

Second In-Depth Review.
Produced as part of the
independent
Commissioning
Better Outcomes Fund
Evaluation

West London Zone Collective Impact Bond

Contents

Summary	5
1. Introduction	13
1.1 The CBO Programme	13
1.2 What do we mean by a SIB and the SIB effect?.....	13
1.3 The in-depth review reports	14
2. How the SIB works	16
2.1 What is the SIB model?.....	16
2.2 What was interesting about the WLZ SIB?.....	25
3. What has happened in practice? An update.	27
3.1 Changes to the outcome structure and payment mechanism.....	27
3.2 Changes to the intervention.....	31
3.3 Strong performance of WLZ	33
3.4 Plans for expansion and sustainability	36
4. Successes and challenges of the SIB approach	38
4.1 Greater emphasis on performance management.....	38
4.2 Effectively scaling operations and delivery.....	40
4.3 Data driven identification of at-risk children	42
4.4 Flexibility in delivery and financing	44
4.5 Measuring impact and identifying a counterfactual	45
5. Stakeholder experience of the SIB mechanism.....	49
5.1 WLZ's experience of the SIB mechanism.....	49
5.2 Main SIB stakeholder experiences of the SIB mechanism.....	50
5.3 Other SIB stakeholder experience of the SIB mechanism	52
6. Conclusion	55

Summary

Commissioning Better Outcomes (CBO) is a social impact bond (SIB) programme funded by The National Lottery Community Fund, which aims to support the development of more SIBs in England as part of The National Lottery Community Fund's work to explore innovative ways of improving the pursuit of social outcomes. The National Lottery Community Fund has commissioned Ecorys and ATQ Consultants to evaluate the programme.

A key element of the CBO evaluation is nine in-depth reviews, with West London Zone (WLZ) featuring as one of the reviews. This report is the second

in-depth review on West London Zone. The focus is on stakeholder experiences and learning from the SIB delivery post-launch. This builds on the learning described in the first in-depth review report¹. The report is based on a review of documents provided by stakeholders and consultations with 13 stakeholders between December 2018 and June 2019 involved in the SIB across all relevant organisations (commissioners, WLZ, service providers, investment fund managers and schools). Numbers in the report, and stakeholder views, refer to this period – December 2018 to June 2019.

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

SIBs are a form of outcomes-based commissioning² (OBC). There is no generally accepted definition of a SIB beyond the minimum requirements that it should involve payment for outcomes and any investment

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

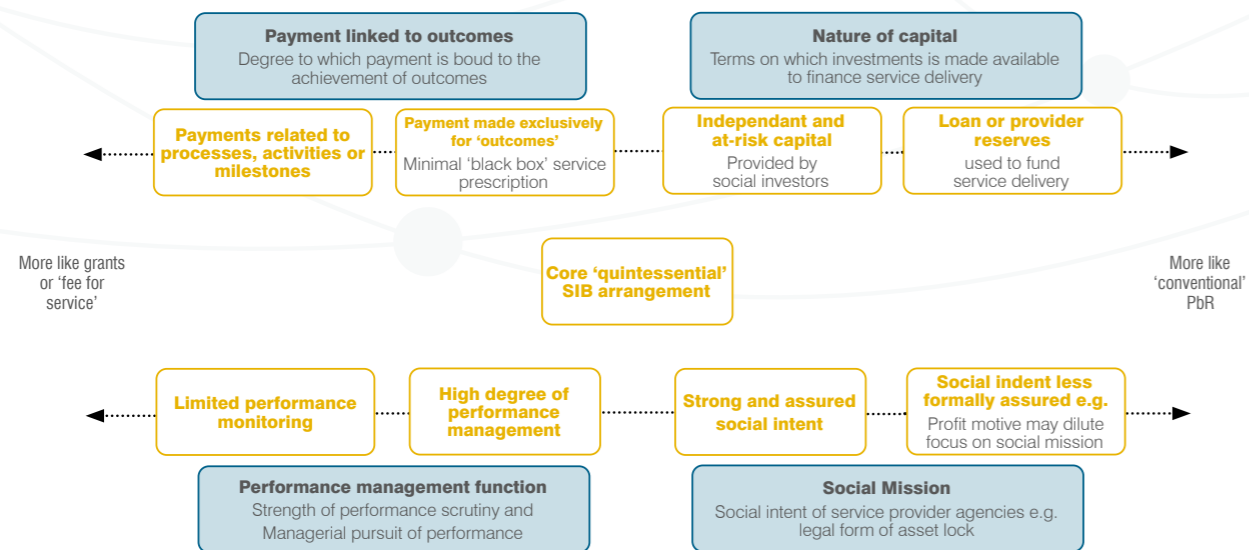
“Impact bonds are outcome-based contracts that incorporate the use of private funding from investors to cover the upfront capital required for a provider to set up and deliver a service. The service is set out to achieve measurable outcomes established by the commissioning authority (or outcome payer)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

SIBs differ greatly in their structure and there is variation in the extent to which their components are included in the contract. This difference underlies the stakeholder dynamics and the extent to which performance is monitored in the SIB. For the purpose of this report, when we talk about the 'SIB' and the 'SIB effect', we are considering how different elements have been included, namely,

the payment on outcomes contract, capital from social investors, and approach to performance management. These SIB 'dimensions' are summarised in **Figure 1** below.

¹ Erskine, C (2017). West London Zone Collective Impact Bond. An in-depth review produced as part of the Commissioning Better Outcomes Fund Evaluation
² 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.

Figure 1: Dimensions of variation in SIBs



Source: Carter, 2020, adapted from Carter et al., 2018.

How the SIB works

The WLZ project describes itself as a 'Collective Impact Bond' – a form of SIB that focuses on 'collective impact' – the aspiration that, through a shared partnership and vision, multiple agencies can work together effectively to solve a complex problem³. The project brings together public, private and social-sector agencies to better commission and deliver early intervention services within a targeted area of West London. WLZ aims to provide early intervention support to 700 school age⁴ children at risk of achieving negative outcomes. Specifically, WLZ aims to support these children holistically, by coordinating support from local services.

The main components of the WLZ intervention include

- 1) **Link Workers**, who are experienced professionals, employed and trained by WLZ, to provide direct support to the children and to coordinate the partner delivery in schools, and
- 2) **early intervention support delivered by local partner organisations**, mostly commissioned by WLZ, in a school setting.

WLZ also links to other community organisations outside of the school setting so that children benefit from other opportunities in the area.

The WLZ intervention has been commissioned by four sets of commissioners:

1. **The National Lottery Community Fund's** Commissioning Better Outcomes programme
2. **Local authorities:** London Borough (LB) of Hammersmith and Fulham and Royal Borough of Kensington and Chelsea (RBKC), who pay for the service based on outcomes
3. **18 schools:** Some schools pay on outcomes, most pay in arrears and in staged payments on the same timescales as the local authorities and CBO. This payment is also based on the number of children completing the service and on evidence of satisfaction with delivery

4. **Private philanthropists:** Pay for the service as a three-year grant, in arrears, on evidence of satisfaction by the local authority.

The service is paid for based on the achievement of sign-up targets, engagement targets outcomes. In total, up to a maximum of £5.4m could be paid out, split between the commissioners listed above. There are six potential points at which payments are made for each child (with the maximum payment per child at £7,372):

- Sign up, accounting for 17% of the total payment per child
- Two payments at the end of the first and second year for engagement, both contributing 17% of the total payment (34% total).
- Payment for specific outcome measures, for up to three of the seven per child as follows (releasing 50% of max payment):
 - Outcomes for secondary-school children only:
 1. School engagement
 - Outcomes for both primary and secondary:
 2. Maths attainment
 3. English attainment (for the primary-school children this is two outcomes: Reading and writing)
 4. School attendance

5. Parental engagement

6. Mental wellbeing

7. Relationships OR overall progress (this is different in the two Boroughs).

Social investment for this project (from Big Society Capital, Trust for London, Pilotlight and other organisations) was sourced via Bridges Fund Management (Bridges). Bridges is the investment fund manager, responsible for raising the investment, structuring the finances, reporting to investors and assisting with expansion and management of the project where needed. These social investors have provided an investment commitment of up to £1.27million to fund working capital for the project, and they also advanced working capital to cover the cost of the Bridges team to help design, launch and scale the service alongside WLZ. Some of this investment (£150k) is protected by a UBS and City Bridge Trust grant through 'first loss capital', meaning that, in case all the outcome payments are not achieved, this money is used first to repay the loan. Furthermore, in a risk-sharing arrangement, WLZ will need to repay some of the loan if all the targets are not reached; more information on these elements is provided in the main report below.

The project launched in September 2016 and runs until July 2020.

³ Accessed at: www.collaborationforimpact.com/collective-impact

⁴ WLZ also work with children aged 3 – 4 years in early years settings. However, this pre-school area of WLZ provision is currently grant funded, supported by The National Lottery Community Foundation, as WLZ is still developing their intervention in this setting.

What has happened? An update

Four major developments have happened since the SIB launched:

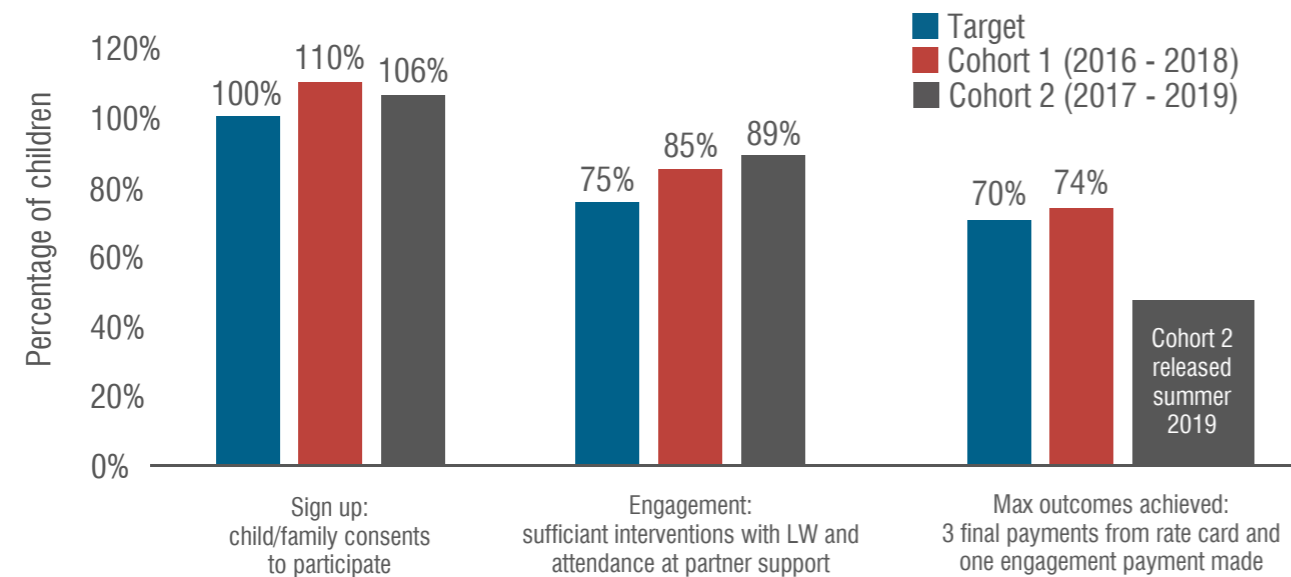
– **Strong performance:** The project has achieved well against its targets (Figure 2) and WLZ's reputation is growing amongst schools.

– **Changes to the intervention:** WLZ changed the intervention from a varied 1-3 year intervention to a structured 2-year intervention. This was based on learning that one year was not enough time to achieve the outcomes for children with multiple areas of need, and to simplify the intervention and subsequent payment structures. The Link Workers have also been more involved in the delivery of support, whereas their original intention was to mainly co-ordinate support. This reflected the importance of the one-to-one relationship between the Link Worker and child to tailoring support and driving outcomes

– **Changes to outcome structure and payment mechanism:** The original payment mechanism was based on incremental progress (at 30, 60 and 80 per cent) against a blend of school attendance, attainment and emotional wellbeing. The payment structure was changed to the one described above, partly to reflect changes to the intervention, and partly because stakeholders felt the new structure was simpler and would support engaging new local authorities and schools.

– **Expansion and sustainability:** The SIB project expanded significantly in its first three years. At the start of the SIB, WLZ was commissioned by one local authority, operational in three schools, and sub-contracted 12 partners. At the time of the interviews (December 2018 to June 2019) WLZ was commissioned by two local authorities, the service was operational in 18 schools, and they commissioned 32 partners and linked with a similar number. At the time of the interviews, WLZ was in the process of securing further funding for a second SIB from the Life Chances Fund (LCF)⁵

Figure 2: Summary of WLZ's performance against targets as at Dec 2018



Source: WLZ Collective Impact Report (2018). NB: % on engagement is of all starters (i.e. all those signed up). WLZ identify more children than the schools commission places for. If a child says no, WLZ sign up another child. Therefore it is possible to overachieve on the sign-up target if more children than planned from those identified consent to the service.

Successes and challenges of the SIB approach

In the main it was the stakeholder views (and our evaluative judgement) that most of the successes and challenges were because of the SIB mechanism (namely, the outcomes contract, the partnership with an investment fund manager and the performance management approach), and either would not exist, or would not exist as strongly, under alternative contracting mechanisms. However, at times it was difficult to disentangle the 'SIB effect' from other factors, such as the working ethos of the organisations involved. The main successes and challenges included:

– **Greater emphasis on performance management:** In WLZ there was evidence that the requirements of the SIB structure had supported the early embedding and prioritisation of robust performance management to achieve greater impact. Although stakeholders thought that there was complexity in WLZ's monitoring, on the whole they thought that the approach was appropriate for capturing the range of work being delivered. In addition, this emphasis on performance management within WLZ is arguably a useful counterbalance to the fact there was high staff turnover within the local authorities, which, as noted by WLZ's wider stakeholders, meant monitoring from the commissioning end was not always consistent. Related to the performance management requirements of the SIB, WLZ reported that they were working with some of their

delivery partners to provide specific capability-building support; WLZ thought this was building key skills in monitoring and impact management within some local organisations.

– **Effectively scaling operations and delivery:** Within the first year, WLZ needed to engage more schools in order to achieve the volume targets in the contract. While scaling delivery was part of WLZ's long-term mission, the SIB targets made this a priority in the short-term too and supported the delivery into a range of settings very quickly.

– **Data-driven identification of at-risk children:** Eligible children for the intervention are identified through a mix of using data (school attainment, attendance, economic deprivation, parental involvement, children scores on a wellbeing survey) and consultations with school staff. School staff and project stakeholders regarded this as an effective approach to identifying 'under the radar' children who might not be identified without the data-driven approach. From a SIB design perspective this was also effective as it minimised the potential for the provider to 'cherry pick' the 'easiest to support' children.

– **Flexibility in delivery and financing:** WLZ had large amounts of flexibility to adapt their intervention based on what each individual child needs and on what would be effective. Stakeholders thought the

⁵ The DCMS funded successor to the National Lottery Community Fund's CBO aiming to support the scaling of effective interventions and SIBs

SIB mechanism facilitated some of this flexibility, as the contract's focus on outcomes over outputs 'freed' WLZ from being monitored heavily on delivery outputs.

– **Measuring impact and identifying a**

counterfactual: The WLZ ambition to provide personalised support to a carefully defined but nonetheless heterogeneous cohort of students with an array of outcome goals, has meant it has been challenging in practice to select methods to assess the impact of the service. This has affected the approach to the rate card design, underpinning the payment by results contract in the SIB, as well as the potential to robustly evaluate the longer-term outcomes for the service with a counterfactual to determine what may have happened without the intervention.

