In-Depth Review

Mental Health and Employment Partnership (MHEP)

Midpoint in-depth review report produced as part of the CBO Fund Evaluation

Commissioning Better Outcomes Evaluation

COMMUNITY FUND

ATQ Consultants

ECORYS

01
Introduction

Mental Health and Employment Partnership (MHEP) is a vehicle through which local commissioners of mental health supported employment services can commission and procure a specialist intervention known as Individual Placement and Support (IPS), funded through a social impact bond (SIB) mechanism. IPS is designed to address the employment support needs of people with severe mental health conditions, based on having an employment advisor embedded in local mental health professional teams.

Starting in April 2016, the MHEP SIB has supported the commissioning of three-year IPS service contracts with three public bodies – Staffordshire County Council (Staffordshire), London Borough of Haringey (Haringey) and Tower Hamlets Clinical Commissioning Group (Tower Hamlets).

The Commissioning Better Outcomes (CBO) Fund and Social Outcomes Fund (SOF) jointly agreed to co-payment of outcomes. The value of outcome payments to the service providers is up to £2.9m based on the achievement of employment outcomes for up to 2,800 service users.

The in-depth review has been written as part of the CBO Fund Evaluation, delivered by Ecorys in partnership with ATQ Consultants. A first in-depth review, published in 2016, focused on the design and launch of the SIB. This second review focuses on delivery mid-way through the SIB, and is based on interviews with stakeholders in between January and February 2018. Further information on the in-depth review approach can be found at the end of the review.

02
Summary

At this interim stage, the MHEP SIB scores 3.5 out of 5 across all the respondents who were asked for their overall impression of how the MHEP SIB had gone to date on a scale of 1 to 5, with 3 being Fair.

From the providers' perspective, all three have suffered from difficulties with mobilisation in the early stages, with stark consequences. There have had to be changes in staff, training and performance management internally as well as re-negotiation of the contracts.

The reasons for performance challenges were similar across all three providers and include:

- difficulties in making staff 'accountable' and stepping up to a targeted performance regime;
- initial capabilities of frontline personnel and quality of team leadership; and
- meeting the challenge of and rigour required for precise measurement of outcomes.

"The difference is in the level of integrity in the scrutiny of performance. There is nowhere to hide and no point in sticking one's head in the sand." - Investor

All are now performing much better and hence there is now an across-the-board impression that MHEP is working well enough, though still facing staffing and performance challenges.

MHEP's appointed contract management team, provided by Social Finance, has been instrumental and pro-active in addressing the performance issues through, for example, providing IPS field expertise, a training resource and working with all stakeholders on the re-negotiation of contract terms.

"MHEP specialist operational expertise and extra help has been invaluable." - Provider

"Support from MHEP team has been 'head and shoulders' above the usual contract management experience." - Provider

The continuing issue (which has had a financial impact on providers) has been a lower than expected volume of referrals and lack of initial success in integrating the employment advisors into new community mental health teams.

However, IPS itself as an evidence-based[1] based intervention model has proven to be as effective as anticipated in terms of successful outcomes from those referred.

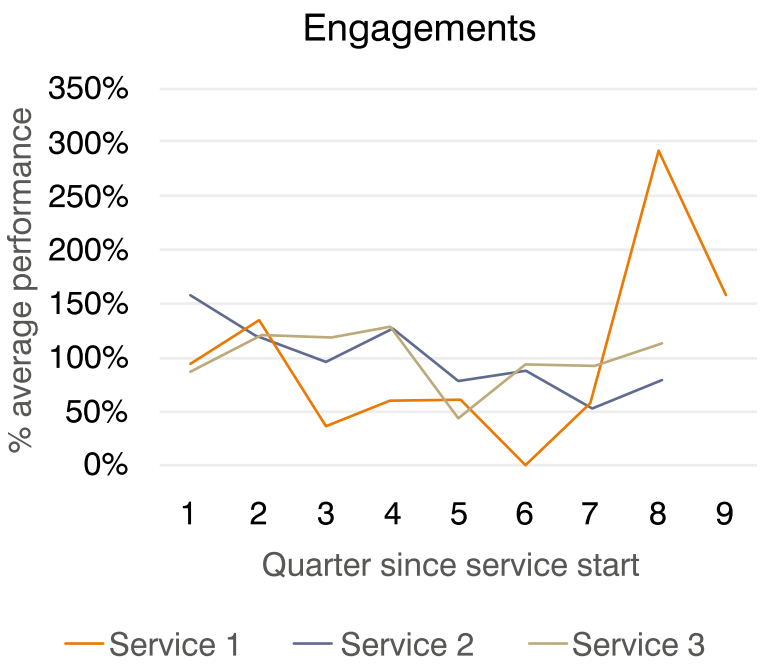
"Fidelity to get the result, not as the result." - Provider

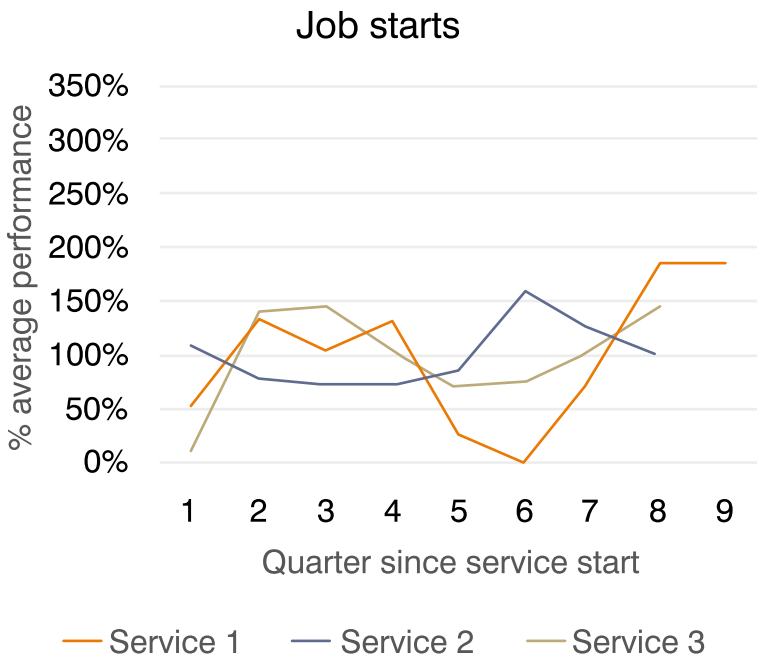
[1] IPS is designed to address the employment support needs of people with severe mental health conditions, based on having an employment advisor embedded in local mental health professional teams and a clear set of steps and processes.

2.1
Comparative service performance over time

The engagements and job start charts in Figure 2.1 below show each contract's performance over time and demonstrate the dips in both engagements and job starts that each service provider has experienced. The charts did not include data for sustained employment at the time they were prepared. Each of the contracts are termed as Service 1, 2 and 3 and the measure is against expected performance agreed at the outset with the commissioners and with CBO and SOF.

