcomes, rather than inputs or activities, facilitated the speed of this change, as no contractual amendments were required. PFP was the only CBO project where investors provided additional capital (£200,000) to support the COVID-19 response.

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	4. Role of VCSE in service delivery	5. Management approach	6. Invest-to-save
Question examining degree to which each family 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?*	*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	3 - 100% PbR and 100% of the PbR is tied to outcomes 2 - 100% PbR, with a mix of outcome payments and engagement/ output payments 1 - Partial PbR: Split between fee-for-service payments and PbR	3 - Quasi-experimental 2 - Historical comparison 1 - Pre-post analysis	3 – Investor taking on 100% of financial risk; service provider fully shielded and receives fee-for-service payments 2 – Investor and service provider sharing risk; service provider paid based on number of engagements 1 – Investor and service provider sharing risk; service provider paid (at least in part) on outcomes and/or has to repay some money if outcomes not achieved	3 - VCSE service provider 2 - Public sector service provider 1 - Private sector service provider	3 - Intermediated performance management: An organisation external to the ones providing direct delivery of the intervention is monitoring and managing the performance of service providers 2 - Hybrid: A 'social prime' organisation is responsible for managing the performance of their own service provision, and the performance of other service providers 1 - Direct performance management: The organisation delivering the service is also responsible for managing their own performance, and there is no external intermedia	3 – SIB designed on invest-to-save logic, with savings generated used to pay for outcome payments 2 – 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 1 - 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

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