In short, the challenges of measurement which WLZ has contended with are twofold:

- 1) WLZ is a highly personalised intervention and the children identified as at risk are heterogeneous in their presenting difficulties (they are at risk for different reasons). The support the children then receive from WLZ's partner organisations vary depending on their specific difficulties. This makes it challenging to identify one or two outcomes that represent progress across the whole cohort.
- 2) WLZ is an early-action service that ultimately aims to prevent adverse outcomes for children and the difference for these from receiving the support may not be observed for a long-time, may be difficult to delineate from other factors beyond the intervention, and would be different across the cohort.

Despite the complexity, WLZ have been committed to ensuring that any measurement included in the SIB

Stakeholder experience of the SIB mechanism

Overall, staff at WLZ thought that on balance the requirements of the SIB contributed to the success of the project, and more importantly it had not compromised the flexibility of their offer or limited

remained appropriate to support they are delivering. Early in the implementation phase, WLZ revised their original rate card, as the first model proved complicated and presented some challenges. In the revised model, stakeholders agreed on a 'menu' of metrics, which could be used flexibly for the cohort and represent a range of child development areas. Engagement metrics have been included in the menu as an outcome linked to payment, in part, to help tie together the complex attribution of impact to the highly personalised service. Although not a simple solution, ultimately the revised rate card meant that WLZ could continue to deliver their highly personalised and preventative intervention within a payment by results contract. Importantly as well, WLZ brought the different commissioners along in the process of the re-design and this ongoing involvement was central to WLZ continuing their co-commissioning model and ambitions to achieve collective impact for these at-risk children.

In addition to revising the rate card, the measurement challenges made it difficult for WLZ to contract an evaluation partner to assess the longer-term outcomes of the service with a comparison group of similar at-risk children representing a counterfactual to the service. Many of the datasets that WLZ considered for an evaluation were either too restrictive in what was measured, or the children for a comparison group would be fundamentally different to those supported by WLZ (and therefore inappropriate to use for a counterfactual). At the time of the research, WLZ had not yet contracted an evaluation partner. We have since been informed that WLZ have partnered with the Centre for Education Policy and Equalising Opportunities at the University College London to design and implement an evaluation that aims to compare the outcomes of the WLZ intervention against a comparison group.

opportunities for partner relationships. However, stakeholders also cited some challenges of this way of working and were ultimately cautious to conclude at this stage in the project about the extent to

which the SIB mechanism (the outcomes contract, accessing social investment or the performance management element) was contributing to better outcomes for children, over and above another type of contract (i.e. grant or fee for service). The experiences of other stakeholders were as follows:

- **Local authorities:** Pleased with the development of the project, and that the costs for the project are shared with other commissioners. Staff turnover had affected their ability to proactively manage the contract.
- **Philanthropists:** Liked the accountability that came with a SIB and paying primarily on outcomes.
- **Schools:** Liked the delivery model, especially the Link Workers. Liked that payments were shared across commissioners.
- **Investment fund manager:** Very impressed with contract performance, and due to the project

success and 'adaptive' style of WLZ has not needed to become heavily involved in the actual delivery or management of subcontracted delivery partners, and could focus instead on helping to simplify the payment mechanism, the contracting with schools and councils and scaling to reach more children.

- **Local partner organisations:** Some had to make some adjustments to delivery to align with WLZ approach, but generally pleased to be involved in the project.
- **Link Workers:** Positive about the scope of their role. Although the monitoring requirements of the project meant there was more structure to their work than in other types of youth work, on the whole they felt this was driving better performance.
- **Young people:** Reported positive experiences. Felt completing monitoring measures was useful.

Conclusions and areas for further investigation

From the second in-depth review interviews, the evidence suggests the SIB mechanism had supported the following elements in WLZ implementation:

The outcomes contract:

- Encouraged commissioners to pay for an early intervention service, as they only had to pay when children engaged or achieved outcomes, which was appealing for a relatively new, unknown and multi-faceted early-intervention delivery model. They liked that the SIB could drive higher levels of transparency and accountability and the commissioners would not pay if it did not work according to the rate card.
- Focused WLZ's management and delivery decisions on developing the performance management of the intervention, particularly during the set-up decision making.
- Motivated WLZ staff and facilitated an adaptive approach to service management to achieve the outcomes.

Partnering with an investment fund manager to access working capital:

- Was preferable to borrowing money from a normal lending source (e.g. a bank) to fund the working capital requirement of the PbR contract, as it gave WLZ access to risk share and expertise they probably would not have had otherwise. Allowed the flexibility for WLZ to allocate the budget to put in place a strong management team and put in place processes to drive maximum impact from their delivery.
- Supported them to effectively scale their delivery quickly into new schools and a new local authority area, helping to build a strong reputation and engagement strategy with key partners and schools within the targeted community of London.

Emphasis on performance management:

- WLZ's dual role in the SIB contract, overseeing all management and also taking a central part in delivery, appears to have worked successfully to implement an efficient and coherent performance management approach.

1. Introduction

However, while stakeholders agreed that in practice WLZ's coordination role in the governance has worked effectively, WLZ stakeholders acknowledged that the project management had been demanding and resource intensive.

One key observation from WLZ's SIB implementation was the difference in the dynamic between the stakeholders involved in the contract compared to other SIBs we have examined. In particular, the investment fund manager in this project felt comfortable with a less involved role during delivery, rather than needing to be engaged in SIB governance meetings or request additional information on performance. They were therefore able to focus instead on helping WLZ to scale. Based on the analysis it would appear that this is because:

- the project is achieving well against its outcome success rate targets, and so the investment fund manager has not needed to get too closely involved in the intervention delivery or subcontractor selection and management; and
- WLZ is implementing a strong performance management and adaptive role itself, which is the role the investment fund manager would otherwise often normally take in a SIB, and so the investment fund manager has not needed to do this.

Overall, there is evidence that several of the core elements of the SIB structure were contributing to the successes in WLZ's implementation to date, pointing to several advantages in commissioning the service in this way. The interesting features in the WLZ set-up - such as the dual role of the prime contractor and the range of commissioners and involvement of schools - have also generated important learning on how some of these successes can be influenced by strategically and creatively varying who takes on the conventional stakeholder roles and responsibilities within the SIB structure. This is an interesting insight to consider when comparing the structure and performance of SIBs operating in other contexts. Importantly, all the stakeholders, including beneficiaries, report a positive experience of the SIB contract and do not appear to think it has limited WLZ in their collective impact ambitions or in the scope of their delivery.

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

1.1 The CBO Programme

The CBO programme has **four outcomes**:

1. Improve the skills and confidence of commissioners with regards to the development of SIBs
2. Increased early intervention and prevention is undertaken by delivery partners, including VCSE organisations, to address deep rooted social issues and help those most in need
3. More delivery partners, including VCSE organisations, are able to access new forms of finance to reach more people
4. Increased learning and an enhanced collective understanding of how to develop and deliver successful SIBs.

The CBO evaluation is focusing on answering **three key questions**:

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

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

SIBs are a form of outcomes-based commissioning⁶ (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:

⁶ Outcomes-based commissioning describes a way to deliver services where all or part of the payment is contingent on achieving specified outcomes and performance. 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, but rather just the performance.

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

SIBs differ greatly in their structure and there is variation in the extent to which their core components are included in the contract. This difference underlies the stakeholder dynamics and the extent to which performance is monitored in the SIB. For the purpose of this report, and to allow consistency and comparability with other in-depth reviews, when we talk about the ‘SIB’ and its effects, we are considering how different core elements have been included, namely, the payment on outcomes contract, capital from social investors, and approach to performance management, and the extent to which each component is directly related to, or acting as a catalyst for, the observations we are making about the project.

1.3 The in-depth review reports

A key element of the CBO evaluation is our nine in-depth reviews, with WLZ featuring as one of the reviews. The purpose of the in-depth reviews is to follow the longitudinal development of a sample of SIBs funded by the CBO programme, conducting a review of the project up to three times during the SIB’s lifecycle.

This report is the second in-depth review on WLZ (a third will follow at the end of the SIB).

The focus of this second report is on stakeholder experiences and learning from the SIB delivery post-launch. This builds on the learning described in the first in-depth review report⁷, which focused on the launch of the WLZ SIB and included a detailed description of the SIB model, as well as the rationale for its design and the experience of key stakeholders.

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

- the progress the SIB made since the first visit, including progress against referral targets and outcome payments.

- Testing aspirations of the SIB and the collective impact approach, through: evidence of the outcomes achieved; the benefits and challenges of the SIB; the effectiveness of the referral criteria; and the links between this and the Troubled Families programme
- Examining the remaining period of the contract, including plans to: expand the model; ensure the sustainability of the project; and support the continued improvement of schools and private philanthropists as co-commissioners.

The interviews with stakeholders were conducted between December 2018 and June 2019, roughly half way between the project’s launch and scheduled end.

Section 2.0 in the report provides a summary of the SIB model and the key areas of interest as described in the first in-depth review report. Section 3.0 then includes details on the progress and key developments that have occurred as part of implementation. Section 4.0 reflects on the successes and challenges during this phase and Section 5.0 summarises stakeholder experiences of the SIB.

- whether any changes had been made to delivery or the structure of the SIB, and why.
- how the SIB mechanism was impacting, either positively or negatively, on service delivery; and
- the relationships between stakeholders, outcomes, and the beneficiaries’ experiences.

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

- The views and reflections from the key stakeholder groups and their experiences of the SIB model in practice (including the sharing of the risk, the role of the link worker and role of WLZ as intermediary; the role of schools as commissioners; monitoring requirements; and support from The National Lottery Community Fund)

2. How the SIB works

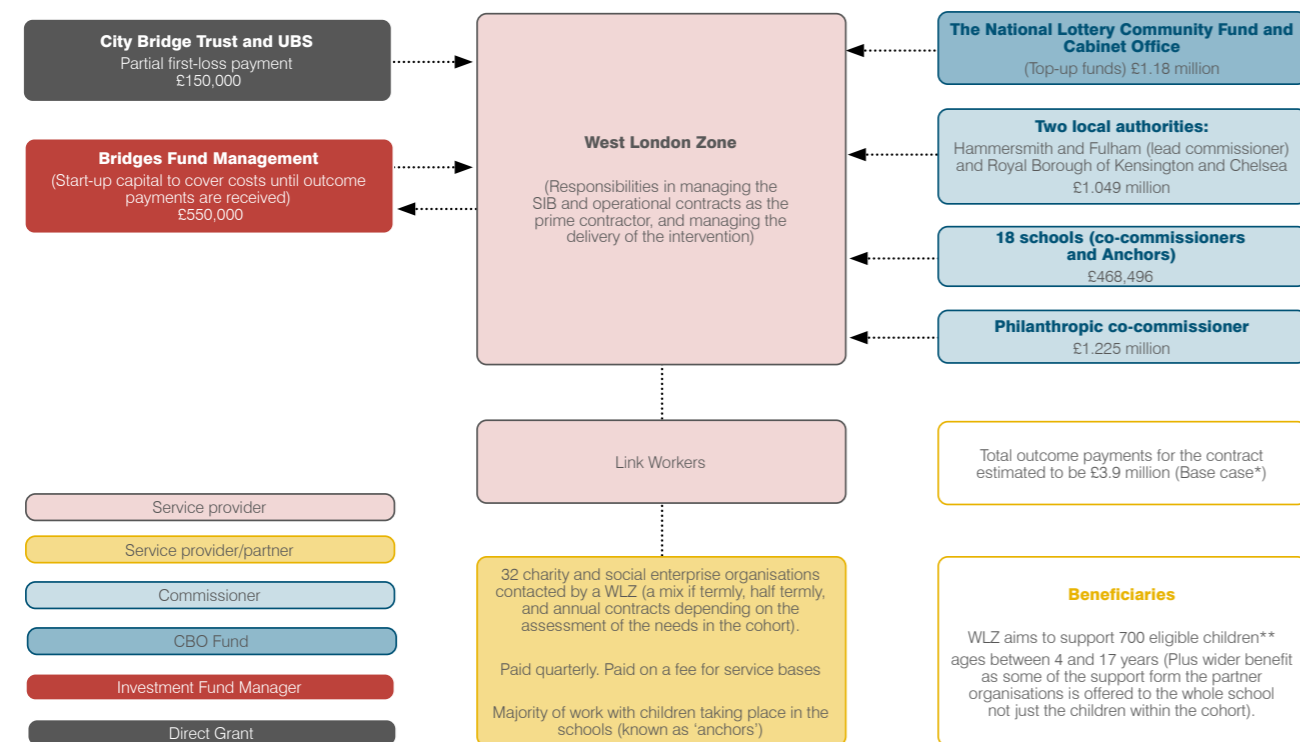
This section provides an overview of the WLZ SIB model and the set-up. It re-caps the key details relating to the intervention structure and the main learning points raised in the first in-depth review report. Note that the details of the contract have changed slightly since the set-up description in the first in-depth review report; this difference is because WLZ has expanded its delivery into more schools and into a second local authority area.

2.1 What is the SIB model?

The West London Zone (WLZ) Collective Impact Bond (or Social Impact Bond, henceforth 'SIB') proposes to bring together public, private and social-sector agencies to better commission and deliver early intervention services within a targeted area of West London. The focus on one area – the 'zone' – is so that

over time, through better intervention with a specific group of at-risk children and cohesion amongst the local services, a community will change, leading to longer-term positive impact from the model. The SIB contract is summarised in **Figure 3**

Figure 3. The WLZ SIB contract



WLZ's longer term aim is to scale their early intervention offer to support a meaningful proportion of the estimated population of up to 12,000 at-risk school-age children for long enough to change a whole community within London⁸. This is approximately 20 per cent of school-age children and young people living in the

targeted area of London deemed to be most in need of early intervention but who are not yet in receipt of statutory support. Central to WLZ's five-year plan is the ambition to work in more schools and with the support of several the neighbouring local authorities and partner organisations.

2.1.1 SIB set-up and key stakeholders

WLZ is the prime contractor in the SIB, responsible for managing the delivery of local partners as well as holding the contracts with the commissioners and the investment fund manager. This arrangement is reflected in some other SIB contracts (including Way to Wellness⁹ and Positive Families Partnership). However, WLZ also directly employs Link Workers, who do a significant amount of the frontline delivery alongside the local partners. This means that WLZ effectively has a dual role in the contract – involved in both managing the different contracts and in delivering a core part of their early intervention service through their Link Workers.

Four types of commissioners currently fund the WLZ intervention through outcomes-based payments. All of the commissioners (with the exception of The National Lottery Community Fund) are local, which is central to the WLZ place-based strategy to achieve long-term change within a targeted zone in London. The current commissioners for WLZ are:

- **The National Lottery Community Fund's** Commissioning Better Outcomes programme
- **Local authorities:** London Borough (LB) Hammersmith and Fulham and Royal Borough of Kensington and Chelsea (RBKC) are the lead commissioners in the SIB, who pay for the service based on outcomes.
- **Schools:** Three schools originally signed the WLZ contract: Ark Burlington Danes Academy, Ark Swift Primary Academy, and Phoenix Academy. In the third year of delivery 18 schools were involved in funding WLZ as co-commissioners. Some schools pay on specific metrics, most pay in arrears and in staged payments on the same timescales as the local authorities and CBO. This payment is also based on the number of children completing the service and on evidence of satisfaction with delivery.
- **Private philanthropists:** This co-commissioner pays for the service as a yearly grant paid across the three years, in arrears, based on evidence of satisfaction by the local authority.