Figure 2.1: Performance over time





- **Service 1** saw a steep decline in performance in its second year, followed by a steep recovery
- **Service 2** has improved job start performance over time - declining engagements a function of full case loads?
- **Service 3** experienced a major dip in year 2, followed by a recovery in performance

Source: Social Finance

2.2

Lessons learnt

As noted presciently by all three providers in the first report, the need for a phased start-up with more time for mobilisation would have been very helpful. From a provider perspective, there was too narrow a margin of set-up time for service capacity and capability to be put in place and aligned correctly.

There have been three other MHEP SIB contracts let since our first report (in Enfield, Camden and Barnet) and all have taken this lesson on board with the contracts here explicitly recognising the longer start-up stage requirement.

The other lesson taken on board when letting the three new MHEP SIB contracts was that too rapid a transition in the contracts from block payments to a payment by Results (PbR) model and / or too great a proportion of PbR in the revenue model transferred, as it turned out, too much financial risk to the providers. Both the new (non-CBO-funded) contracts and original CBO-funded contracts now reflect this with higher block funding or engagement payments in the revenue model, funded up front by MHEP's investment funding.

The existence of a contract management team with IPS field expertise hired in by MHEP - that took a pro-active supportive role - has been essential to turning the MHEP contracts around.

> "There is a much more pro-active response and co-design of action plans when there is a contract management intermediary working with the providers. If there were just an investor to provider direct relationship, then it would be different, probably slower and the provider would likely to be in a worse position before remedial actions were taken." - Investor

The MHEP contract management team's (MHEP team's) own role has necessarily developed from contract performance monitoring to 'taking the lead' on resolving issues.

The MHEP team's approach has benefitted from their IPS operational experience and ability to take a very hands-on approach, for example, spending time on provider sites, supporting interview days, etc. This has allowed for realistic appraisal of the situation and a 'level headed' approach to proposed solutions.

Although IPS is a 'high fidelity[2]' intervention, there has been scope for innovation with, for example, the introduction of peer mentoring by Working Well to improve sustainment. MHEP has also been collating evidence around the skills needed to deliver IPS successfully and has developed a suite of standard job descriptions to support new providers and contracts.

The MHEP SIB shows that there is an alignment of interests between commissioners, providers, intermediaries and investors in helping to ensure that the contracts succeed in delivering outcomes for service users.

"PbR funding model has given greater sense of urgency and drive as a collective because we all want to see it to work and want it to be financially viable for the provider." - Commissioner

The SIB contracts were re-set to address challenges with referral volumes in a PbR contract. As part of this the commissioners have explicitly recognised the importance of their own role in helping with stakeholder engagement and winning buy-in from the mental health service teams.

Finally, from a provider's perspective, if the service is relatively new or expanding into a new geography, then it would be helpful if there was sufficient funding in the contract to support capacity and capability development in the chosen providers and to develop the partnerships needed to deliver IPS. However, a lesson for providers is also not to be too optimistic in their own assumptions and to assess more rigorously their financial resilience in low volume scenarios.

[2] High Fidelity means the intervention works from a blueprint/ manual which has been previously impact tested and which it is important to replicate with fidelity to the manual, to engender similar results to the previous testing.

2.3 Conclusions

We believe that the three providers would probably have all faced challenges in delivering these contracts with or without a SIB funding mechanism in place, since it was the PbR element, and a rapid shift to outcomes-based payments, that was the source of most of the challenges. This is particularly the case with respect to the challenge of embedding their respective IPS services in local mental health teams and gaining referrals.

However, the SIB funding mechanism brought an investor stakeholder's interests into play. This meant that pro-active contract management resources were put in place to support the providers and commissioners both with operational issues and with contract re-negotiations.

The value adding support of the MHEP contract management team also meant that commissioners were open to contracts being re-negotiated and re-set.

From interviews with stakeholders, the SIB has several reported positive effects:

- embedding an outcomes focus in delivery, which both drives up quality (e.g. focus on sustained employment) and efficiency (e.g. supporting people as soon as possible);
- additional rigour in the measurement and validation of outcomes, which clearly were a level above how IPS services had been checked before;
- encouraging innovative approaches to providing support services around users;
- added value that (in this case) an external contract manager brings in monitoring and supporting improvements in performance; and
- alignment of interests in making contracts work for commissioners (representing service users) and for providers and social investors.

The downside effect of the configuration of the SIB metrics, schedule and finance in this circumstance was too little margin for error for providers to get up and running properly or overcome capacity shortfalls. The lessons from this early experience appears to have been learnt and newer IPS contracts have been let with greater flexibility built into the start-up phase.

Another downside of the configuration of this SIB was that the contracts were vulnerable to policy changes in community mental health services. While this risk exists for any kind of contract, the agreed basis of the outcomes payments in the MHEP SIB means that anything affecting the providers' ability to work and deliver as originally planned, has a potential financial impact.

It should be noted that changes in the external or policy environment need not threaten a SIB's outcome measurement if the control group is designed so that it is affected by the same policy changes.

The challenges that emerged in this 2nd visit report raise a number of questions that we will investigate further in the 3rd and final report. These are outlined in Section 6 at the end of this report.

03
What is the MHEP social investment model and intervention?

MHEP social investment model is one of a number of vehicles through which local commissioners of mental health supported employment services can procure a specialist intervention known as Individual Placement and Support (IPS). Social investment intermediary Social Finance designed and developed the model.

The IPS intervention is designed to address the employment support needs of secondary health service users with severe mental health conditions. The IPS service delivery model is based on having an employment advisor embedded in local mental health professional teams – truly a part of the therapeutic model – where employment is seen as a key step towards improving the wellbeing of patients.

The IPS employment advisor is involved in case discussions and offers a personalised / bespoke employment support service to the patient built around their wishes and needs. Once a placement has been made, support is provided to both the new employer and the employee to ensure sustainment, help with any adaptations and build up mutual confidence between all parties.

Following discussions with The National Lottery Community Fund about due process in governance arrangements, Social Finance established Health and Employment Partnership (HEP) as a separate company but with a majority of Directors independent of Social Finance. HEP intends to establish - over time - different social investment vehicles of which MHEP is the first.

