The Commissioning Better Outcomes Programme: what has ten years of evaluation taught us?

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The National Lottery Community Fund has just published the final Synthesis Report from the evaluation of the Commissioning Better Outcomes programme (CBO). This concludes more than ten years work evaluating CBO by Ecorys and ATQ.

The evaluation covered 27 projects funded by CBO, all constructed and funded as Social Outcomes Contracts (SOCs) or Social Impact Bonds (SIBs), of which we studied nine in depth. More than 30 in-depth, synthesis and thematic reports can be downloaded from The National Lottery Community Fund website.

Our overriding aim was to isolate “the SOC (or SIB) effect” – how were these outcomes contracts different to “conventional” contracts and grants, and did they do better or worse? We looked at three main aspects of this: how well were they designed, how did they perform, and did they have a lasting legacy?

Project design

We found that projects were largely well designed. They suited the needs of most stakeholders and met many of the benchmarks of what constitutes a “good” design of an outcomes contract. The exception was designing the projects so that impact could be proven to be attributable to the project rather than other factors.

We also found that there was wide variation in motivation to launch a SOC and in project structures, and divergence from what people said SIBs were about when they were first conceived. We think this is unequivocally a good thing – confirming that the flexibility in the model is a feature rather than a bug.

Project performance

We could only measure how well the projects performed against the targets they set themselves when applying to the CBO. Against this imperfect measure the majority of projects performed well: almost two-thirds of the contracts achieved 75% of forecast outcomes or better at their base case or “median scenario”.

Whether this performance can be attributed to the SOC mechanism – to payment for outcomes and investor involvement – is very difficult to measure objectively. So far as we could tell the projects performed better – mainly because they funded focused and additional performance management, and improved data analysis and management. But they were hampered by the challenge of engaging stakeholders in inherently complex projects, making them expensive and time-consuming to set up, and sometimes difficult to sustain once implemented.

We also judged the projects broadly to be good value for money – because stakeholders generally considered them good value and because, all other things being equal, a contract to pay only for outcomes should be better value than a contract to pay for inputs irrespective of performance.

We acknowledge, however, that a conventional contract achieving similar performance would likely be cheaper than an SOC; and the promise that commissioners would pay only for outcomes did not always hold: some contracts paid also for engagements, or were modified to allow such payments during delivery.

Project legacy

On the whole the CBO projects had a strong legacy – either because they were recommissioned once CBO support ended, or had a wider impact by demonstrating the value of a particular intervention.

Around two-thirds of the CBO projects were recommissioned in some form, and many projects had a legacy as 'proofs of concept' that influenced wider roll-out of services and changes in investment strategy. For example the Zero HIV project directly influenced central government policy and funding for large-scale opt-out testing for HIV, and the End of Life Care Integrator projects influenced Macmillan Cancer Support to set up its End of Life Care Fund, based on payment for outcomes supported by repayable finance.

What comes next?

In the final section of our report we consider whether government should invest in a further "outcomes fund" to subsidise SOCs or Social Outcomes Partnerships. Other countries have followed the UK's lead in setting up such funds, and interest has been heightened by the establishment of the Social Impact Investment Taskforce.

We conclude that the benefits of SOCs outweigh their drawbacks, provided they are deployed appropriately and as one tool for achieving reform rather than a panacea: our report, and other research, offers many pointers on where SOCs work best, and how to design them to have best effect. We thus think there would be benefits in another fund, with important caveats.

First, future programmes should adopt a place-based approach, because the knowledge and momentum achieved by CBO was not always sustained in local areas, and we should focus on the places where there has been momentum and knowledge retention. This would entail supporting local areas that are committed to SOCs – not just by contributing to outcome payments, but also by building the capacity to develop SOCs in the longer term.

Secondly, alongside investment in SOCs there should be investment in local capacity and capability to commission more complex structures and innovate for outcome achievement, with fewer restrictions on funding projects across multiple years.

Put simply, we think SOCs do have major benefits if they are well designed and managed, are used in the right policy areas and are implemented by organisations which are committed to long-term change and see them as a sustainable approach, rather than simply a way to obtain government funding.