Bridges Fund Management (Bridges) is the investment fund manager in the SIB. Bridges raised dedicated working capital from social investors such as Trust for London, Big Society Capital, Pilotlight and others. Bridges worked with WLZ to design, structure and manage the project and have provided an investment commitment of up to £1.27million to fund working capital for the project.

At the time of the research WLZ had drawn down £550,000 of this facility. This capital was to cover the start-up costs for WLZ before they received the outcome payments from the commissioners. WLZ will then repay the investors through the sign-up, engagement and outcome payments received from the commissioners (if the targets for sign up, engagement and specific outcomes are met). The remainder of the service cash flow is then funded by the further outcome payments, although the capital supports flexibility to manage cash flow if performance is different to planned.

⁸ WLZ also work with children aged 3 – 4 years in early years settings. However, this area of WLZ provision is currently grant funded, supported by The National Lottery Community Foundation, as WLZ are still developing their intervention in this setting.

⁹ See: https://www.tnlcommunityfund.org.uk/media/research-documents/social-investment/CBO_ways_to_wellness_report_190320_122441.pdf?mtime=20190320122441

The National Lottery Community Fund also provided a £150,000 development award to support the development of the proposal. CBO also agreed with WLZ to fund out-borough placements coming into the local authority areas, if they were identified in the target schools. This was to ensure the initiative was fully inclusive.

Table 2.1 summarises the key details of the WLZ SIB contract. **Table 2.2** provides more information on how the repayment elements integrate.

Table 2.1 Key details of the WLZ SIB contract (forecast as at June 2019)

Area	Details	Amount
Total outcome payments	Total	£3.9 million
	Total local authorities (to be paid on outcomes)	£1.049 million
	Total philanthropists (to be paid as a grant)	£1.225 million
	Total schools (type of payment varies between schools)	£468,496
	Total CBO Fund (to be paid on outcomes)	£1.18 million
Working capital	Total (full commitment available from Bridges)	£1.27 million
	Drawn down (for two contracts)	£550,000
	LB Hammersmith and Fulham contract	
	Drawn-down as at June 2019	£350,000
	Total non-recourse element from current draw down*	£237,000
	Available as first-loss capital (fixed figure for the SIB provided by UBS and City Bridge Trust)**	£150,000 (available as a grant for the service if not needed)
	Total Bridges capital-at-risk from draw-down to date (= non-recourse element less available first loss)	£87,000
	Total WLZ at risk from draw-down to date (= draw-down to date less Bridges' capital-at-risk, less first-loss capital)	£113,000

Area	Details	Amount
	RBKC contract	
	Drawn down	£200,000
	Total non-recourse element (as part of draw-down to date) Total Bridges at risk	£100,000
	Total Bridges at risk (= non-recourse element to date)	£100,000
	Total WLZ at risk (= draw-down to date less non-recourse element)	£100,000
Volumes achieved	Total volumes	732 children (against target of 700)
	Cohort 1	132 children
	Cohort 2	345 children
Success targets:	Base case***: engagement	75% achieve targets
	Base case: outcome payments	70% achieve targets

* Non-recourse element is a part of the loan from the investors, which WLZ would not need to repay, further explained later in the review.

** First loss capital is allocated in a manner that, in case of a loss, the money can be used to cover the losses.

*** Base case refers to the minimum amount of outcomes defined by success targets that need to be achieved for the investment to be viable. Base case scenario is always median scenario – it is the base case set out in the provider contract and the median between the low breakeven and high maximum possible outcomes above contract stipulation.

****Volume targets changed when the programme structure changed to a flat two years for every child. Cohort 3 is now smaller because cohort 2 is larger and all of these children will still be on the programme as cohort 3 start. Re-profiling the cohorts in this way supports WLZ intervention.

2.1.2 WLZ's intervention

Underpinning WLZ's intervention is *Collective Impact* - the aspiration that, through a shared partnership and vision, multiple agencies can work together effectively to solve a complex problem¹⁰. The shared vision in WLZ is to improve the life chances of children identified to be at risk, but who are not currently well supported by existing services. Specifically, WLZ aims to support these children holistically, by coordinating support from local services, to a point where they are developmentally no longer considered 'at risk'.

Box 1: Details of the WLZ intervention

Early intervention partners

In their third year of delivery, WLZ had a network of 32 charity and social enterprise organisations operating in Hammersmith and Fulham and Kensington and Chelsea. WLZ identified these partners as agencies either already working in the local area or who could fill gaps in support in the local area, who collectively could offer support for relevant developmental issues for children with complex needs. The portfolio of WLZ partners is purposively varied, ranging from large, established organisations to smaller social enterprises. The type of intervention offered by the organisations also varies, including one-to-one tutoring on numeracy and literacy, counselling, and sports activities. WLZ can adjust their contracting arrangements with these partner organisations, on a termly basis if needed, but more often contracts last for the school year. This collective flexible arrangement means that WLZ can be responsive to the changing needs of the cohort of young people and maximise the chance of achieving positive outcomes for the young people.

Link Workers

The Link Workers are based in school and hold key responsibilities in planning and coordinating the early intervention support from the local delivery partners, as well as meeting and working with children and their parents/carers directly to co-design, develop and manage two-year Individual Support Plans. The Link Workers also work with stakeholders at the school to ensure delivery is meeting the school priorities, as well as resolving any issues. The Link Workers' base in schools gives them proximity to the students receiving support. The proximity enables the Link Workers to meet with the students and parents on a regular basis easily and manage the sessions with the local partners on the ground. During the first year of implementation, WLZ formally expanded and added key training to the Link Worker role. This was in recognition that, as well as coordinating the delivery of partner support, they also provided direct and meaningful support in their one-to-one sessions with the young person, and in some cases delivered additional interventions with the young person (rather than through a partner).

The main components of the WLZ intervention include 1) Link Workers, who are experienced professionals, employed and trained by WLZ, to provide direct support to the children and to coordinate the partner delivery in schools, and 2) early intervention support delivered by local partner organisations, commissioned by WLZ, in a school setting (see **Box 1**).

2.1.3 Outcome structure and payment mechanism

This section describes the outcome structure and payment mechanism included in the original contract for the WLZ SIB. Note, this has since been re-designed, following learning from the first year of delivery; details of the new mechanism are described later in the review.

The original payment mechanism for the WLZ SIB included targets for:

- **Sign up:** Signing up children to the intervention. This involved implementing a school-wide survey to identify children who are at risk of poorer outcomes and then liaising with teachers to identify the cohort and then building a relationship with the children and obtaining consent from the parents/carers for their children to take part in the intervention.
- **Engagement:** Attendance at one-to-one sessions with a WLZ Link Worker¹¹ and Scheduled Specialist Delivery Partner sessions¹².
- **Continued engagement:** Sustained attendance at one-to-one sessions with a WLZ Link Worker and Specialist Delivery Partner sessions.
- **Progress along the 'flourishing' scale:** This was the main outcome in the SIB, drawing on evidence from the child's progress in school attendance, academic attainment and emotional wellbeing. The 'flourishing scale' was defined by WLZ with thresholds based on either UK Government standards or recommendations from academic literature. Progress along the scale was defined as a score based on the individual child's combined change in these areas from a baseline.

There were seven payment points in the original payment mechanism:

- The first payment (sign up) was scheduled for the end of the first term (December)
- The second, third and fourth payments (engagement and sustained engagement) were then scheduled for the second, third and fourth quarter of the first year of delivery
- Then there were three payments for progress:
 - Outcome 1, paid based on an individual child achieving at least 30 per cent progress by the end of the first year
 - Outcome 2, paid based on an individual child achieving at least 60 per cent progress a year later
 - Outcome 3, paid based on an individual child achieving at least 80 per cent progress by the end of the second year.

WLZ could only receive a payment for Outcome 1, 2 or 3 once and not before the stated time. WLZ expected that, for some children, they would receive all three outcome payments in the first year, in that the children would progress 80 per cent within the year and only need to be on the programme for one year; whereas others would need support for two years, and others three, to make the same amount of progress. WLZ therefore forecasted on a tapered basis over three years and the model built in some additional flexibility where, if a child did not achieve 30 per cent in the first year, but achieved 60 per cent in the second year, WLZ could receive both payments in the second year. This created challenges in forecasting and from a cash flow perspective, as well challenges in data collection.

¹⁰ Accessed at: www.collaborationforimpact.com/collective-impact

¹¹ WLZ defines these sessions with a Link Worker as "an interaction between the Link Worker and a child or young person, their parent/carer, or child and parent/carer together. The content of the conversation is about the child or young person's strengths, needs, their personal goals or the WLZ support. Engagement can be a scheduled or unscheduled one-to-one face-to-face."

¹² WLZ defines these as: "the support each child is scheduled to receive from WLZ Delivery Partners each year based on data, professional knowledge of the child, and the child's own interests. The likely requirement for the bespoke packages of support from Partners and Link Worker is first allocated in the first January of their two-year programme and jointly reviewed every half-term."

Including payments for outputs and outcomes was an important decision from the set-up phase. In the design of the first payment mechanism, LB Hammersmith's preference was that their payment should all be on outcomes; however, WLZ reasoned that the engagement targets were directly related to the outcomes - plus an area of added value, since

2.1.4 SIB development

Key decisions were made during the development phase to facilitate the successful set-up of this SIB. This section outlines these decisions and how the risks were effectively shared between the key stakeholders.

From WLZ's perspective, the SIB was an opportunity to share the financial risk of delivery in a PbR contract with social investors, who would provide upfront working capital to cover the service costs before the commissioners made their outcome payments. In WLZ's view, it would have been very challenging to engage local authority commissioners to pay for the service as a grant at the time of the first SIB, as WLZ was a new and small organisation, with only a pilot project for track record and limited relationships with the local authorities, schools and partner organisations in the area where they wanted to have an impact. Therefore, a PbR approach helped to attract attention from the commissioners, as it was innovative and would drive performance and constant improvement in a very visible way to interested partners against outcomes; it meant that the commissioners only paid if the project delivered results. WLZ needed the upfront working capital from the social investors to cover initial costs of delivery- as well as potential cash flow issues - in the event that outcomes were not achieved as projected during delivery.

From the investment fund manager's perspective, Bridges reported that previous SIB intermediaries/prime contractors that they had supported had a longer track record and more established operations than in WLZ. However, Bridges were very impressed with the WLZ team and the initial pilot, and agreed to structure a loan directly into WLZ, with the option to review the payment

they were working with children and families previously not supported and 'hard to reach'. Including the interim payments which are linked to engagement also means that the local authority and schools can budget for the service at shorter time intervals, which fits with how schools budget for their services more generally.

mechanism once the team had time to fully evaluate what would work best operationally.

In addition, a Stepping Stones grant of £150,000 – offered by another funder (City Bridge Trust and UBS) reduced some of the financial risk to Bridges because it acted as 'first loss capital', covering losses in the contract up to £150,000. As well as reducing some of the financial risk, the grant made it easier for both WLZ and Bridges to structure a risk-share loan with only limited pilot data available. Bridges then worked in partnership with WLZ to balance the risk and reward in the SIB contract, resulting from potential over- and underperformance scenarios. This was to ensure that WLZ were incentivised by the payment mechanism to maximise the potential from delivery at all levels of performance. While the available first-loss capital from City Bridge Trust and UBS reduced the risk, if losses were greater than that amount occurred (i.e. more than £150,000), Bridges and WLZ were both at risk of losing money, with Bridges' investor group at risk before WLZ (for the 'non-recourse' element of the loan). However, even with these protections, the potential risk associated with losses arising over the protected levels was still significant from WLZ's perspective, as a small and new organisation at the time of signing the first SIB contract.

Table 2.2 summarise the risk sharing structure between WLZ and Bridges in the contract. For simplicity, this table (and **Table 2.3** that follows) explains the Hammersmith and Fulham contract only (tables quoted elsewhere in the report relate to the contract with Hammersmith and Fulham and Kensington and Chelsea).

Table 2.2 Risk sharing structure in WLZ

Underperformance	Over performance
In the event WLZ underperforms the repayment arrangement is set up so that Bridges is at risk of losing part of its investment first. This part of the loan is the 'non-recourse' element. Therefore, WLZ will only need to repay the loan if the service significantly underperforms to the extent that the losses are greater than those covered by the first-loss grant (£150,000) and non-recourse element of the loan (£87,000 in LB Hammersmith and Fulham and £100,000 in RBKC). If WLZ needed to repay the remainder of the loan they would have drawn on their reserves. This set-up is designed to align incentives across all parties, so that WLZ would be incentivised to address any operational underperformance quickly, meaning that it would avoid the poor performance scenario in which it would need to repay the loan. This arrangement also meant that WLZ is shielded from the initial costs of the outcomes contract, in its operational function, and therefore cash-flow risk will not represent a distraction to service set-up and delivery.	If the service performs well, above an agreed break-even point, WLZ will benefit as it will receive an ongoing share in the outcome payments while being able to pay the returns expected by the investors. From the investment fund manager's perspective, ensuring that WLZ understood what it would achieve if the service exceeded break-even expectations was as important as explaining its role in sharing the risk in repaying the original loan. This is in addition to the incentive of the Stepping Stones grant from City Bridge Trust and UBS, which can be used as a direct grant to the service if it is not needed to cover first losses during the lifetime of the contract.

Table 2.3 summarises the different repayment scenarios for WLZ to repay the loan they received from Bridges. This was a revenue share loan, which means that WLZ's repayment depends on the number of outcomes achieved (included as the rows in the table). Columns A – E represent the different elements of the loan repayment. The green represents the level of outcomes the investors would receive repayment for that element. As more outcomes are achieved (moving from the bottom row to the top), WLZ will have sufficient outcome payments to repay Bridges.

As you move diagonally from the bottom left towards the top right of the table, Bridges would receive the full loan repaid, with interest payments to cover the Bridges' team costs, and interest payments to provide a return to investors. There is only one scenario in which WLZ would need to use other sources of funding (either cash reserves or grants) to repay part of the loan (red cell in column A) – this is if WLZ achieve the lowest target for outcomes payments (370). Above this level, WLZ would not need to use its cash reserves or grants to repay the minimum repayment part of the loan.

Table 2.3: Different repayment scenarios

	A	B	C	D	E
Numbers of outcomes achieved* (i.e. children reached to achieve success or engagement outcomes)	WLZ does not need to use its cash reserves or grants to repay minimum repayment part of the loan?	WLZ retains the Stepping Stones grant to contribute to its other services?	The explicitly 'non-recourse' element of the capital advanced by the social investors to WLZ to pay for delivery is repaid?	The social investors' capital which was advanced to cover the cost of the Bridges team to work on the project is repaid?	The Social investors receive a positive 'return' on investments of their capital?
570	Yes	Yes	Yes	Yes	Yes
500	Yes	Yes	Yes	Yes	No
450	Yes	Yes	Yes	No	No
410	Yes	Yes	No	No	No
390	Yes	No	No	No	No
370	No	No	No	No	No

Source: Bridges Fund Management. Assumes 'base case' engagement and success rates in all scenarios. Numbers of children based on Hammersmith and Fulham contract only (tables quoted elsewhere in the report relate to the contract with Hammersmith and Fulham and Kensington and Chelsea).

Originally, WLZ expected to move towards a payment model where they would share the risk of a PbR contract with their sub-contracted partner organisations, who were delivering aspects of the collective impact over time as part of the WLZ intervention – i.e., the sub-contractors would have 20 per cent of their payment linked to achieving outcomes in the rate card linked to engagement.