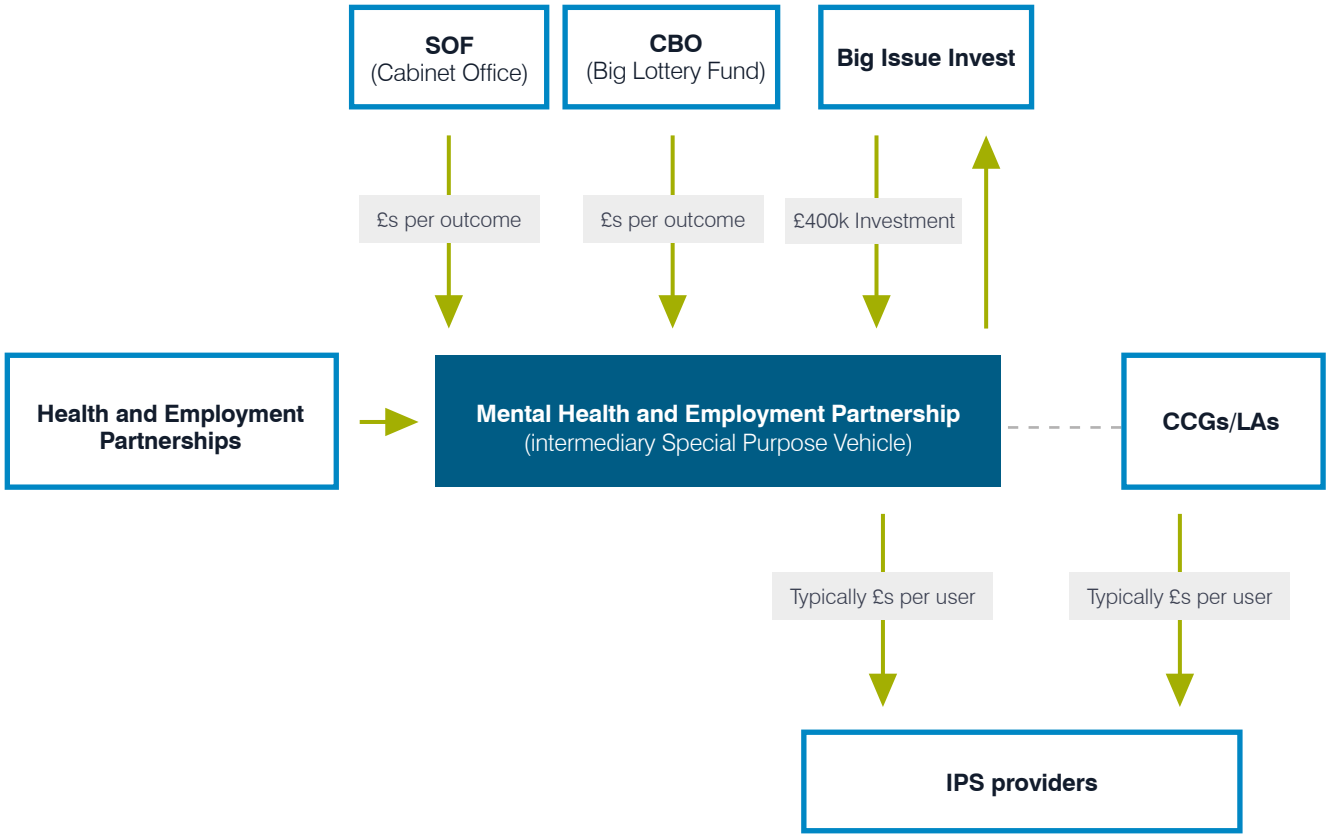
MHEP was established as a special purpose vehicle (SPV) with an initial investment of £400,000 from Big Issue Invest (BII), which retains 100% of the economic interest (or ownership) in the company. HEP has a subsidiary interest in MHEP which confers some voting rights and a seat on its Board.

MHEP initially supported the commissioning of IPS services with three public bodies – Staffordshire County Council (Staffordshire), London Borough of Haringey (Haringey) and Tower Hamlets Clinical Commissioning Group (Tower Hamlets). Contracts had a duration of up to three years from 1 April 2016. MHEP had always planned to work with other commissioners around the country and use its expertise in support of the wider deployment of IPS services.

Both the Cabinet Office Social Outcomes Fund (SOF) and the CBO Fund agreed separately to contribute towards outcome payments linked to successfully sustained employment for up to 2,800 service users across all three commissioner areas to 2019.

The structure of HEP, MHEP and its relationships with SOF and CBO Fund and BII as well as public body commissioners are shown in Figure 3.1 overleaf. Further details of the structure of specific contracts are in section 4.

Figure 3.1: **Mental Health and Employment SIB Structure**



BII's initial £400,000 investment is partly in the form of equity (i.e. a direct stake in the MHEP vehicle) and a loan repayable at an interest rate of 8%. The equity investment means that BII has the full economic interest in the MHEP vehicle, and effectively owns the entity. Whilst HEP has subordinate economic interest in MHEP itself it is entitled to a performance bonus should certain targets be exceeded by MHEP. This is via a performance carry arrangement.

The dotted line refers to the different contractual relationships between MHEP and the commissioning authorities which are detailed in Section 5.

MHEP appointed Social Finance as its contract management provider.

MHEP (owned by Big Issue Invest) is assuming the financial risk that the outcome payments due to be made by SOF and CBO Fund cover their initial outlay on block funding and share of engagement payments – see table below. The providers are also assuming a financial risk after block funding clearly linked to volume of engagements and outcome payments.

The total potential outcome payments for the three contracts was estimated at up to £2.9m. Of these:

- SOF was to pay up to £990,000 over the first two years of the contract
- CBO was to pay up to £330,000 in year three at a slightly lower rate for each outcome
- Staffordshire was to pay up to £674,240
- Tower Hamlets was to pay up to £736,960
- Haringey was to pay up to £180,000

The outcome payment model and indicative amounts payable are shown in Table 3.1 below.

Table 3.1 – IPS outcomes and indicative payments

	Successful engagement of users	**Job entry outcome** (<16 hours/week)	**Job entry outcome** (>16 hours/week)	**Job sustainment outcome** (<16 hoursweek)	**Job sustainment outcome** (>16 hours/week)
Outcome payment	£790 - £1,000	£700	£1,350	£1,400	£1,650
Paid by	MHEP/BII - 20% Commissioner - 70% SOF/CBO Fund - 10%	SOF/CBO Fund – 100%	SOF/CBO Fund – 100%	SOF/CBO Fund – 100%	SOF/CBO Fund – 100%

The rationale for the local commissioners making the successful engagement outcome payments is that they are benefiting from the improved health outcomes for patients. This benefit comes from their engaging with the IPS programme as part of their mental health treatment and the benefits from this accrues to the local commissioner.

Some local commissioners are contributing to job outcome payments as well but these are predominantly funded by SOF/CBO.

The rationale for SOF to pay for the employment outcomes is that its contribution reflects the savings to Central Government from sustained employment and, in this context, SOF has agreed to act as a proxy for Central Government whilst the IPS service model proves itself at scale with the help of the MHEP model.

The rationale for the use of CBO funds in supporting this model is the strong potential for social impact on service users, for engagement with local providers through a variety of VCSE-focused procurement models and for scaling, replication and generating impactful learning.