However, two years into delivery, WLZ continued to contract partners on a fee-for-service basis, but with specific requirements related to engagement and outcomes and a termly payment schedule so that there were regular points of monitoring. The arrangement was set up in arrears so that WLZ pay after delivery rather than in advance. Keeping the partner contracts as fee-for-service meant that the

contracts remained simple and allowed space for good partnership relationships to develop within the WLZ arrangement as a result. WLZ bolstered the Link Worker role to help WLZ support and manage partner delivery performance closely on the ground and mediate the risk of poor performance. Although partners were not paid on outcomes, there were specific requirements to be part of the WLZ partnership, and all organisations were required to collect and share data on outputs and outcomes, which was then used by WLZ as evidence for their outcomes contract with the commissioners. Failure to provide this data meant that WLZ may withhold payment from the partner.

From the commissioners' perspective, the joint commissioning arrangements in the WLZ SIB meant the local authority could share the cost of the service with schools and philanthropists, as well as accessing the top-up funds from the CBO programme. The shared cost enabled the local authorities to commit to the outcome payments for the early intervention service, even in the absence of

an argument of direct cashable savings in the short-term. While local authorities may find it difficult to fund a service outside of mainstream provision, there is good evidence that effective early intervention with an at-risk group has the potential to avoid high-cost crisis spending later. Added to this, in a PbR contract, public money is only spent in the event of success, therefore strengthening the case for funding a service in this way.

Aside from a few schools, the other commissioners (most of the schools and philanthropists) in WLZ were not paying based on outcomes. The appeal to them was the level of accountability and focus on impact as part of the set-up (philanthropists) as well as the reduced cost from the shared commissioning (schools). From WLZ's perspective it was important to involve a range of commissioners in the funding structure, as they aimed to create a long-term funding solution for early intervention, blending both private and public money from sources that were either interested in, or already funding, interventions in the targeted area of London.

2.2 What was interesting about the WLZ SIB?

From a SIB perspective, the set-up and development phase of the WLZ SIB model demonstrated how the SIB market was developing with several innovative

features. These were described in the first in-depth review report and are summarised here as key context for the implementation phase.

2.2.1 Prime contractor with a dual role in management and delivery in the SIB

WLZ's holds dual responsibility in this contract. To firstly act as the prime contractor managing the contracts with the commissioners, investment fund manager and the delivery partners, and to secondly deliver services itself via the Link Workers is interesting because it means that there is no need to include an additional Special Purpose Vehicle in the contract. Many other SIBs include a prime contractor to manage contract performance of the supply chain, but it is rare that the prime contractor is responsible for this as well as significant direct delivery itself.

However, where in other SIBs the prime contractor SPV is fully liable for the financial risk of the contract, WLZ achieved protection from the outcomes contract through the combination of first-loss capital and a non-recourse element of the investor loan, as described above. This different arrangement for the role of a service provider illustrated a broadening diversity of roles among delivery organisations within SIB contracts, with potential advantages of aligning the performance management needed for the SIB with operational decisions in delivery, as well as reducing the complexity of SIB contracting.

3. What has happened in practice? An update.

2.2.2 Expanding the range of commissioners paying for outcomes

The expansion of the range of commissioners paying into an outcomes contract was an important development and success for the SIB market. Where most other locally commissioned SIBs in the UK had exclusively involved local authorities or Clinical Commissioning Groups, WLZ blended payment from schools, philanthropists, and local authorities to share the cost of early intervention. Most of the other SIBs we had reviewed by the time of the publication of the first WLZ in-depth review report had generally struggled to engage co-commissioners at all and,

where this had been done (e.g., Reconnections¹³), it had tended to build on pre-established co-commissioning practices rather than fostering new ones. The new commissioning arrangement in WLZ also generated important learning about the motivations of a range of commissioners being involved in a SIB, including: the offer of value for money; fit within broader priorities; and the attractiveness of an intermediary to manage and coordinate the delivery of local partner organisations.

2.2.3 Including primary-aged educational outcomes

The WLZ SIB was also one of the first SIBs to focus explicitly on education outcomes amongst primary-aged and younger secondary school-aged children (Key Stage 3, aged 11–14), in the form of school attendance, attainment and emotional well-being. Other SIB programmes (for example, the DWPs Innovation Fund¹⁴ and Youth Engagement Fund¹⁵) had included outcome payments linked to educational outcomes, but they were ultimately NEET-prevention SIBs, and focused on young people aged 14 and above.

This section provides an overview of the main developments in the WLZ project since launch, including changing the outcome structure, payment mechanism and key aspects of the delivery model, successful performance of the project to date and progress in expanding delivery. These developments then provide key context for the sections in the report that follow, including the experience of the SIB for the different stakeholders, as well as the successes and challenges of the project to date and how these relate to the SIB structure.

3.1 Changes to the outcome structure and payment mechanism

As mentioned above, WLZ redesigned the payment mechanism in the first year of the SIB contract. The rationale for changing the payment mechanism was partly related to the wider programmatic changes taking place (described in the next section). However, it was also because very soon into delivery, the original approach proved complicated and impractical to measure and, perhaps most importantly, challenging to explain to others. Ultimately, engaging others – particularly new commissioners – was a necessity in this SIB, to scale the intervention and meet the volume targets. Therefore, WLZ needed a funding mechanism that was accessible to schools, local authorities, and philanthropists.

Stakeholders, particularly Bridges, were aware of the potential challenges with the original payment structure when they signed the original WLZ contract. However, as a fairly new intervention model (untested except for a small-scale pilot) there was only a limited evidence base to support the relationship between the WLZ intervention and the intended outcomes. Therefore, stakeholders had limited alternative options to suggest. Instead, stakeholders thought that testing an initial approach might demonstrate how best to capture the holistic work that WLZ was aiming to do – both in terms of managing local partners and managing the Link Workers. Eventually Bridges committed to the project on the basis that it would be possible to review elements of the SIB as more was learnt from practice.

3.1.1 Revised outcome structure

A flexible rate card replaced the old payment mechanism, comprised of seven outcomes. WLZ receive a payment for a maximum of three outcomes

per child by the end of their second year of work with that individual child. **Table 3.1** describes the new rate card in full.

¹³ Fox, T. (2016). Reconnections Social Impact Bond: reducing loneliness in Worcestershire. An in-depth review produced as part of the Commissioning Better Outcomes evaluation

¹⁴ Department for Work and Pensions. Innovation Fund. Quality Impact Assessment.

¹⁵ HM Government. Youth Engagement Fund Prospectus.

Table 3.1 WLZ revised outcome structure and payment mechanism

Outcome area	Definition and metric
Outcome for secondary school children only	
1. School engagement (secondary only)	Child has remained stable or improved their school engagement. Based on score in the Communities that Care School Engagement measure.
Outcome for primary and secondary school children	
2. English attainment NB: for primary school children English attainment is split into two, reading and writing. This gives a total of seven possible outcome payments.	WLZ use a progress measure to determine whether progress is: in line with expectations based on age and prior attainment and is better than statistics show for a typical child not receiving the intervention who had the same attainment at the start of support.
3. Maths attainment	WLZ use the child's standardised test score (where available) to show their position in a nationally representative attainment distribution. Where standardised test data is not available, WLZ adopt the school's targets for each child for each academic year of support. Where the support cycle falls outside of the academic year, and the school does not have termly targets, the target is adjusted accordingly. If the school does not routinely set targets for children, WLZ agrees a target for each child with the school.
4. School attendance	Child's school attendance has shown a measurable improvement over at least the past 3 school terms compared with at least the 3 school terms prior to WLZ sign-up. Measurable improvement is defined as at least 2% (or has met the 96% target) from their baseline. The child must be under the 96% baseline to be eligible for payment.

Outcome area	Definition and metric
5. Parental engagement	Parents are engaged in child's education. Primary: demonstrated through continual interaction with WLZ Link Worker. This is defined as eight or more interactions with parent in total over the two years, logged by WLZ LW. Because of difficulties collecting baseline data from parents prior to having a relationship with them, this is a binary yes/no measure taken at the end point. Secondary: demonstrated by child reporting improvement of two decimal points or more from the baseline on their mean score of the Communities that Care child-reported parent engagement measure.
6. Emotional wellbeing	Child's emotional wellbeing sub-scale in the Strengths and Difficulties Questionnaire (SDQ) has improved by one full point from their baseline (note no need to be at risk on baseline). In LB Hammersmith and Fulham, the Warwick-Edinburgh Mental Wellbeing Scale (WEMWBS) is used as the measure of wellbeing in secondary settings. In RBKC, the SDQ in its entirety (rather than the emotional wellbeing subscale) is used for this outcome.
7. Relationships NB: LB Hammersmith and Fulham only	Child's peer problems sub-scale in the SDQ has improved by one full point from their baseline. Based on parent or teacher response.
7. Overall progress NB: RBKC only	Child is judged by their current class teacher, or in-school inclusion lead, to be doing better at the end of each of the two years of support than they were at the start of each year. This measure is based on WLZ's own threshold measure informed by the Bronfenbrenner framework on 'whole child' wellbeing and development. 4 short questions cover overall progress and wellbeing, confidence, and relationships.

Each child can generate a maximum of three payments out of the 7 outcome areas

Although WLZ and Bridges agreed to reconsider elements of the SIB model at the point of signing the contract, the expansion to a second local authority, RBKC, started the refinement process in earnest. WLZ and Bridges designed the new approach as part of the development of the RBKC contract. They then engaged with LB Hammersmith and Fulham and agreed similar changes, with small differences in the models on account of their specific preferences. For example, one of the three payments in LB Hammersmith and Fulham must relate to progress in attainment or attendance at school,

whereas in the RBKC contract, payment can be made against any three of the seven outcomes.

LB Hammersmith and Fulham also negotiated with WLZ to ensure that each of the seven outcomes were distinct from each other and well defined (i.e., removing a target for 'overall' progress and instead separating out the SDQ into the most relevant sub-scales). This negotiation illustrates constructive collaboration from the key parties to support the re-design.

3.1.2 Revised payment mechanism

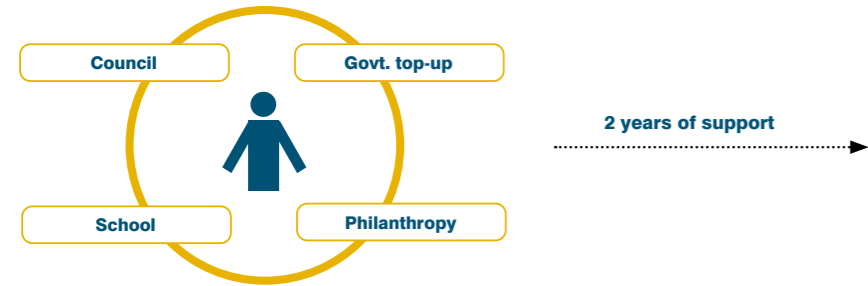
In total, there are now six potential points at which payments are made for each child, with the maximum expected total payment per child at £7,372 over the

course of the 2-year programme. These are summarised in **Figure 4** and detailed below.

Figure 4: Revised payment mechanism

Outcomes-based Payment Mechanism

	Payment 1	Payment 2	Payment 3	Payment 4,5 & 6
Free	FY 1 - Q4	FY 2 - Q1	FY 3- Q1	FY 3 - Q2
	17%	17%	17%	49%
Child is identified as eligible for support	Child/family gives consent to participate	Sufficient interactions with LW and attendance at partner support	Maintained interactions and attendance	3 final payments from a possible 'rate card' of 7 (see below at end of 2-year programme if one engagement payment (2 or3) has been met
				Reading (primary)/ English (secondary)
				Maths
				Emotional Wellbeing
				Writing (primary) / School engagement (secondary)
				School attendance
				Parental engagement
				Peer relationships (LBHF)/ overall progress (RBKC)



The revised payment mechanism is as follows:

- The first payment is based on sign up, following the child/family giving consent to participate. This payment is scheduled in January following a September start for the school year and accounts for 17 per cent of the total payment per child.
- Then two payments are scheduled at the end of the first and second year for engagement, based on sufficient interactions with Link Workers and attendance at partner sessions, both contributing 17 per cent each of the total payment (34 per cent total).
- Finally, the payment for outcomes (for up to three of the seven outcomes outlined above) is scheduled at the end of the second year and only payable if one of the engagement payments is achieved (which WLZ thinks is a conditionality-feature unique to this SIB) and relates to almost 50 per cent of the overall payment if paid in full.

As in the first structure, and in some other SIBs, the WLZ model blends payments for outputs (successful sign ups and engagement) with payments for outcomes. Although this means that some payments are not made on outcomes, this set-up is different to a fee-for-service contract where the service would likely receive a payment regardless of how beneficiaries engaged with the services.

The agreement in the first model was to include a payment for engagement and outcomes, but with an overall equal proportion to be paid on outcomes compared to the payments for engagement and sign-up and a movement towards paying only for outcomes by the final year of the contract. Elements of this agreement have also been included in the new structure, as almost 50 per cent of the potential payment is assigned to the outcome areas.

3.2 Changes to the intervention

A second key development since starting delivery according to outcomes contracts in September 2016 was the changes WLZ made to both the overall programme structure and key elements of the intervention (summarised in **Box 2**). This delivery-level adaptation was largely the result of significant

review led by an external organisation, Impetus, prompted by early reflections by WLZ that elements of their delivery and monitoring were proving more complicated than necessary in places and ill-defined in others.

Box 2: Summary of changes made to the WLZ intervention

At the most fundamental level the review by Impetus informed a restructure of the service into a flat two-year programme, rather than offering the intervention between one and three years depending on need and outcomes success. In the previous arrangement students would be offered a package of support which varied in length and intensity depending on their need, for up to three years. In the new structure all students participate in a dynamic package of support that varies in content and intensity at different times, but they are all the same length at two years. This change was made on the basis that any form of 'deep relational work' involving the young person required time and supporting a range of needs with a range of specialist support sessions needs to be appropriately phased for each and every child. This was not feasible within less than three school terms (once identification and consent gathering had taken place), therefore it was not practical to offer some students support for a minimum of one year and expect them to achieve the outcomes. Restructuring the programme also helped simplify the design of the payment mechanism, which included two payments at the end of each year for engagement and one payment at the end of the second year for outcomes. By contrast the previous arrangement had proved very challenging to monitor in terms of the trajectory and progress.

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

- **Introducing a 'core commitment' in all schools to ensure that all children in the cohorts receive a minimum level of support from the intervention.** This included: a weekly check-in with the Link Worker; a half-termly meeting to review progress; and six hours specialist support per school term to make progress towards specific goals.
- **Developing the Link Worker role and clarifying expectations of their responsibilities:**
 - In the refined WLZ intervention, the Link Worker held responsibility to manage, coordinate and deliver interventions with the children in the cohort, whereas previously they were focused on coordinating partner support and meeting with children in one-to-ones. Clarifying the scope of the Link Worker role also supported WLZ's level of control of the quality of the intervention as it set clearer parameters to the school and the partners in terms of performance management.
 - Some interventions were now delivered by a Link Worker rather than a partner organisation, including Code Club, Third Space and Reading Wise. Including the delivery element of the Link Worker role meant that WLZ was able to continue to provide a range of support in schools, without needing to necessarily bring in more partner organisations.
- **Clarifying what counted for 'engagement' and 'support' as part of the engagement targets.** In the revised approach, the Link Worker could deliver specialist support, alongside coordinating partner delivery. These changes reflected the importance of the one-to-one relationship between the Link Worker and child and the opportunity for the Link Worker to deliver more specialist content in the sessions, which progress in the outcomes can be directly attributed to.

The adaptations to the WLZ intervention essentially simplified some of the monitoring processes in the SIB as well giving WLZ more control over their delivery on the ground by increasing the scope of the Link Worker role. Stakeholders from Bridges and WLZ agreed that making the intervention simpler and clearer was essential given the pace at which WLZ need to scale their delivery and to minimise the risk of variation when working in a range of school settings.