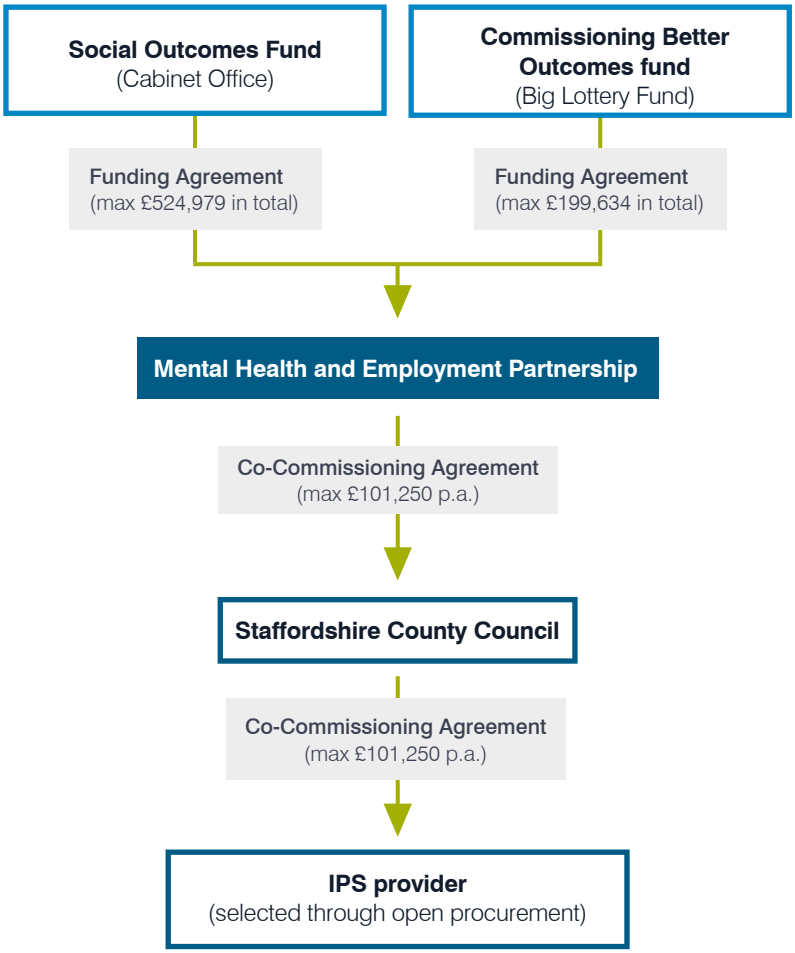
04
Update on each MHEP contract

In this section, we detail the developments in each of the three contracts since the first In-depth review report.

4.1
Staffordshire County Council and Making Space

Staffordshire ran an open procurement process and contracted with Making Space for a three-year IPS service, with an option to extend for a further year, starting on 1 April 2016. The structure of the contract and operational model is summarised in Figure 4.1 below

Figure 4.1: **Mental health/employment SIB commissioning model Staffordshire (3-year contract)**



Note: SOF/CBO funding for each area based on current view if likely referrals - the actual split may vary in practice (subject to agreed maximums)

Staffordshire's mental health services are delivered by two Mental Health Trusts, one covering the north and the other the south of the County and Shropshire. An IPS service was already in place delivered by Making Space in the south of the County and Shropshire and the new contract extended the IPS service into the north of the County for the first time with both taking on the new outcomes payment basis.

Performance issues

Despite having experience of delivering IPS in Staffordshire beforehand, Making Space experienced challenges and difficulties in mobilisation of the contract from the outset. This appears to have been because the Making Space teams on the ground were not (as it turned out) as well equipped to step up to delivering IPS on a more rigorously scrutinised performance basis as had been expected when the contract commenced.

By mid-2017, this had led to a 'robust' set of conversations between Staffordshire County Council, MHEP and Making Space over the need to recruit a more experienced service manager on a different and better remunerated basis. A new service manager with relevant vocational rehabilitation experience was appointed in the third quarter of 2017 who has completely changed the staffing, re-established basic process management, re-branded the service and effectively re-launched it.

Contract re-negotiation

In parallel, the contract terms were re-negotiated and the payment model was changed to give Making Space some funding leeway to meet MHEP and Staffordshire's requirement that Making Space recruit more experienced staff at a higher cost level.

The original MHEP contract agreed by MHEP in negotiation with SOF blended block payment and a PbR model, which allowed for £60,000 of block funding (provided by MHEP capital) and £240,000 per annum linked to outcomes. This was changed to £82,500 block (provided by MHEP capital) and £217,500 per annum on outcomes to adjust the funding balance and make the new staffing model possible.

The tariffs on outcomes were lowered but the volume and outcome targets remained the same for engagement, job starts, six weeks and six months sustained employment.

With the benefit of hindsight, Making Space would say that it was too ambitious in its original bid (which was based on offering a discount against outcome tariffs) and took on too high an outcomes payment risk.

Referral challenge

The original assumption was that two cases would be referred per Community Mental Health Team (CMHT) worker, per year. This was not initially seen as too ambitious or unreasonable but in practice has proven to be hard to implement. Since the start of the contract, the Staffordshire CMHTs have re-organised and employment appears to have slipped down as a priority in the process. As a result, CMHTs have come to view IPS as an external service to which they should refer, rather than seeing the employment key worker as an integrated member of the care team (which fidelity to the IPS model requires).

This means that it has proven necessary for the commissioner, MHEP and Making Space to arrange to meet with Heads of Pathways at the Mental Health Trust to re-establish employment and the IPS model as a core component of the CMHT's service offering rather than a referred-to service on the side.