However, WLZ stakeholders commented, and Bridges agreed, that, broadly, the adaptations to the service did not strictly happen because of the performance driven nature of the outcome contracts and the oversight by an investment fund manager. It was truer to say that the adaptation reflected WLZ's management style as an organisation which was committed to achieving maximum impact for the children they work with (the dynamic between Bridges and WLZ is discussed further in section 4.1).

The difference between WLZ's approach to changing their intervention and their rate card is also notable. For the rate card, WLZ needed to consult closely with the commissioners (as it formed the basis of payments in the outcomes contract), but for the change of

intervention activity they did not, since this kind of change was part of the course-correcting approach in pursuit of the impact already agreed. Flexibility in service design is discussed later as a potential advantage of the outcomes contract and partnership with an investment fund manager within the SIB (described in section 4.4).

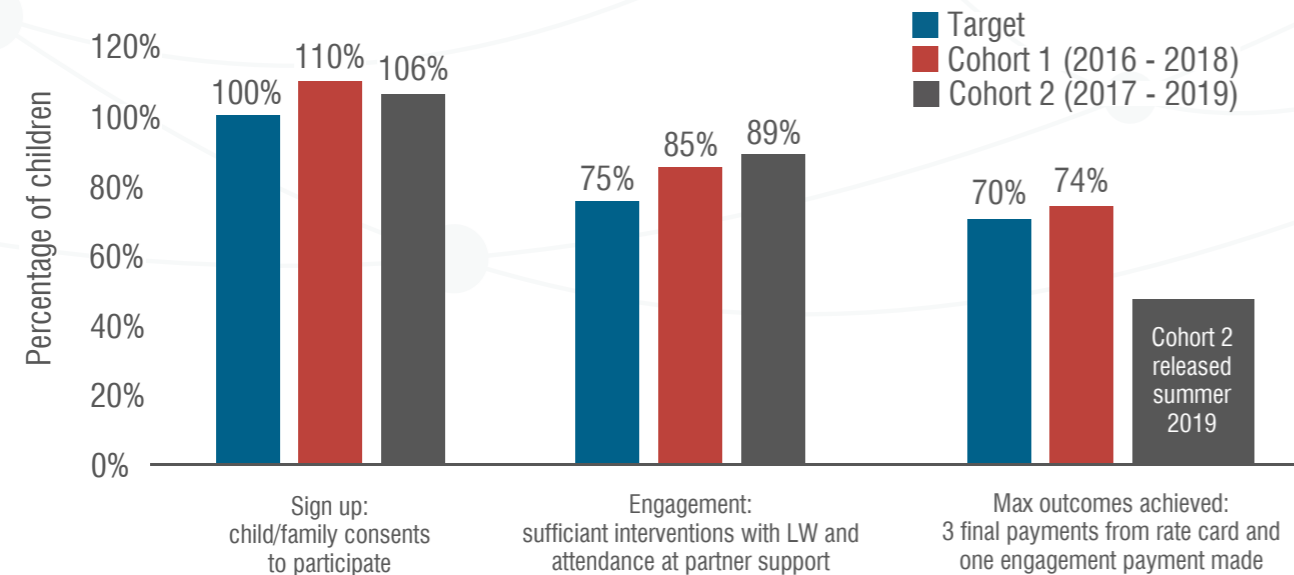
Finally, WLZ commented that, from their perspective, it was preferable to have launched the service funded as a SIB soon after the pilot (rather than continue to trial the intervention or conduct a design review first) and to make these refinements during the contract. This is because the demands of an outcomes contract helped to drive the high-performance culture from early on in their delivery. WLZ's CEO felt that if they had pursued an external review of the intervention following the pilot, rather than commence delivery according to outcomes contracts immediately afterwards, the performance management elements may have been de-prioritised, in the context of setting up the many other priorities of a complex collective impact intervention (the positive impact of including the outcome structure from early on is described in section 4.1).

3.3 Strong performance of WLZ

A third key finding from implementation to date was the strong performance of WLZ. This was evidenced in WLZ achievements against their targets for the SIB in sign up, engagement and outcomes (**Figure 5**), as well as in the reports of a growing reputation amongst schools and strong relationships with partner organisations. From CBO's perspective as well, WLZ was one of

the more robust CBO models. The National Lottery Community Fund reported that, even with the changes, the WLZ contract remained the same with respect to metrics and financials (since offering funding to bring in RBKC in 2017), whereas contract variations had been needed in other CBO-funded projects.

Figure 5: Summary of WLZ's performance against targets to date as at December 2018



Source: WLZ Collective Impact Report (2018). NB: % on engagement is of all starters (i.e., all those signed up). WLZ identify more children than the schools commission places for. If a child says no, WLZ sign up another child. Therefore, it is possible to overachieve on the sign-up target if more children than planned from those identified consent to the service.

The good performance in WLZ meant that the commissioners and investment fund manager had been broadly satisfied that the contract had continued to meet their interests: the investors felt that it was likely that their capital would be repaid, and the commissioners had seen good progress for the children being supported. For WLZ, the strong performance provided indications that the organisational set-up, with Link Workers based in schools and the sub-contract arrangements with the community organisations was providing a range of early intervention support effectively in the school setting. The principles of the model were tested provisionally in the pilot prior to the SIB launch, but the good performance since built on this evidence in a larger number of schools and across two local authority areas.

While the results were promising, they were not yet conclusive on WLZ's impact. The data reported at the point of this second case study visit was mainly focused on engagement levels, with only one year of data available on outcome performance; as described in section 4.5.2, there had been challenges in attributing these outcomes to the service.

Even with the need for further evidence to arrive on the outcomes, the success in delivery so far supported WLZ's mission to build a strong reputation with the schools and organisations within the community where they wanted to have impact. This was a key objective when launching the SIB, as the WLZ concept was still relatively new and unknown in the area. Whereas initially WLZ had needed to pitch the case for commissioning their service to each new school, they reported that schools were now recommending the service to others, which was significantly helping to support WLZ's plans for further expansion into new schools.

Stakeholders from Bridges reflected that the evidence that schools were now supporting the growth of the model was a significant reflection on the progress and success of the project to date:

But they have been really successful. The more successful they are, the more it builds a reputation. So now, the schools that didn't want it are sort of coming back and saying, 'Why don't we have this?' ...So I think they're starting to build a really great reputation ... recommendations from head teachers are fantastic. Much more powerful than anyone trying to "sell" anything...if you have got other schools saying, 'This has made a difference'... that's the most powerful thing.
 - Representative from Bridges Fund Management

From the local authority, stakeholders also commented on WLZ's growing reputation and positive reports from the sub-contracted partners. From a school and partner perspective, stakeholders reported to have found it useful to have a key person in the school to ensure that the delivery was effectively organised. Where issues arose, the Link Worker was available to mediate these and keep implementation on track as far as possible. Schools also valued that the Link Workers were able to build relationships with the individual children and parents, offering a trusted adult to families whom schools may otherwise have difficulties engaging with.

Because of the relationships the beneficiaries have with the WLZ Link Workers, the engagement with our tutors and with the children pretty much works seamlessly.... The model really works from both sides and the engagement therefore with the children is really strong. What we find is that the knowledge of the Link Worker over the circumstances that that child has...comes through to us a lot quicker and armed with a lot more detail than perhaps we would get from the schools... so it makes the life of our tutors a lot of easier in terms of knowing what to look for and how to support.
 - Representative from partner organisation

Having [Link Worker] has been great... [Link Worker] has very much become part of the school. And it's just that bit around building up networking of relationships with parents...I find that one of the things that is difficult for me is that a lot of parents will respond to me as a headteacher...so having different adults who can work with parents in different ways, I think is really useful.
 - Representative from school
 - head teacher

Finally, the good performance of this SIB has meant that WLZ will likely be able to use the funding from the City Bridge Trust and UBS (available for any first losses up to £150,000) as a grant to support their own future developments rather than to repay investors. Although WLZ needed to confirm performance of their second cohort to be sure that their performance surpassed the need for the first loss cover, they had started to have ideas about

3.4 Plans for expansion and sustainability

Alongside current delivery, WLZ stakeholders were planning for the future and building on their expansion plans set out during the initial SIB development. This included potentially expanding delivery in two further neighbouring local authority

3.4.1 Plans for expansion

At the time of the interviews, WLZ was in the process of securing further funding for a second SIB from the Life Chances Fund (LCF)¹⁶. From WLZ's perspective, LCF was a timely opportunity to engage two more local authorities, aligning closely with WLZ's original mission to improve the long-term life chances for all at-risk young people within a targeted area of London. It was also an opportunity to build on successes of the first SIB and apply an operational and financial model that appeared to be working well and delivering on the intended outcomes. WLZ stakeholders noted that the structure and deadlines of LCF also helped to focus the engagement with the two new local authorities to keep momentum in this project.

While LCF presented an important opportunity to scale their intervention, WLZ stakeholders recognised that they were in a different position in developing this SIB compared to signing the contract for the CBO: they were now a larger organisation, more established within the local area with good levels of demand from schools. Although

ways to use this as grant money. One idea included funding a mental health and emotional difficulties specialist (e.g., a clinical psychologist) within the team to improve the in-house therapeutic element of the one-to-one support in their intervention. However, WLZ use the money, the grant will create a significant opportunity to galvanise the momentum gained in the project and build on the positive impact for children receiving their support.

areas (Westminster and Brent), and further expanding delivery in Hammersmith and Kensington. The latter was also to ensure the sustainability of the existing provision beyond the CBO contracts (with CBO co-commissioning due to end in summer 2020).

their situation had changed, WLZ stakeholders thought that there was still value in using the SIB model again for several reasons:

- The PbR approach with multiple commissioners sharing payments was still necessary, rather than pursuing a grant or fee for service, given the challenges in engaging commissioners, particularly local authorities, to fund early intervention (PbR is attractive to commissioners because they only pay for success, as described earlier). Also, at the time of setting up the second SIB, WLZ still only had limited data to support the outcomes from the intervention as they were awaiting the data from their second cohort.
- WLZ stakeholders believed that the outcomes structure had driven a lot of the delivery and operational decisions in the first SIB, had incentivised them to focus on their impact and prioritise robust monitoring process. WLZ stakeholders wanted to ensure that this continued as they scaled operations in the new areas.

— In implementing a PbR approach, there was a cash flow risk for WLZ (before they received the sign-up engagement and outcomes payments from the commissioners); they still preferred to share this risk with an investment fund manager rather than take it all on themselves.

— In addition to the financial support, WLZ stakeholders valued the partnership with Bridges during the set-up phase of the SIB contract - the expertise in structuring, simplifying the payment mechanism and driving performance management – as well as in accessing legal support and for advice on navigating the complex outcome payment arrangements with commissioners.

3.4.2 Sustainability of existing contracts

In terms of ensuring sustainability of WLZ's delivery in Hammersmith and Fulham and RBKC, the main consideration for WLZ stakeholders was how to raise the additional funding required once the CBO top-up funds supporting local authority payments come to an end. In particular, maintaining the blend of public and private money in the mechanism, whilst minimising the financial demand on the public sector contributors, was important to implement a longer-term sustainable solution for early intervention.

At the time of the research, WLZ stakeholders reported that the plan was to keep the commitment the same from the public commissioners (schools and local authorities) and cover the previous CBO amount through philanthropic sources. From the local authority and the schools' perspective, this was likely to be very important, as stakeholders from both described

WLZ planned to apply a lot of learning from the first SIB to the second SIB and were keeping several elements of the model the same – such as: their dual role as the prime contractor (managing Link Worker and partner delivery and holding the contracts with the commissioners and Bridges); using the same outcome structure and payment mechanism; and continuing to focus on scaling the number of schools (likely to double the number of schools commissioning and supporting delivery). However, there were also differences, as Bridges planned to take on more financial risk in the second contract.

increasing pressures on shrinking budgets. Therefore, it would be difficult to ask these commissioners to pay more for the service at this point.

WLZ stakeholders also thought that increasing the role of philanthropists in the WLZ funding model had the potential to formally build a network of philanthropists working together to share the cost of services with public commissioners in outcome-based contracts. The philanthropists currently involved in WLZ SIB supported this and believed that they had connections with other donors whose resource could be further utilised to support these longer-term plans. These philanthropists were similarly motivated to support a project with clear accountability and focused on impact, which they thought was often missing in straight grant funding.

¹⁶ The DCMS funded successor to the National Lottery Community Fund's CBO aiming to support the scaling of effective interventions and SIBs.

4. Successes and challenges of the SIB approach

This section describes the impact of the SIB mechanism, and the associated successes and challenges related to the SIB approach. Understanding the experiences in each area is important to be able to evaluate where the SIB has added value in this project. Many of the main developments within the SIB created both successes and challenges, and so we describe both here.

In the main it was the stakeholders' view (and our evaluative judgement) that most of these successes and challenges were as a consequence of the SIB mechanism, and either would not exist, or would not exist as strongly, under alternative contracting mechanisms. However, at times it was difficult to disentangle the 'SIB effect' from other factors, such as the working ethos of the organisations involved. Throughout this section we have described the extent to which the evidence suggests these developments can be attributed to the SIB.

4.1 Greater emphasis on performance management

The combination of i) a PbR contract with ii) set targets, means that SIB contracts require extensive output and outcome monitoring. This ensures there is evidence for the outcome payments, as well as data to track progress and, where needed, inform changes in the intervention approach to maximise impact.

In WLZ there was evidence that the requirements of the SIB structure supported the early embedding and prioritisation of robust performance management to achieve greater impact. The WLZ CEO was clear that a lot of the monitoring and governance processes were first introduced to meet the requirements of the SIB. The WLZ management team is described in **Box 3**.

Box 3. WLZ management team

The WLZ management team included four members of the senior management team and five operational teams, each with strategic representation, for the different areas of the intervention (impact, link work, partnerships, development and finance and resources). WLZ also employed 22 Link Workers as at June 2018 who were responsible for managing partner support and implementing a lot of the performance management elements. Through these structures WLZ strategically planned developments to meet the volume and success targets in the SIB and support the growing scale of the operations.

Although stakeholders thought that there was complexity in WLZ's monitoring, on the whole stakeholders thought that the approach was appropriate for capturing the range of work being delivered. Feedback from the investment fund manager and commissioners also suggested that the data collection and reporting processes were working at the different levels. These stakeholders were satisfied with the quality and rigour of analysis in WLZ performance reports, with only small suggestions on ways to improve the outputs (i.e., by including a qualitative narrative of performance alongside metrics on engagement and outcomes).

From Bridges' perspective, WLZ's competence in managing the performance elements of the contract meant they had been able to adopt a less involved approach during implementation, compared to their role in other SIBs. While Bridges still monitored progress and kept in touch with the CEO regularly, this was less involved than in other projects. Largely this was because stakeholders from Bridges thought that the WLZ team were proactively making the changes that Bridges would normally recommend – such as over-recruiting to ensure full sign-up to the cohorts and pro-actively managing the Link Workers and delivery partners. Bridges also felt comfortable without scheduling additional governance meetings with WLZ and instead monitoring the contract performance through the papers that WLZ produced for the board. The level of the detail and rigour in these papers meant that Bridges did not need to request anything else.

Also related to the performance management requirements of the SIB, WLZ reported that they were working with some of delivery partners to provide specific capability-building support. Although their delivery partners were not paid on outcomes, they were required to provide data on engagement and impact. WLZ stakeholders reported that some organisations found it challenging to meet the monitoring requirements and to help with this WLZ took a proactive approach in offering an initial training

call to review any issues and overcome potential barriers. More generally as well, WLZ implemented a stringent joining process as a basis for the partnership and conducted regular 'health checks' to review partner performance.