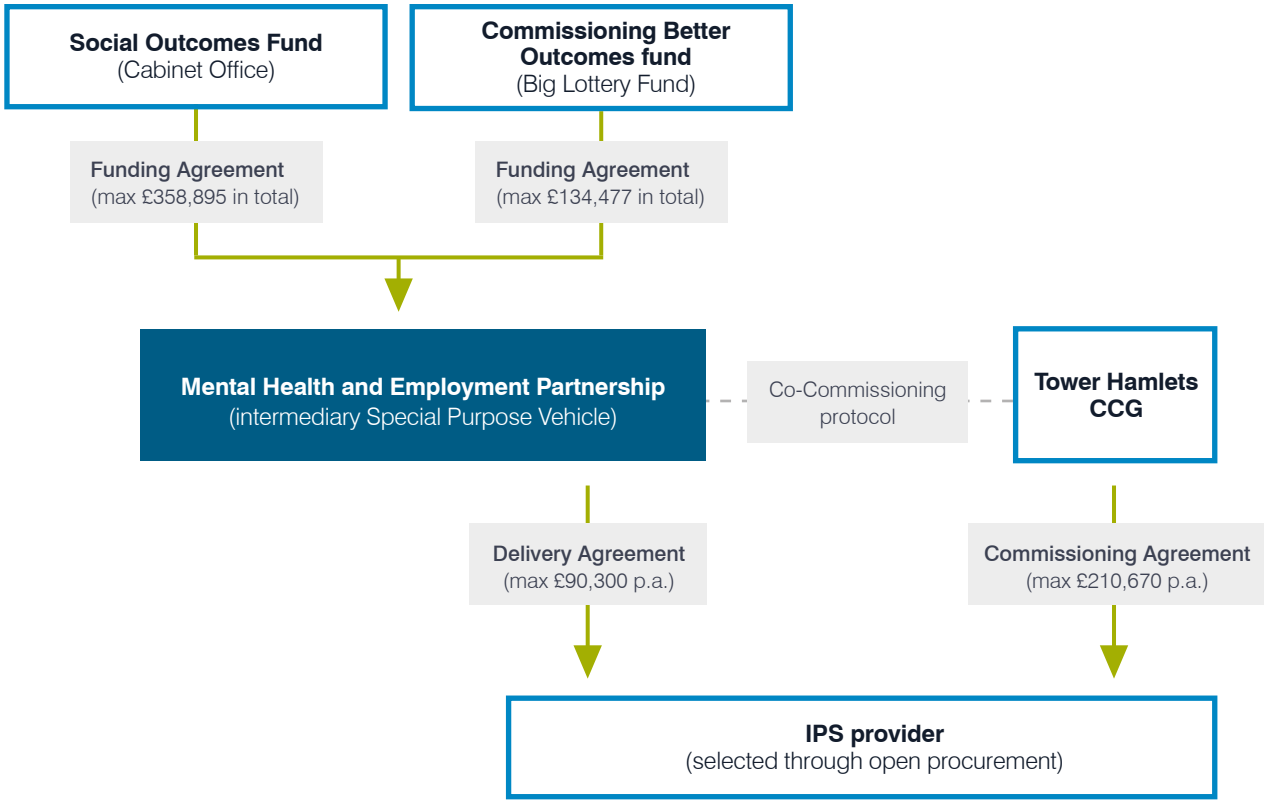
Performance has improved markedly since appointing a new manager in September 2017 but is still building towards contract expectations.

4.2
Tower Hamlets CCG and Working Well Trust

Tower Hamlets let a three year contract for IPS services starting on 1 April 2016 with Working Well Trust (Working Well) as its chosen provider. The contract was also block funded for the first six months to help the provider get the new IPS service off the ground and moved to outcomes payments from October 2016 onwards.

We were not able to interview Tower Hamlets CCG for this update as there has not been a full-time post holder at the CCG with responsibility for the SIB since the contract was let. There have been at least two interim managers between times and the post was vacant at the time of the second visit interviews.

Figure 4.2: **Tower Hamlets Structure and Financial Flows**



Note: SOF/CBO funding for each area based on current view if likely referrals - the actual split may vary in practice (subject to agreed maximums)

Performance issues

Working Well experienced a similar challenge to Making Space in Staffordshire on mobilising the new contract but from a different angle; Unlike Making Space, Working Well had not delivered IPS before and the learning curve proved to be much steeper and harder to implement than it expected it to be. The traditional model of overcoming a **mental health client's barriers** before talking about employment is completely turned on its head in IPS with its 'employment first' approach. The team all had more experience of traditional employment support programmes and were not able to meet performance requirements. The entire delivery team of four plus a team leader has had to change its approach to reflect this.

To do this effectively, Working Well found that it needed to change its entire recruitment process and policies to attract the right calibre of key worker able to deliver IPS. It now operates a two-panel recruitment process – one made up from service users and the other of Working Well staff. For an employment offer to be made, both panels have to agree on the candidate's suitability and the new practice has proven to be highly effective.

The other service innovation introduced by Working Well has been the use of peer support / mentoring for clients both in the pre-employment and post-employment stages. The latter is an adaptation to the IPS model and both have made a difference to outcomes.

Contract re-negotiation

In April 2017, the contract with Tower Hamlets was also re-negotiated but in this instance at Working Well's request. The MHEP team supported Working Well and Tower Hamlets in this process. The key change sought was a change to payment for job-starts rather than just for engagement, as Working Well felt this better reflected the end outcome they wished to achieve with clients. Tower Hamlets (despite no permanent commissioner in post) were readily able to agree the change as the overall outcome payments ceiling remained the same.

Referral challenge

Working Well has also experienced lower referral volumes than expected at the outset. Since the contract started, there have been organisational changes in the way CMHTs operate. Now smaller-sized Wellbeing and Recovery Teams deal with a reduced per team member case-load of crisis cases. Other less critical cases are referred to the Enhanced Primary Care Teams who conversely have much higher per-team member caseloads. This means that the IPS service delivered by Working Well has had to adapt in line with the CMHT responsibility changes.

As in Staffordshire, the employment focus has fallen away during the re-organisation and there was (January 2018) an effort, supported by the MHEP team, to re-engage and get employment and the IPS service back up the priority list with CMHTs.

As of January 2018, the contract performance was meeting re-set expectations. The recruitment of the right kind of key worker was the factor that turned around performance. Working Well achieved about 40% job start outcomes (vs 15%-20% in traditional support models[3]) but referral rates could still be higher.

3. Centre for Mental Health

Focus group findings

As part of this In-depth review, a focus group with Working Well's client-facing IPS team was carried out. The main points to emerge were:

IPS as a service

- IPS itself is based on a set of values and ethos which enable client-facing workers to remain non-judgemental about clients, which is helpful in building trust in the relationship.
- Delivering IPS compares well with the experience of traditional job coaching roles – the key difference is that IPS' high fidelity approach supports both client-facing team members and clients. It starts from a position of respecting client choice and role preferences.
- Information, advice and guidance services (IAG) addresses a wider set of presenting issues and so the approach is much less structured by comparison and, in the team's experience, clients are much less engaged.

Effects of Payment by Results (PbR)

- With or without PbR, Working Well would prioritise three clients per team member per month, asking those who show the greatest motivation - as willingness to work is the best predictor of successful employment outcomes.
- The engagement volume target is a constant KPI pressure (although payments are no longer linked to engagements).
- A caseload of 20 -25 per team member means that prioritisation and decisions on the course of action with each client are made quickly.
- PbR is a motivating factor that drives whole team performance. It can 'feel daunting' but it creates a team spirit and work ethic.
- With PbR, 'you care about in-work support and ensuring employment is sustained.' IPS without PbR felt less structured despite being the same programme.
- With PbR there is 'no fuzziness' about whether outcomes have been delivered or not. There are very clear definitions of KPIs and what qualifies.
- KPIs provide a basis for a collective goal to be set and aimed for.
- Team members feel more accountable to the clients as they want to achieve the targets.
- PbR encourages innovation through the incentive to pursue continuous improvement, for example collating information about clients and sectors and approaching potential employers on a co-ordinated basis in team pairs or developing client peer support networks for in-work support.
- Working Well would never place a client in a job if the outcome was not right for that client's mental health recovery, just to achieve a PbR outcome.

Challenges

- The tone is set by Working Well's leadership and it is important to have clear guidelines to prevent 'perverse' incentive activities and to continually emphasise where the line is drawn.
- Evidence gathering and reporting burden is probably a quarter of a day per week per team member and half a day per week of team leader time.
- Some clients have reacted against the need to show their payslip in order to verify the job start and not wished to co-operate, so Working Well would like to see self-declaration and a sample audit process.
- There is not enough margin for capacity shortfalls i.e. when a team member leaves, there can be gaps before new starters are found and get up to speed.
- If the team capacity and capability are not aligned on an ongoing basis, then PbR will 'kill' you as there is so little room for error with such small caseloads.

4.3
Haringey and Twining Enterprise

Haringey CCG had already commissioned a two-year IPS service from Twining Enterprise (Twining) before coming in under the MHEP umbrella. MHEP provided additional funding to extend the length of the contract for one further year through funding extra staff.

The original payment model was for Year 1 to be paid in advance by the CCG to the value of £90,000 and for Year 2 to be paid based on activity and outcomes only. In Year 2 there was some payment on successful engagement (after referral) but in the main payments were linked to employment outcomes. Haringey joined the MHEP programme, which provided an additional £90,000 for Year 3.

Haringey and MHEP established a co-commissioning agreement and protocol between themselves whereby they jointly contract-managed Twining, with Haringey leading from financial, quality and safeguarding perspectives and MHEP from the performance management side.

Performance issues

On a similar basis to Making Space and Working Well, Twining "got off to a shaky start" and eventually its IPS service "fell over" (Commissioner) because of significant operational issues. These were the same team skills and leadership issues faced by Making Space and Working Well; the performance of Twining's client-facing team did not withstand the pressure and extra scrutiny which was applied after the contract payments switched entirely to outcomes in Year 2.

All staff and the manager left for different reasons and as engagement numbers fell, the PbR-only revenue model meant that there was a funding requirement and higher risk for Twining to invest in re-building the team.

In the end, Haringey served a performance notice on Twining as it appeared that the service had "collapsed" (Commissioner) and there was no service being delivered.

Although Twining was not running up any further losses at this point and Haringey was not paying for any outcomes it was not receiving, there was clearly a wholly inadequate service to the clients.

Contract re-negotiation

Haringey, MHEP and Twining re-negotiated the terms of the contract and reset the payment terms and targets to a 50% block and 50% PbR basis. This re-balance was achieved by setting lower payment levels for each of the job start outcomes.

The payment structure was aligned to the expected IPS fidelity outcome performance levels that Twining has since achieved.

The service effectively re-launched and re-started on the new payment basis and is now performing in line with revised expectations.

05
First report findings and questions re-visited

In the first report, we detailed advantages, challenges and questions of using a SIB for the MHEP approach and IPS intervention. In this section, we re-visit the findings from the first report and assess whether our original findings still hold, or have changed in the light of experience of delivering the SIB.

5.1
First In-depth Review report findings

In revisiting the organisations involved in the MHEP SIB for this report, we reviewed and checked the key findings from the first report published in early 2017. For ease these are reproduced below.

The key strengths and advantages findings from the first round of interviews were:

- MHEP provides a ready-to-use service specification and contract that it is flexible enough to accommodate different contractual arrangements according to commissioner's respective requirements
- MHEP and social investment backing has provided the basis for stable funding for continuation of IPS services
- MHEP has also allowed for increased scale of IPS delivery and evidence sets
- Higher levels of scrutiny mean the drive for improved performance is stronger
- Commissioning and bidding costs were not significantly different to normal – "SIBS are different, not difficult"
- Open-book philosophy creates levels of trust that allow for risks to be taken.
- The key challenges found were:
- Providers had found that the MHEP contract management team had been going up its own learning curve which had required support from limited senior management resources
- Providers did not yet fully understand all the detail of the MHEP special purpose vehicle and its financial and operational arrangements
- Providers had been given different targets by the MHEP contract management team and Centre for Mental Health, which provides IPS accreditation, and this had caused some operational issues
- The need for multiple reporting lines had added a layer of administrative burden on providers.

These are re-visited in the Tables below.

5.2
Flexibility of MHEP contract and service specification structure

First report finding	Mid-contract finding
One of the advantages of the MHEP structure is that it is flexible enough to run different financing and payment trigger arrangements in each location i.e. Tower Hamlets, Staffordshire and Haringey. MHEP has been designed so that it can readily be used by other commissioners in the future. There is a ready-made ITT specification and outcomes payments structure for an IPS service, as well as a performance management infrastructure, in place. The design of the MHEP vehicle is deliberately open to adding further commissioners over time as new outcome payment budgets become earmarked or made available, for example, from NHS England or DWP.	Three further contracts for IPS services have been let under the MHEP structure in Barnet, Camden and Enfield demonstrating that MHEP is capable of readily being used by other commissioners. It would appear that new commissioners have taken some confidence from the fact that other contracts are already operating. As noted in Section 4, lessons from the common experiences in Staffordshire, Haringey and Tower Hamlets about the balance of outcome payment risks and allowing for a longer mobilisation and build-up phase are reflected in the new contracts.

5.3
Stable funding for IPS services

First report finding	Mid-contract finding
MHEP has allowed public sector organisations to carry on with commissioning Voluntary, Community and Social Enterprise (VCSE) providers of IPS services where there would otherwise have been cuts in budgets and scale of delivery. The VCSE providers which were awarded contracts under MHEP had been delivering IPS services but had faced uncertain budgets and changes to budget levels mid-contract as well as increasingly shorter contract lengths. In contrast, the SIB model guaranteed them a set level of funding for three years. In all previous IPS service delivery contracts, providers experienced what they termed 'over-subscription' of their services. The Staffordshire team noted that MHEP and use of outcomes payments allows for the service to be fully funded (depending on performance) whereas the previous programme was always facing funding challenges.	Whilst the availability of budgets for three years clearly provided stability, the high PbR element of the contract brought challenges. For example, in the situation where the referrals and outcome revenues fell short of expectations, then the providers a) perceived that all of the financial risk had been transferred to them and b) were faced with a dilemma over whether to spend more money investing in the team / performance capability in the face of uncertain future outcome-only revenues. In effect, too rapid a transition to PbR where performance is below expectations can lead to service provision 'collapsing' if a provider's Trustees choose not to 'continue to spend against uncertain revenues'. All stakeholders, especially VCSEs, need to do scenario testing in terms of giving forethought to the impact of different outcomes scenarios on their resilience. Ultimately, commissioners are interested in the provision of a service and so, even though in a situation where outcomes are not delivered and they are not making any outcome payments, they are conscious that they are not supporting service users and not fulfilling their objectives either. In effect, they either have to re-negotiate and rescue services or terminate contracts and start again.