WLZ stakeholders thought that the capability-building element of the contract was working well and was effectively building key skills in monitoring and impact management within the local organisations necessary to compete in the current funding landscape. While there was variation in partners' ability to adapt and meet these requirements, the size of an organisation was not the defining factor in this, in that some of their smaller providers were more open and able to set up new systems than larger well-established charities. Bridges stakeholders reflected that WLZ's proactive approach to partner management was a good example of WLZ's high performance culture. It was also an example of a suggestion that Bridges would ordinarily make to a service provider, to help drive performance, but was instead being instigated by WLZ's own management ethos.

The partner stakeholders that were interviewed for this in-depth review were able to meet the data requirements of the partnership without needing to make significant adjustments to their existing internal processes. Partner stakeholders also reported that they were generally happy to make changes where needed to work with WLZ, as there were benefits to them of being part of the partnership (described in section 5.3).

The main challenge to the assertion that the SIB requirements were the catalyst for the high-quality performance management structure in WLZ was, that as a Collective Impact management instrument, WLZ could have pursued robust methods in their monitoring in another type of contract. However, in WLZ's view the SIB requirements had been instrumental in driving performance, which meant ensuring that monitoring was a priority as part of their set-up, whereas otherwise they may have focused on one of the other main elements of collective impact¹⁷. Even as an impact-focused organisation, embedding

¹⁷ There are five main principles of Collective Impact underpinning the WLZ intervention: 1) Common vision: families, schools, charities, local councils work together to empower every child to define and achieve their goals; 2) Shared measurement: all parties are working towards a shared outcomes framework, encompassing wellbeing, relationships, confidence/aspiration, and progress at school. 3) Mutually reinforcing activities: all parties participate in every child's Individual Support Plan, developing strengths, and addressing needs. 4) Continuous communication: non-stop, proactive, deliberate at all levels, driven by our Link Workers. 5) Backbone: West London Zone is the independent organisation managing multiple stakeholders, ultimately accountable for success or failure. WLZ (2018) *WLZ Collective Impact Report*. More information on collective impact can be found at: https://ssir.org/articles/entry/collective_impact

the monitoring elements early on meant that the outcome and output data processes were now aligned with the whole WLZ model. This alignment and coherence in the monitoring for the intervention helped WLZ to engage the range of commissioners paying for the service.

It is difficult to disentangle completely what the WLZ set-up would have looked like under another type of contract, and how their management approach may have been different. Even with their early years provision funded as a grant, the set-up of the SIB for

the primary and secondary provision influenced the management team of the whole organisation. What was agreed amongst stakeholders, though, was that implementing an outcomes contract within a young organisation supported the development of a high-performance management style. While WLZ drew on the advice of the investment fund manager to inform some of their strategic decision-making, the ongoing changes they made to support performance were more driven by their pre-existing culture and less related to any external intervention.

4.2 Effectively scaling operations and delivery

Within the first year, WLZ needed to engage a considerable number of schools. This was to achieve the ambitious volume targets in the contract and ensure that the underlying payment by results contract was financially viable with WLZ receiving enough payments for the outcomes in the rate card to meet the base case scenarios and be able to repay Bridges. While scaling delivery was part of WLZ's long-term mission, the SIB targets made this a priority in the short-term too - and forced the delivery into a range of settings very quickly.

From Bridges' experience, the need to engage more schools was a specific challenge – and risk for them – in this SIB contract. They had seen other SIBs supporting young people at risk of NEET (not in education, employment, or training) face challenges in engaging schools, even where the school was receiving the service for free. Changing the payment mechanism in the first year helped to support

WLZ's plans to scale delivery into more schools, as elements of the monitoring of the programme (now a flat two-year service) were simpler and easier to explain to others, and so it became easier to bring schools on board as part of the expansion.

While the demands of the volume target were challenging, by the third year of delivery, WLZ was operating at a much larger scale than when it first signed the contract. At the start of the SIB, WLZ was commissioned by one local authority, operational in three schools, and sub-contracted 12 partners. At the time of the interviews WLZ was commissioned by two local authorities, the service was operational in 18 schools (primary and secondary) - six in RBKC and 12 in Hammersmith and Fulham. WLZ also had a network of 32 partners, which they reviewed and sub-contracted with depending on the needs of the cohort, and a similar number that they linked with.

With the volume targets met for year one and year two, WLZ stakeholders were able to reflect on the benefits from scaling the operations in this way. Firstly, the focus on scaling created a momentum to build on the early successes of the project and WLZ's reputation amongst schools had grown quickly from the good results. As a result, WLZ were experiencing a higher demand from schools than they could respond to in the current contract. WLZ stakeholders perceived that this growing reputation amongst schools was important to support their longer-term goal of achieving place-based reform within the targeted London community – with the ambition of ultimately reaching 12,000 pupils.

We want to get deep in our zone, we want to get results, we want to have a long-term lasting community impact, and we want to keep moving. If you move too slowly then it takes too long... So, it's been good, now that it's all ok, it's been good to be driven by those targets.
- Representative from WLZ

Secondly, scaling delivery into so many schools quickly had generated important learning for WLZ about what works, which helped to inform a coherent engagement strategy with schools (summarised in **Box 4**).

Box 4. WLZ strategies to engage schools

Speak the language of schools. The Chief Operating Officer from WLZ used to run an alternative-provision educational setting and used this experience to engage headteachers and focus on what is known to be important to them.

Emphasise the low-level demand on school management time. Schools liked it that WLZ took on full responsibility for managing the intervention, partner delivery, and that the Link Worker was on site as one point of contact for them to liaise with if needed. There was no interest from the schools to be part of the governance arrangement for the project. However, WLZ was also clear from the outset that set-up is intensive, the operational partnership with the school is critical for effective delivery, and an in-school lead is always allocated to work with WLZ.

Promote the value for money of the service. Schools liked it that WLZ offered a range of provision in their school for the cost equivalent of individually contracting a couple of interventions.

Emotional wellbeing and relationships are valued by schools. WLZ added value by offering high quality support that strengthened the pastoral care offer within the school. This was seen as much a priority as raising attainment, which arguably the school had more control over through their mainstream provision.

However, the impact of scaling the intervention so quickly had shaped some of WLZ's operational and delivery decisions. Practically speaking, WLZ needed to adapt their initial model shortly into delivery to be consistent across a range of settings - learning quickly that variations in the Link Worker, communications in school, quality of the partner, and initial set-up would all affect the success in practice. Working in a larger number of schools also posed some challenges for coordinating partner delivery, as it was harder to include a wide range of partners across so many settings. In the main,

these challenges had been resolved through the refinements to the delivery model - that is, making it clear what WLZ's commitment is to each school and building the role of the Link Worker to have clear responsibilities in managing partners and delivering support directly, improving systems and processes to target support to match needs and, skills- building to achieve progress - and deepening the management structure of the intervention (as described in Box 4). In particular, building the role of the Link Worker helped WLZ to have more control over their delivery in different settings.

4.3 Data driven identification of at-risk children

A further area of success from WLZ's implementation was their bespoke data-driven approach to identify at-risk children for their cohorts (described in **Box 5**). WLZ introduced this process initially to create a

baseline¹⁸ and to identify a cohort of at-risk children through an objective process that satisfied the interests of commissioners¹⁹, both of which were necessary to set up the SIB contract.

Box 5: WLZ data driven identification process for the cohort

At the start of the school year, WLZ ask the school leaders to implement the 'My Voice: WLZ Survey' with all their pupils aged 8 and above. The survey comprises a range of validated measures and aims to robustly identify young people experiencing key risk factors associated with poorer life chances²⁰. WLZ then combine the survey results with data from the school on attainment and attendance and economic deprivation and parental involvement and hold a meeting with the school leaders to discuss the final selection for the cohort. Once the cohort is decided, WLZ is then committed to achieve outcomes with the named children for two years (unless parents do not provide consent). For pupils under 8 years, WLZ use the Strengths and Difficulties Questionnaire and involve teachers more in the judgment.

Overall, WLZ believed that the data-driven approach was effectively identifying students who needed this type of early intervention support - that is, those who were not otherwise receiving support services, either because their current need was not at crisis point or

who were 'under the radar' for other reasons. In their view, implementing the survey and using the results had become central to their model and was vital to ensuring that they were offering support to the right children.

We have made identifying children under the radar as part of our USP [Unique Selling Point] ...when we designed the whole identification process... the baseline measurement and the survey... we were thinking, 'How are we going to measure the outcomes we aim to achieve?' But what we have done is designed a really tight identification process...it is part of our model...it's the right children getting the right support at the right time. The right children is key.

- Representative from WLZ

Furthermore, WLZ stakeholders reflected that there were several key benefits of their methods of identification. The design meant that they were fully accountable to specific individual children throughout the contract: once the cohort is agreed, WLZ must work to achieve outcomes with the named child or they do not get payment. This has meant that WLZ continue to work with hard to reach or difficult to engage children, as well as minimising the opportunity for cherry picking²¹ or parking²² children to perform better in the SIB contract. WLZ stakeholders also reported that they had used the results from the survey as a basis for commissioning their partner organisations. This has meant that the needs of children were central to the decision-making, rather than based on what WLZ or the school thought was needed.

The WLZ commissioners also reported good support for the data-driven identification process. From a local authority perspective, the dual process, with a data-driven approach followed by a discussion with the school, gave them confidence that WLZ was unable to game the process and select students that they thought would be easier to engage or achieve progress with. On the whole stakeholders were confident that WLZ was acting with integrity when identifying the cohort anyway, but the survey approach removed any belief that the process could be manipulated.

I don't think there is a case of WLZ cherry picking, but I don't think that a situation like that ... would go on for a long time... because due to the natural structure of the programme there are almost safeguards against that. - Representative from LB Hammersmith and Fulham

Similarly, school stakeholders favoured the combined approach of including both data and discussion to select the children. The schools liked that they had a say in the decision-making process but noted that the survey often identified quieter children with a lower level of need, who they otherwise may not have thought of.

¹⁸ The state before the intervention, against which progress can be assessed or comparisons made. Baseline data is collected before a programme or policy is implemented to assess the before state. The availability of baseline data is important to document balance in pre-programme characteristics between treatment and comparison groups. Baseline data is required for some quasi-experimental design. Accessed at: <https://golab.bsg.ox.ac.uk/knowledge/glossary/>

¹⁹ Risk indicators factored in to determine eligibility relate to poor long term outcomes and comprise: deprivation; poor school attendance; school attainment; anxiety; wellbeing; capability to form relationships; and family relationships.

²⁰ This survey was designed by Dartington Social Research Unit based on evidence of risk factors associated with poorer life chances

²¹ This is a perverse incentive whereby providers, investors or intermediaries select beneficiaries that are more likely to achieve the expected outcomes and leave outside the cohort the most challenging cases

²² This is a perverse incentive whereby providers neglect people who are less likely to achieve positive outcomes - this is known as 'parking'

It was interesting in doing the initial survey, I thought that it highlighted some children we wouldn't necessarily have thought of. Equally there were some maybe who weren't highlighted on there that we feel that could benefit from support...again, I suppose, the important bit in that is that it's a joint process between the school and WLZ. - Representative from a school - head teacher

The only challenge from the school's perspective was that the survey worked less well in the primary setting, where the survey was completed by parents rather than the young people. This had implications for the reliability of the results and the number of surveys that were returned.

4.4 Flexibility in delivery and financing

One potential strength of a SIB contract is that there is more flexibility on the part of the service provider in their delivery and they can refine operations as needed to achieve greater impact. Commissioners are interested in the outcomes from the service and are not required to manage operations by the provider (whereas they would be in an activity-defined fee for service contract). At the same time, the investment fund manager is interested in the performance monitoring data and are motivated to improve to delivery where needed to achieve above the base case scenario set out in the contract.

In the first two years of delivery there was evidence of WLZ capitalising on this operational flexibility within the SIB contract, both in terms of the extent to which they refined their intervention in the first year, and how they assigned resource to deliver the performance management elements of the contract. Firstly, WLZ conducted a comprehensive review of their intervention shortly into their first year of delivery (conducted by Impetus) and implemented a raft of changes to better deliver impact. While Bridges agreed that the changes were driven by WLZ's organisational motivation to improve and adapt

(rather than on their suggestion), they reflected that contracting this project as a SIB had permitted a degree of flexibility to change the intervention following the contract signing. That is, had the service been funded as fee-for-service, it may have been harder to implement such a significant over-haul of the approach, as the commissioner would have likely focused on compliance with the original terms of the service.

In WLZ it is also interesting to note the difference in the necessary processes in the contract to change the rate card and payment mechanism, compared to changing the intervention: For the intervention, WLZ was able to make the changes without directly involving the commissioners, whereas to change the outcomes it was essential that the commissioners were involved in the negotiations to ensure their interests were still reflected in the final structure.

A second flexibility afforded in the SIB approach, compared to a fee-for-service contract, is the extent to which WLZ can allocate their organisational costs to management and monitoring processes. While in any contract, service providers need to be transparent about how they will use the budget, in

a fee-for-service arrangement the commissioner may query why resource is needed for management rather than delivery. In a SIB, where the service provider is accessing working capital from social investors, there is more flexibility in how the budget is spent. Ultimately, this flexibility has enabled WLZ management team to decide where to put their resource and to prioritise performance management and monitoring, the benefits of which were reflected in their adaptive service approach.

While there was evidence that the SIB contract may have supported flexibility for WLZ, some of this freedom to be flexible may simply reflect the fact that engaging some commissioners sufficiently to ensure they were all closely enough engaged to feel confident to comment was often impractical; several stakeholders commented that the local authorities experienced turnover in project management since the

contracts were signed, which limited their engagement and understanding of the details of the contract. Although WLZ prioritised engaging the local authority stakeholders, changes in local authority staff made it resource-intensive in practice and with varying levels of success. The current contract manager at Hammersmith and Fulham reported that there was interest from the Council in the project and satisfaction with the results to date. However, the hand-over on the project had meant it had taken time for them to understand the different elements, as well as the rationale for decisions made during development and for changes made since. Therefore, it was hard to say whether the flexibility and relative freedom seen by WLZ in changing the programme and intervention was a direct result of the SIB structure or a reflection of the commissioner dynamics in this project.

4.5 Measuring impact and identifying a counterfactual

The approach to measuring impact and identifying a counterfactual has been challenging. This has been due to the project's ambition to provide personalised support to a carefully defined but nonetheless heterogeneous cohort of students with an array of outcome goals. The challenges affected both

the approach to developing the rate card, which underpins the payment by results contract, as well as to the potential for conducting a robust impact evaluation of the service.

4.5.1 Rate card

The measurement challenges in WLZ are twofold and to an extent intrinsic to the work WLZ are doing: Firstly, the intervention in the SIB is a highly personalised intervention, which means that while all the children in the cohort are identified to be at risk using the same process, they are heterogeneous in their presenting difficulties (they may be at-risk for different reasons). WLZ then tailor the support they offer based on the child's difficulties by selecting from their portfolio of partner organisations (children may receive different types of support to one another). Because of this, the

child outcomes will be different across the cohort, which makes it hard to select one or two outcomes in the SIB to represent the whole cohort. When looking for counterfactuals, this personalisation also presents difficulties for matching the at-risk profiles of the children in a comparison group, because of the lack of specific shared characteristics in the heterogenous group.

The second challenge is that WLZ is an early-action service that ultimately aims to prevent adverse outcomes for children. When a service is trying to stop a negative outcome from occurring, it is very difficult

to ascertain with confidence that this damage would have come about if the service not been delivered. This common issue for prevention initiatives is compounded by the early intervention nature of WLZ, which means that these negative outcomes may not be seen for a long time.