5.4
Ability to scale a replicable intervention more easily

First report finding	Mid-contract finding
The initial contribution from CBO Fund and SOF to outcome payments means that delivery can be made at a scale far larger than previously envisaged by the three commissioners. In turn this means that there will be a more significant UK-based evidence set for other commissioners to appraise as to the impact and effectiveness of IPS as an intervention. This is an indirect benefit of the SIB approach, however, since it is by definition a result of the CBO Fund and SOF contribution, rather than the use of a SIB model per se. The advantage of the MHEP-led project is that it allowed the team sizes to expand and also freed up managers from client-facing duties so that they could manage more effectively and focus on innovations to the service model such as greater use of digital communications and social media	The contracts let by Staffordshire, Haringey and Tower Hamlets required the providers to expand their scale of delivery. Larger scale did not free up managers as much as might have been anticipated. The operational challenges meant firstly that new team leadership and key workers needed to be recruited. After being in place and working better, there was evidence of continuous improvement and innovations being introduced. For example, the use of peer mentoring and instituting a 24 hour rule for making initial contact with patients. The evidence of the first three contracts did allow MHEP to work with three additional commissioners.

5.5
Increased scrutiny may drive improved performance

First report finding	Mid-contract finding
All providers reported, even at this early stage in contract delivery, that outcomes and payments linked to outcomes had made a difference to their approach because of the frequency of review. One provider noted that when block contracts were the usual way of commissioning external delivery, contracts were managed on an annual cycle and if, for example, performance was behind at the end of quarter three then managers would implement changes at that point to try and catch up against yearly targets. Under the MHEP contracts providers report formally on a quarterly basis with monthly updates and conference calls in between. Even though the IPS delivery model is not linear – providers are dealing with human beings with mental health conditions – the scrutiny adds a helpful 'pressure'. Providers agreed that issues were likely to be addressed more quickly because of the outcome payment imperative but they would address performance anyway for professional reasons. Providers reported it was "useful to work to a standard" and the payment structure "keeps us on our toes".	The increase in scrutiny and involvement of the MHEP team in supporting operational performance improvements along with re-negotiating contracts made the difference in ensuring that all three contracts were performing reasonably after early stage problems. Increased scrutiny helped rescue an otherwise poor experience rather than drive increased performance as thought possible in the first report finding. It was clear from the Working Well service delivery team focus group's findings that there was a positive impact on the team dynamic. IPS without PbR somehow felt less structured to those who had experience of working under both regimes.

5.6
High level of trust between parties

First report finding	Mid-contract finding
The 'open book' philosophy of MHEP was seen as helpful by providers. *"It allows for honest conversations about what is working and why and where service design can be altered or amended."* At the first report, all providers had experienced set up and local health team embedding issues (which are not unexpected as services are scaling up). One provider was absorbing a loss in the short term on a planned basis and was prepared to do so until the remedial steps in place to improve the situation. The provider in question stated that it was "comfortable with the balance of risk and opportunity." Part of the willingness comes from knowing that there was a good alignment of interests with the lead commissioner and this was crucial to help overcome the inevitable 'bumps in the road' during the life of a contract. Without this relationship-building around aligned interests, the provider would be a lot more cautious.	There were performance issues in the delivery of the contracts at the time of the first report but a high level of trust had been established between all parties. Even though the mobilisation challenge took longer to resolve and required much wider scale team changes than perhaps anticipated, all parties had enough confidence in each other to successfully re-set the contracts. The feedback from commissioners, providers and investors was universally positive about the role in this played by the MHEP team. For providers, the hands-on support, training and operational expertise offered was 'invaluable'. *"It has been a steep internal management learning curve and we feel that we have benefited from the experience – despite the traumatic parts of the process".* For commissioners, the fact that the contracts had problems and required re-negotiation meant that significantly more of their time and resources have been called on than for other contracts.

5.7
MHEP contract management learning curve

First report finding	Mid-contract finding
Providers reported that there was a need to take the MHEP contract management team up a learning curve about how IPS works and the realities faced on the ground in different regions of the country. *"[MHEP is making] endless information requests"* As part of this process, MHEP made numerous additional data requests which in some cases had then led to further data requests which not all providers had the capacity to easily manipulate and provide.	The MHEP team itself changed as it moved from a contract management role to a more hands-on performance management role. The MHEP Board made a conscious decision to invest in its own MHEP team resources. This brought operational experience into the MHEP team and the dialogue over data changed allowing for a more pragmatic approach. MHEP team provided shared learning events for providers, commissioners and key stakeholders. There was also scope for exchanges of information between providers.

5.8
Provider understanding of MHEP vehicle

First report finding	Mid-contract finding
Although none of the providers had any difficulty with the idea of the MHEP vehicle and its involvement, it was not totally clear to providers what all the details of the MHEP structure were and the relationships between the various parties – MHEP, Social Finance, BII et al.	This had not changed. MHEP found it needed to reiterate to the organisations their various roles in the contracts, but MHEP did not consider this to be a major issue. MHEP sought to mitigate any risk for existing providers by ensuring that MHEP Board meetings were held at each provider's location in turn and include joint-stakeholders as well as meeting clients / patients on the day. In this way the MHEP Board played a role in stakeholder engagement.

5.9
Different targets from different ‘masters’ and multiple reporting lines for providers

First report finding	Mid-contract finding
Achieving IPS Centre of Excellence accreditation is a requirement of the contract, which effectively means that providers are meeting a high standard of IPS service delivery. The Centre for Mental Health completes the assessment and has proven to be more flexible in its approach to how IPS is implemented in the light of on-the-ground realities than the MHEP team. The challenge that has arisen from this is the difference between MHEP’s targets and those that the Centre for Mental Health would recommend for achieving Centre of Excellence status. Specifically, MHEP has a higher successful engagement level target. This means that providers have two ‘masters’ with different expectations and this needs management’s attention.	This had not changed. There was still a difference between the IPS Centre of Excellence accreditation targets and those for delivering MHEP performance objectives but this was reported as manageable by providers.
One provider found that it had two management reporting lines and requirements to service and had found it more burdensome. Another provider identified three stakeholders to whom they had to report: Local Authority and CCG commissioners; and Social Finance as MHEP contract manager who in turn report to BII as investor. This multiplicity of stakeholder interests added complexity. It took a while to get all parties to agree to a single report format and content and it took some negotiation to get to an agreement on this. Providers had to commit a greater resource to data collation and reporting than in previous contracts as a result.	The single report format and content was agreed at the time of the first report. The MHEP team revisited and further simplified the process, so that there was lighter monthly and normal quarterly reporting. It was noted by one commissioner that MHEP data was only focussed on outcomes that trigger payment at the yes / no level. There was limited analysis of performance broken down by customer profile e.g. BME or educational attainment etc. which would be helpful to commissioners in understanding the cohort requirements.

5.11
Specific questions arising from the first In-depth report

The following specific questions came out of the first in-depth report and were answered at this mid-contract review.

Q.1 Has the availability of a ready-to-use service specification and contract enabled other commissioners to get involved in the SIB?

A.1 Three additional MHEP services have been commissioned by Barnet, Enfield and Camden, which indicates that the track record of previous commissioning using MHEP may have been helpful.

Q.2 How is the additional evidence being generated through the SIB being used, particularly amongst employment commissioners?

A.2 Employment commissioners in Barnet, Enfield and Camden learnt lessons from the difficulties experienced in the initial three contracts and responded by altering the service fee / PbR balance and allowing for a longer start-up phase to be accommodated by the payment trigger horizons.

> *"There has to be a balance of risk and reward to make PbR work. Risk cannot all be transferred to providers"*
> - Investor

Q.3 Are the additional reporting and data requirements adding to, or detracting from, service delivery?

A.3 The initial appetite for continuous additional data from MHEP contract management abated and an agreed approach for reports was put in place that allowed the reports to be more easily generated by providers. However, the burden of additional reporting was still felt by the providers even though they saw the upside of the extra scrutiny at the same time.

06
Issues and questions for the final visit

Were the initial financial drawdown allocations from CBO and SOF fully utilised? I.e. How closely did the number of outcomes payments made match the predictions made at the outset?

Have the three sites performed differently? What is the value of the SIB in funding MHEP as a vehicle for promoting the IPS model?

What lessons can be learnt from the different challenges faced by each commissioner and their providers, and pre-existing position of each site when the MHEP model was introduced? In particular:

- Were assumptions made about the replicability of the model that could not be delivered in practice; and
- What, if any, were the differences between introducing the model to the sites which did not have a pre-existing service, and introducing an outcomes-based approach alongside an existing, conventionally commissioned IPS?

To what extent did the block payment element of the SIB impact on the outcomes element of the programmes?

How well did operational knowledge transfer between projects and how did the MHEP vehicle support these processes?

What kinds of mind-set and values can be observed in provider staff working in a SIB, by contrast to staff working on 'fidelity models' without a SIB?

Has use of PbR in IPS contracts led to prioritised referral cohorts or perverse incentives to help ensure greater chances of success? Have commissioners had to consider other service offers for those not suited to the IPS service?

Have the commissioners taken on stakeholder engagement responsibility to help ensure referral volumes are achieved?

Have commissioners developed any greater capacity to performance manage on an outcomes basis – or have they developed a dependency on the MHEP contract management team?

Has the MHEP hands-on IPS operational support created any 'dependency' or are the providers confident of their internal capacity and capability to deliver and demonstrate the effectiveness of IPS services effectively outside of the MHEP umbrella?

What is the role of the accreditor of the 'fidelity model' and to what extent does MHEP's role as a re-seller of IPS augment or detract from the accreditor's role?

Have different commissioners e.g. LAs and CCGs developed a common understanding of the meaning of the term 'outcomes-based commissioning' and of the role of social investment in it?

To what extent has the investor role been useful and to what degree is this perceived as being useful by providers in particular?

To what extent is the SIB about financing the recruitment of a 'reseller' and 'performance manager' for a blueprint model which the investor has an interest in?

To what extent is the body contracted to that 'reseller and performance manager' role subject to performance management by the investor?

To what degree can MHEP be considered a SIB (and if so to what extent does it have 'SIB effects') or should it more usefully be thought of as a different kind of project, such as a service-enabling or scaling vehicle?

Has the overhead cost of the SIB, particularly management of the SIB and cost of investment, provided good value for money and added value compared to alternative approaches to performance management?

What has been the extent of further commissioner engagement and roll-out of IPS contracts?
What other lessons have been taken on board in this expansion?

Have the three commissioners subsequently used SIBs, PbR or other forms of outcomes-based contract in other service areas? What has been the extent of commissioner engagement and use of such contracts in other areas?

Does the MHEP platform approach facilitate learning from one SIB to other SIBs commissioned within the same structure?

07
Methodology

7.1
Background

The National Lottery Community Fund launched the Commissioning Better Outcomes Fund (CBO) in July 2013, with the mission to support the development of more Social Impact Bonds (SIBs) and other outcome based commissioning models in England. In January 2014 The National Lottery Community Fund commissioned Ecorys UK, in partnership with ATQ Consultants, to evaluate the CBO Fund over its nine-year lifetime.

The CBO evaluation is focusing on the following three areas:

- 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.

Ecorys and ATQ are producing a range of reports, case studies and In-depth reviews to address the key evaluation questions[5].

[5] All publications including the MHEP SIB first report can be found at https://www.biglotteryfund.org.uk/research/social-investment/publications

7.2
In-depth reviews

In completing In-depth reviews, we are meeting with a range of stakeholders at the outset, during and at the end of their respective SIB contract. We are carrying out semi-structured interviews about their experiences and roles in the process of commissioning, setting up and delivering a PbR contract with social investment (SIB) involvement.

The first In-depth review into the Mental Health and Employment Partnership (MHEP) SIB[6] was based on interviews carried out in 2016 with three public sector commissioning bodies – Staffordshire County Council (Staffordshire), London Borough of Haringey (Haringey) and Tower Hamlets Clinical Commissioning Group (Tower Hamlets); and three providers of services – Making Space, Twining Enterprise and Working Well. We also interviewed the social investor - Big Issue Invest (BII) and the MHEP contract manager (MHEP team).

For this second report structured interviews with respondents from the same organisations were carried out by ATQ between January and February 2018. The exception was Tower Hamlets where the commissioner position has been vacant.

Commissioners	Providers	Investors / Outcomes payers	Contract management
Staffordshire County Council	Making Space	Big Issue Invest	MHEP team
London Borough of Haringey	Working Well Trust	DCMS - Social Outcomes Fund	
	Twining Enterprise	The National Lottery Community Fund - CBO	

It is interesting to note that there has been nearly 100% turnover of the staff involved in the SIB, so that few of those in post when we conducted the first in-depth review were still carrying out the same roles at the second visit. However there were no changes in the organisations themselves.

We also carried out a focus group with Working Well Trust's IPS service team.

[6] MHEP is a vehicle through which local commissioners of mental health supported employment services procure a specialist intervention known as Individual Placement and Support (IPS).

Commissioning Better Outcomes Evaluation

COMMUNITY FUND

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