Despite the complexity of this, WLZ were committed to ensuring that any metrics reflected the breadth of the intervention (supporting child development holistically), were not limited solely to areas of impact that could be verified (such as academic outcomes) and, considered both the potential of short-and long-term benefits from the service. In practice though, meeting these objectives required both collaborative work on the part of the stakeholders involved, as well as a degree of compromise, to ensure that the payment by results contract was possible.

In the design phase (discussed in the first report), selecting the outcome areas and their corresponding metrics for the rate-card contributed to the delays in agreeing the SIB model. This first-rate card was then revised early into implementation, following immediate learning from the model in practice (described in this report in section 3.1).

Although not a simple solution, ultimately this rate card approach meant that WLZ could continue to deliver their highly personalised, preventative intervention within a payment by results contract. Importantly as well, WLZ continued to engage the range of

4.5.2 Evaluating the intervention

Allied to the challenges described above, the other area relevant to the challenges in measuring impact was in designing an independent evaluation of the intervention, importantly comprising a counterfactual (an estimate of what would have happened anyway) to support attribution of impact to the service. At the time of the second visit for this report, WLZ had been

commissioners in the re-design and, for the most part, the stakeholders were happy with the new approach. Some of the challenges in what to measure separately in the impact evaluation were also raised when the rate card was designed – as stakeholders decided which outcomes to pay for and what evidence was needed to be confident that progress was attributable to WLZ's support rather than other areas of the child's life.

WLZ stakeholders were also appreciative that the commissioners were open to updating the model. A representative from Hammersmith and Fulham (who was not involved in the development process but was managing the contract at the time of the research) reported that the Council was satisfied with the outcome and payment structure, as all the outcomes included in the rate card were relevant and of interest for them.

WLZ stakeholders also commented that, because many of the outcome areas were similar to the first model, this helped them to negotiate the changes in Hammersmith and Fulham as it was still aligned to other local policies (e.g., Troubled Families²³). WLZ also commented that CBO as a co-commissioner had been flexible and understanding in accommodating for these changes. CBO stakeholders reported that the remodelling process did not require a formal variation of the CBO award as the underlying terms of the contract (the outcomes, payment triggers, service user numbers) were broadly the same and there was little difference to the financial impact.

exploring several options for this project, including identifying a possible evaluation partner. As in the rate card development process, it was essential from WLZ stakeholders' perspective that impact in the evaluation should reflect both the shorter-term outcomes at the level of the rate card, relating to holistic child development, as well as their goal to avoid adverse outcomes in the

longer term for these children. The challenges described during our second visit in meeting these requirements are discussed below. However, at a later point after the research for this report, WLZ had – after a long search - commissioned the Centre for Education Policy and Equalising Opportunities at the University College London to undertake an evaluation. The evaluation was hoping to include a counterfactual to estimate the impact. In July 2020 WLZ reported that discussions around this were promising.

At the time of our second visit stakeholders explained that one reason that it was hard for WLZ to agree an evaluation approach was that many of the available comparative datasets were insufficient, either in scope or reliability, to verify the causal link of impact from the WLZ service. WLZ had explored with academic bodies the potential to access data from the Millennium Cohort Study, and with schools and academy trusts to access their internal datasets. However, many of these comparison datasets only included data for academic progress and attendance, without the softer outcomes in the rate card related to wellbeing and relationships. WLZ also reflected that another challenge for them was that by design (as described above) the support offered by the service was a whole-child-centred and personalised, preventative intervention. Therefore, appropriately measuring a counterfactual was hard because of the different combinations of progress metrics. Examining this in the context of long-term impact is even more challenging, and a common difficulty among early action interventions, albeit important to overcome where possible. Mitigating this, WLZ reported that the data-driven treatment-group identification process and the rate-card based monitoring of evidence from the outcomes contract had been sufficient to-date to engage commissioners in their model and to be able to successfully scale the intervention into a new local authority area and more schools. WLZ felt that the rate card, comprised of a range of relevant outcomes, combined with the

high-quality case studies on school experiences, created a strong narrative to support the project. Without pressure from commissioners to provide specific information on further development of the counterfactual approach, staff at WLZ reported that it had been hard to prioritise this area in amongst many other decisions related to service management and delivery, beyond the progress they had already made on the counterfactual and rate card design.

[Commissioners are interested] in driving performance and getting results...it's a two-year payment mechanism, and in there are attendance at school, progress at schools, parental engagement, wellbeing scores. They are seeing the improvement over the two years and they are paying for that and the belief that that means further down the line some of those children will not end up excluded and everything else.
- Representative from WLZ

²³ A commissioner involved during the design phase of the WLZ SIB commented that part of the appeal of the WLZ intervention was the potential overlap between the aims of the Troubled Families programme, the families who were supported by WLZ and the outcomes in the SIB. However, with the change in commissioners this had become less of a focus and there was no further reflection on this in the commissioner interviews.

5. Stakeholder experience of the SIB mechanism

Although commissioners were satisfied with the quality of the rate-card's near-term outcome evidence supplied by WLZ, there was however interest in understanding the impact of the service more deeply and how it compared to other support or nothing at all. The local authority reported that having a reliable comparative assessment of the impact would help in the internal communications and planning within the Council, particularly with senior councillors who are less directly involved in the project.

For schools, who are largely paying for the service on a fee-for-service basis and face ongoing cuts to their budgets, it is increasingly important that they can make an argument to continue to fund the service. While attainment was important, school stakeholders were also interested in the benefits from the softer outcome areas, related to wellbeing and confidence. This echoes WLZ's desire to create a counterfactual that evaluates the holistic impact of the service and not just academic attainment. Some of the school stakeholders described ways that they had tentatively started to look at their own data to further assert the value of the service; however, this was not being done systematically and many did not have the knowledge to implement a robust comparative analysis as part of this.

I think that the focus should be on the attitudinal surveys and measuring how much more confident and how much more involved children are getting in schools.... It's always very difficult to separate out what are the elements that make the difference in terms of academic performance... because obviously we'll be offering things in school... for me WLZ is about our pastoral offer. It is about supporting our work with the community and supporting parents, supporting children. That is where my focus is for their work.
- Representative from school - head teacher

This section outlines the experiences of the different stakeholders involved in the SIB, including WLZ, the investment fund manager, commissioners, partner organisations, schools and Link Workers. It firstly summarises WLZ's views on the SIB, as these are the more nuanced than the others, then it summarises the experience of the commissioners, investment fund manager, partners and beneficiaries.

5.1 WLZ's experience of the SIB mechanism

Overall, staff at WLZ thought that the requirements of the SIB contributed to the success of the project, and more importantly it had not compromised the flexibility of their offer or limited opportunities for partner relationships. However, stakeholders also cited some challenges of this way of working – in the demands of the SIB stakeholder coordination and the complexity of their monitoring structures - and were ultimately cautious to conclude at this stage in the project that the SIB mechanism was significantly contributing to better outcomes for children, over and above another type of contract (i.e., grant or fee for service).

On reflecting on the value of different elements in the SIB, WLZ stakeholders thought that the focus on outcomes in the contract was important – as accountability for them, and for commissioners to focus on impact rather than monitoring the day-to-day operations of the service. If WLZ were to still to be paid on an outcome basis without a social investor, they would need to consider how they could cover the delivery risk. WLZ may look at other forms of working capital in the future - especially as the organisation is proving its capacity in financial management and performance monitoring in the current contract - but it was too soon to say at this point what this might be. At present, though, the WLZ CEO thought the SIB was driving the right behaviours in practice and focusing operations.

WLZ's success to date also illustrates that a service provider can operate sufficiently in a wider range of roles in the SIB - holding responsibilities for delivery (i.e., employing and managing Link Workers), the contract and financial management of the SIB (with commissioners, investment fund manager and partners); and in closely managing their own performance. WLZ stakeholders reported that that in many ways their knowledge and deep relationships within the community helped them to fulfil these multiple roles – in responding readily to questions from commissioners, solve operational issues quickly, and build key relationships with local partner organisations at the core of their intervention. The learning suggests that having one organisation co-ordinating all the processes and interests has helped to align decision-making and minimise duplication within a potentially complex collective impact structure. There may also be efficiencies in being able to closely combine knowledge about delivery into any financial and performance-related decisions. If a purely intermediary organisation held the responsibilities in managing the SIB, then it would potentially be more fragmented and less efficient, as they would be further removed from the day-to-day operations, and potentially add costs overall.

5.2 Main SIB stakeholder experiences of the SIB mechanism

In general, the commissioners and the investment fund manager working with WLZ in the SIB reported positive experiences of the SIB, with the variation in their reasons reflecting their original motivations to be involved. The positive experiences may be related to the good performance to date - it may also reflect the extensive role WLZ play in managing all the stakeholder engagement and contract demands; or

how the financial risk is carefully balanced across a range of stakeholders, with commissioners sharing the financial cost of the outcomes, and Bridges sharing the cost-of-delivery risk with WLZ. **Table 5.1** summarises the main SIB stakeholder experiences of the WLZ SIB.

Table 5.1 SIB stakeholder experiences

Stakeholder	Experience of WLZ SIB in practice
Lead commissioner: local authority	<p>From the local authority perspective, the shared cost in the SIB financial structure, with the other commissioners and from the top-up funds from CBO, was significant and stakeholders confirmed that it was unlikely they would be able to fund this type of early intervention otherwise. The local authority was also aware that it was only paying a portion for the impact of the service.</p> <p>The local authority had also received good reports from local partner organisations contracted by WLZ and were keenly interested in WLZ's outcomes from these partners and their success in building these relationships. This learning was relevant to their own partnership work with similar community organisations.</p> <p>While there was support for the project generally, local authority stakeholders said that turnover in staff had affected how the commissioner had been able to proactively manage the contract and to know what changes were needed.</p>

Stakeholder	Experience of WLZ SIB in practice
Co-commissioner: philanthropist	<p>Although providing a direct grant for the service for three years, elements of the SIB mechanism were still a motivating factor for the philanthropic stakeholders to engage in the SIB, over other grant-giving opportunities. One stakeholder reported that they liked the fact that in the SIB the commissioners are paying based on the performance. They also liked the level of accountability for their money, compared to other social projects, where there is very little. Based on the success of the contract to date, this stakeholder was looking to support a venture to potentially include more philanthropists in the model longer-term.</p>
Co-commissioner: school	<p>School stakeholders reported that the joint commissioning arrangements in WLZ meant that the service offers better value for money than a situation in which the schools would have to individually contract with similar partners. WLZ stakeholders also reported that school engagement in the commissioning was not dependent on paying for the service based on outcomes: some were paying on this basis, but most were not (although they pay in arrears in the same phasing as the Local Authorities and CBO, based on evidence of and satisfaction with delivery). Many schools were using pupil premium budgets to cover the cost.</p> <p>School stakeholders reported that their main interest was the added value of the Link Worker in coordinating partner delivery within the school. In their view, Link Workers worked well to act as a link on behalf of WLZ and ensured that the support aligned well with the school's priorities and internal operations. Schools were generally not interested in having a greater role in the project governance. They were satisfied that WLZ would fully cover this in their role, working through the Link Workers and with the partners.</p>

Stakeholder	Experience of WLZ SIB in practice
Investment fund manager	<p>The investment fund manager was very impressed with the performance of the contract to date. While Bridges have been involved in the governance, this has been principally focused on how further investment could support positive developments for the service, rather than suggesting proactive changes to the intervention delivery (because WLZ were driving these).</p> <p>From an investment perspective, the risk profile for WLZ has changed since the contract was signed. The management team have now demonstrated their competence in their dual role in the SIB, where previously it was untested, and since changing the outcome and payment structure there is less risk that WLZ will not achieve their outcome targets. However, the potential risk now is that the intervention is operating at a much larger scale and may be overly reliant on a few key personalities to drive the project forwards.</p>

5.3 Other SIB stakeholder experience of the SIB mechanism

Some of the stakeholders in WLZ were not directly involved in the SIB mechanism; however, the underlying funding mechanism did influence their experience of the intervention aspect of the project,

largely related to the monitoring requirements. The experiences of the other SIB stakeholders are summarised in **Table 5.3**.

Table 5.3 Non-SIB stakeholder experiences

Stakeholder	Experience of WLZ SIB in practice
Delivery organisation: local partner organisations	<p>From the commissioned partners' perspective, there were several advantages in the WLZ partnership. For those based in the community, engaging with WLZ increased the organisation's access to children who need their support, who may not be able or eligible to access the service otherwise. Where partners were already delivering in schools, the advantage of WLZ was that their provision was supported by the Link Worker, who gave helpful information on the children's needs and supported attendance at their sessions. Another positive for partners was that they had the opportunity to work with young people for a longer time and develop relationships through the work. Where schools work with partner organisation outside of WLZ, schools may refer new children to the support on a termly basis; whereas in WLZ the commitment is to work with the same group of children for two years (and where partners are re-commissioned they have the opportunity to work with the child long-term). More recently, WLZ had created opportunities for partners to engage with other organisations through the partnership to help foster a network of providers in the community.</p> <p>However, the trade-off for partners in the WLZ arrangement was that WLZ may ask the partner to be flexible in their approach to better align with the WLZ set-up. This has meant offering a slightly different model to their usual practice. For example, one partner described how their tutors needed to work peripatetically within WLZ, rather than in one school, which involved more logistical planning and specific recruitment on their part. Another partner commented that they had some challenges recruiting tutors to work in the area of West London. Where partners were making adaptations, the stakeholders commented that this had been more expensive and needed to be offset by other areas of the partners' business. There were also cases where partners were unable to make the changes requested by WLZ and needed to negotiate with WLZ within the contract terms. Overall though, partners were able to make the small adjustments and were happy to do so for the reasons mentioned above.</p>

6. Conclusion

This section provides reflects on the learning from the SIB and considers how the findings from this project add to or challenge key questions in the debate around SIBs.

In this report, we have been chiefly interested in exploring the successes and challenges in implementing the WLZ project as a SIB – namely, the outcomes contract, the partnership with an investment fund manager and the performance management approach. From the second in-depth review interviews, the evidence suggests the SIB mechanism has supported the following elements in WLZ implementation:

The outcomes contract:

- Encouraged commissioners to pay for an early intervention service, as they only had to pay when young people engaged or achieved outcomes; constrained budgets meant they would have struggled to afford the service without this level of assurance
- Focused WLZ's management and delivery decisions on developing the performance management of the intervention, particularly during the set-up decision making
- Motivated WLZ staff and facilitated an adaptive approach to service management to achieve the outcomes, independent of advice from Bridges as an external party.

Partnering with social investors to access working capital:

- Enabled WLZ to deliver a PbR contract, as it reduced their financial losses if the intervention under-performed
- Allowed the flexibility for WLZ to allocate the budget to put in place a strong management team and put in place processes to drive maximum impact from their delivery - more than they would have been likely able to do in fee-for-service or grant

- Supported them to effectively scale their delivery quickly into new schools and a new local authority area, helping to build a strong reputation and engagement strategy with key partners and schools within the targeted community of London.

Emphasis on performance management:

- WLZ's dual role in the SIB contract, overseeing all management and taking a central role part in delivery, appears to have worked successfully to implement an efficient and coherent performance management approach.

Overall, there was evidence that several of the core elements of the SIB structure was contributing to the successes in WLZ's implementation to date, pointing to several advantages in commissioning the service in this way. The interesting features in the WLZ set-up, such as the dual role of the prime contractor, the range of commissioners and involvement of schools, have also generated important learning on how varying the role and responsibilities of stakeholders within the SIB structure contributes to some of these successes. Importantly, all the stakeholders, including beneficiaries, reported a positive experience of the project, and the requirements of the SIB did not appear to have limited WLZ in their collective impact ambitions or in the scope of their delivery.

Beyond how the SIB elements contributed to the success of the project, a key question in the CBO evaluation is how SIBs vary in different contexts and the implications this has on developments within the SIB market more generally. We highlight some of the interesting elements of WLZ in relation to other SIB models below.

Stakeholder	Experience of WLZ SIB in practice
Delivery practitioner: Link Worker	<p>Related to the SIB, the Link Worker role holds key responsibility in recording data needed for the engagement targets in the rate card, as one of the main metrics is the number of one-to-one sessions that the child has attended with a Link Worker. The Link Worker is also responsible for collecting pre-post data from partners to monitor the child's attendance at their sessions and their outcomes.</p> <p>Overall, Link Workers were positive about the scope of their role. Although the monitoring requirements of the SIB meant there was more structure to their work than in other types of youth work, overall they felt this was driving better performance rather than being a barrier to working with children. Link Workers also reflected that the main monitoring demand was updating individual support plans for the children, which have clear utility in practice, rather than recording the amount of engagement time. In their supervision meetings, Link Workers reported that some attention was given to their targets, but overall, this was not disproportionate and there was a broader focus on reviewing their work and children's progress.</p>
Beneficiary: young person	<p>Young people reported positive experiences of the WLZ support and a difference in their confidence and academic performance with the additional support. Specifically, they liked:</p> <ul style="list-style-type: none"> – having a support system that could help with issues in and outside of school and through a consistent relationship with the Link Worker; this support was especially helpful in the early years of joining secondary school. – having a range of new experiences through the partner support that they may not have experienced otherwise. – making new friends with a different group of students; and – feeling like their opinions counted and that WLZ would involve them in changing the service or partner support. <p>In comparison to other support they had received, the young people liked that WLZ was not enforced, but that the Link Workers were persistent in encouraging them to attend. They also liked that the Link Workers explained why it was important for them to attend, rather than threatening with a detention.</p> <p>On completing the monitoring measures, the young people thought that this was useful and that where they saw improvements this built their confidence.</p>

6.1 The role of the investment fund manager

One key observation from WLZ's SIB implementation was the difference in the dynamic between the stakeholders involved in the contract compared to other SIBs we have examined. WLZ's investment fund manager felt comfortable with a less involved role during delivery, rather than needing to be engaged in SIB governance meetings or request additional information on performance. In other SIBs, especially in those that have underperformed against the original targets, investors/investment fund managers have taken an active role in the management and this ongoing involvement is perceived to add value – what we termed the 'investor effect' in our Youth Engagement Fund Evaluation²⁴. This is because it effectively puts pressure on the delivery organisation to drive performance and achieve impact within the outcomes contract, as well as ensuring that adaptive measures are agreed and put in place to keep performance on track. One reason Bridges played a different role in this SIB compared to most they are involved in may simply be because WLZ is proving

successful – in that it is achieving its targets and therefore meeting the interests of the investors and the different commissioners – and as a result there has been less of a need for further intervention. What is interesting, though, is that WLZ has made a number of operational and management changes in their first two years of delivery; this suggests that they were effectively monitoring their own performance, holding themselves to account, and then acting quickly to ensure that performance remained on track; our SIB research has found that this type of adaptive management is common in SIBs but is more typically driven by the social investor, often mediated through external intermediary support. And yet accounts by both WLZ and Bridges suggest that, in the case of WLZ, this approach was driven by the motivations of WLZ itself to achieve and evidence greater impact for at-risk young people²⁵. This also suggests, then, that the investment fund manager took a different role because their function (as performance manager) was already being carried out by WLZ.

6.2 The dual role of WLZ as prime contractor and service provider

A second reason for the notably different dynamics in the WLZ SIB compared to other SIBs may be better attributed to the dual role of WLZ in the model. This was highlighted in the first report as being an interesting development in SIB structures. As the prime contractor, WLZ has coordinated and directed almost all the commissioner and investment fund manager interaction within the project, as well as managing delivery directly through the Link Workers and the partners day-to-day. It is rare in a SIB for the prime contractor to take on all this responsibility (though more examples of this are emerging). From WLZ, there is interesting learning related to the potential efficiency in aligning the financial and operational decisions about the intervention within the SIB - where WLZ stakeholders have been able to use their local knowledge to support engagement with different stakeholders and drive their performance on the ground.

While stakeholders agreed that in practice WLZ's coordination role in the governance has worked effectively, WLZ stakeholders acknowledged that the project management had been demanding and resource intensive – particularly in leading the engagement with the investment fund manager and commissioners and rapidly scaling operations to meet the volume targets. To cope with the demands, WLZ expanded their management structure (although this was also a natural consequence of growth) and refined their delivery model – specifically placing more of an emphasis on the Link Worker to ensure close control on the ground and high quality of delivery across a range of settings.

6.3 Engaging commissioners

Another important observation in this SIB relates to the challenges in maintaining and sustaining the engagement of the local authority commissioner beyond the initial contracting phase. Despite efforts by WLZ to work with the commissioners and build their engagement, stakeholders at the local authority reflected that turnover in staff since the contract was launched had limited how much they a) understood the rationale for the design and b) could proactively manage all the elements of the complex contract. The challenges in commissioner engagement are

commonly reported in our SIB research. However, WLZ's central role in the stakeholder coordination may also have potentially limited the extent to which commissioners need to take ownership of the contract, as well as the awareness amongst the commissioners of each other's interests. It will be interesting to see whether the level of commissioner engagement and cross-commissioner involvement increases in the final years of the CBO contract, especially with the expansion into new areas.

6.4 Beneficiary voice

It is also interesting to note that the young people we interviewed felt that their opinions counted and that WLZ stakeholders would involve them in changing the service or partner support. This is an important point because people sometimes ask where the beneficiary

voice is in SIBs; the research from this in-depth review suggests that beneficiaries do have a voice and say in how this service is designed, and that the SIB has not negatively impacted on this.

6.5 Measuring outcomes

A further reflection on the learning from the WLZ SIB implementation was the change in the rate card underpinning the payment structure. The rate card design is important as WLZ need to be confident that they are measuring in areas relevant to the change they hope to see from the intervention, and from the commissioners' perspective they ideally want the payment to be for outcomes above what would have been achieved anyway (the deadweight for the service). The menu approach currently used in the WLZ is different from other SIBs, which often separate out payments for different outcomes rather than paying when a set number are hit. But this is because it represents the agreement of a complex partnership of commissioners paying for a highly personalised early intervention service, which is fundamental to the WLZ collective impact objective at the heart of this SIB (or Collective Impact Bond). There is also an attendant risk that commissioners

may be paying for at least some outcomes that may have been achieved anyway. However, on balance commissioners appear to have reconciled this risk. This has been achieved through the reassurance derived from the model that: these are children that all commissioners are interested in supporting; the metrics included in the model reflect their interests; and the co-commissioning model means they are able to share the cost (and risks) of the service. In many ways, the rate card represents a consensus amongst a diverse stakeholder group that evidence underpinning the model is sufficient to justify their collective endeavour to pay for the service. In short, it reflects a careful balancing act of what is 'good enough' for the commissioners for their various purposes, whilst allowing WLZ to receive payment on outcomes for an intervention that is whole child centred and personalised to their needs.

²⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/886650/YEF_Evaluation_Report_.pdf

²⁵ The exception to this has been the changes to the payment mechanism that took place, which was still co-designed by WLZ and Bridges and then further refined collaboratively with the commissioners. However, the need for this change was raised by the investment fund manager at the point of signing the original contract and therefore arguably this development is an extension of the agreements made during the design phase of the SIB, rather than needing to work collaboratively to solve issues presenting in delivery.

As in all successful partnerships, a degree of pragmatism is required from those involved. However, WLZ's approach, including the rate card and the heavily data-driven approach to the initial pupil needs analysis, does intentionally build in these assurances for the commissioners, in terms of how the children are selected for the service and the rate-card menu that prescribes what areas are the focus for the service. Checks and balances to mitigate less rigorous aspects of the rate card (e.g., where benchmark datasets are not available for some of the metrics), include only paying for progress where constructive engagement with the programme has been verified. At the time of the research for our second visit, and with the re-structure to a two-year period of programme intervention with each cohort, WLZ only had one small set of (albeit promising) current rate card results from their first cohort. We will learn more about the SIB's performance based on the different metrics on the menu rate-card as part of the third in-depth review. Finally, WLZ have commissioned a counterfactual study to estimate the extent to which the whole range of outcomes measured can be attributed to the WLZ intervention over-and-above other factors/support.

As with all the in-depth reviews covered by the CBO evaluation, we have looked closely at the counterfactual in the WLZ contract, because it is important to consider it regarding the core SIB-concept feature, namely a high degree of performance management and payment on outcomes. WLZ has been able to successfully engage new commissioners based on detailed evidence of young people engaging in the service and their outcomes, and stakeholders thought that the standard of evidence in WLZ was a lot higher than in other types of fee-for-service commissioning. However, given that paying for impact was one of the original drivers for

SIB contracts – including for the commissioners of WLZ - establishing the added value of the service beyond what would have been achieved anyway remains important but challenging for WLZ (given the difficulties of working with a heterogeneous group on a range of metrics with varying degrees of ability to obtain counterfactual data). Nonetheless, WLZ is notable for the way in which it has negotiated this balancing act carefully, by careful design and redesign of the rate-card payment triggers.

Beyond the motive to pay only for attributable results, this report also points to other and arguably more central priorities as a basis for WLZ's commissioning decisions; namely, the co-commissioning approach and the focus on bringing parties together around the child, using the rate card as a reference point and driver for collective input.

At the same time, though, there is evidence that school and local authority stakeholders are seeking additional ways to frame the narrative about WLZ's impact for them to engage their own stakeholders internally and to potentially justify re-commissioning the service in the context of ever-shrinking budgets (particularly for schools). The schools want evidence that the service is making a difference to wellbeing as well as academic achievements. For the local authorities, a clearer narrative about the impact of the intervention for them would better support their internal planning and ability to secure support for the service amongst stakeholders who were less directly involved. At the time of the visit, the question of the counterfactual was also pertinent because of the potential funding being sought through LCF (needed to expand delivery to two further local authority areas), for which LCF requires a robust approach for measuring the counterfactual.

6.6 A second SIB

It is interesting that WLZ is pursuing a second SIB to support its intervention. There is some debate around how SIB-funded interventions should be re-commissioned after the SIB – and whether a SIB is a 'one-time pivot' to achieve change and, after this, the intervention should be funded without a SIB or, whether the service should be funded through a SIB again. In our view, it depends on why the SIB mechanism is being applied – if it is there because the commissioner wants to transfer financial risk because they are uncertain the project could succeed because it has a limited evidence base, then after the SIB there is arguably more certainty, and so the argument for re-commissioning the intervention through a SIB is

less strong. However, if the SIB mechanism is applied because it is believed that the SIB components improve performance – namely by attaching payments to outcomes (or to an alternative agreed definition of performance/ improvement) and thereby driving increasing accountability and measurement – then it makes more sense to re-commission the service through a SIB. In this case, the commissioners are attracted to the SIB because they see it as an effective way to implement PbR contracts, attract co-commissioning and galvanise and performance manage a collective impact delivery network, and so commissioning a second SIB does make sense.

6.7 Contribution to CBO objectives

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

1. Improve the skills and confidence of commissioners with regards to the development of SIBs: Minimal achievement.

The local authorities have experienced turnover in project management since the contracts were signed, which has limited their engagement and understanding of the details of the contract.

2. Increased early intervention and prevention is undertaken by delivery partners, including VCSE organisations, to address deep rooted social issues and help those most in need: Achieved.

The intervention is providing early intervention and prevention support. Without the PbR contract it is unlikely the commissioners would have commissioned the service and, without the upfront social investment, WLZ would not have been able to take on the full financial risk of a PbR project.

3. More delivery partners, including VCSE organisations, can access new forms of finance to reach more people: Achieved.

WLZ was able to access social investment and has not accessed social investment before. WLZ is notable also for the large number of delivery partners commissioned as part of its Collective Impact Bond approach, who are arguably able to benefit vicariously from WLZ's access, as their prime provider, to the social investment.

4. Increased learning and an enhanced collective understanding of how to develop and deliver successful SIBs: Achieved for WLZ, though less so for the local authorities (due to staff turnover, see above).

West London Zone offers an interesting adaptation of a traditional Payment by Results contract, in which the PbR element is less about ensuring payment for a few hard-evidenced 'outcomes', and more about using the rate card to galvanise different partners around a shared purpose to tackle a diverse set of needs among children who are at risk of experiencing negative outcomes later in life.

It will be important as part of the next visit to review overall performance and stakeholder experience as the contracts in Hammersmith and Fulham and RBKC come to an end. We will also focus on the sustainability of the project beyond the CBO SIB. At present there

appears to be a good plan for sustaining the model beyond the top-up funding from CBO and with a commitment from Bridges to remain involved with a specified amount of capital ring-fenced for this project.

6.8 Areas for further exploration in the final in-depth review

The CBO evaluation team will revisit the WLZ SIB again at the end of the CBO contract. The next phase will focus on the impact of WLZ as a SIB and the future plans for sustainability. Some key areas to explore in this review will be:

- WLZ's performance against its targets for the remainder of the contract, particularly performance against the outcome targets in year two and year three, and in relation to its approach to establishing the counterfactual
- Evidence of continued adaptive service management, including any further changes to operations to improve delivery in the current contracts, or to support the expanded model in the new areas
- Role of Bridges for the remainder of the contract
- Role of the local authorities as lead commissioner and, whether commissioner understanding of the CIB contracting approach (including in comparison to other forms of contracting) improves over time, or turnover in commissioning staff continues and so it remains resource intensive for WLZ and local authority staff to build up skills, knowledge and understanding of the role and efficacy of the contract mechanism

- Exploration of the range of partner experiences within the WLZ arrangement – including those of different sizes, activities and with different capabilities in performance management
- Awareness amongst the commissioners of their different roles in the contract and the potential to collaborate in a similar co-commissioning arrangement in the future
- The sustainability of the co-commissioning arrangements beyond the CBO contract, including the role of the private commissioners in covering the difference once the top-up funds come to an end (and the degree to which input from philanthropists in this way could become a wider feature on the SIB landscape in West London, or beyond)
- Progress of the second WLZ SIB, and how the model of the first was adapted (including risk-sharing between the providers and investors, and the role of philanthropists)
- Final analysis of the SIB effects – both intentional and incidental
- Final analysis of the sector learning from the SIB

Final analysis of the value for money of the SIB.

About this report

This in-depth review is one of nine being produced as part of the CBO Fund Evaluation, commissioned by The National Lottery Community Fund, and undertaken by Ecorys UK and ATQ Consultants. Catie Erskine, Senior Research Manager at Ecorys, wrote the report.

The report is based on a review of documents provided by stakeholders and consultations with key stakeholders involved in the SIB (summarised below). The report will be updated in subsequent years to provide an account of the SIB's progress.

Stakeholder role in SIB	Organisation
CEO	West London Zone
Chief Operating Officer	West London Zone
Head partnerships	West London Zone
Link workers	West London Zone
Commissioner (philanthropists)	Goldman Sachs
Commissioner (local authority)	Hammersmith and Fulham
Anchor (school)	Ark Conway Primary
Commissioner (school)	Ark Brunel Primary
Investment Fund manager	Bridges Fund Management
Service design support/Funder	Impetus PEF
Partner organisation	Children's Literacy Charity
Partner organisation	Team Up

