SOCIAL IMPACT BONDS 2.0?

OUTCOMES PARTNERSHIPS OFFER RARE COMBINATION OF THREE BLESSINGS

The first Social Impact Bonds were launched about ten years ago. Much has happened since. Economic and social upheavals followed the 2008 financial crisis. Then came the COVID-19 pandemic.

These events compounded new and increasing social needs including ageing populations, the rise of long-term health conditions such as diabetes, high rates of unemployment for young people, a mental health epidemic, plus loneliness across the generations and homelessness. This transformed landscape makes now a timely moment to think again about Social Impact Bonds and their future development.

This series of briefings on the future of Social Impact Bonds has been produced by the Policy Evaluation and Research Unit at Manchester Metropolitan University and the Price Center for Social Innovation at the University of Southern California. The series editors are Professor Chris Fox and Professor Susan Baines from the Policy Evaluation and Research Unit and Professor Gary Painter from the Price Center for Social Innovation.

OUTCOMES PARTNERSHIPS OFFER RARE COMBINATION OF THREE BLESSINGS

Collaborative design, flexible delivery and clearer accountability for improving lives are not, individually, unusual aims for public services. But, when all three ingredients come together in an 'outcomes partnership', the results can be very special.

Mila Lukic and **Andrew Levitt** have supported, as intermediaries, more than 50 partnerships involving the voluntary and social enterprise sector, local and national government. Here, they explain the key features of such projects.

Over the last 10 years, we've worked in partnership with around 80 innovative 'commissioners' across different parts of government who launch and manage public services, as well as over 100 voluntary and social enterprise organisations who deliver these public services. Three ingredients, our partners consistently say, are vital for successful interventions — collaborative design, flexible delivery and, then, clearer accountability for improving lives.

Sometimes, in traditional procurements, one can bake in one of these ingredients, maybe two. But we have often found that, in partnerships that focus on outcomes, all three ingredients can be combined and work together. When this happens, the results can be something very special.

Collaborative design means developing a project in true collaboration with the community involved — getting together with the real experts, namely those who use and deliver the service. It involves creating an environment in which multiple parties, who care about the same issue, can work together on joined-up services.

COLLABORATION AROUND HARD-TO-PLACE YOUNG PEOPLE

Take, for example, a project aiming to help hard-to-place, young people, moving from residential care in search of warm, supportive family homes. This process is fraught with difficulties and dashed hopes. Typically, these young people are moved from placement to placement with a bag of stuff and inadequate follow-up, leading — despite often the best will in the world among the adults involved — to considerable personal misery.

The missing component to make everything work better is usually time — time for the young person to try out a new environment, to assess it, share feelings about the change. Time simply to be heard. They need time to become accustomed to, and bond with, the new people looking after them. These young people aren't just going for a sleepover.

PERU Policy Evaluation & Research Unit

The Policy Evaluation and Research Unit at Manchester Metropolitan University is a multi-disciplinary team of evaluators, economists, sociologists and criminologists. We specialise in evaluating policies, programmes and projects and advising national and local policy-makers on the development of evidence-informed policy. We have a long-standing interest in social investment and Social Impact Bonds. See www.mmuperu.co.uk for details of relevant publications.

USCPrice
Sol Price Center for Social Innovation

The Sol Price School of Public Policy at the University of Southern California is a leading urban planning, public policy, public administration and health policy and management school. The Sol Price Center for Social Innovation is located within the School and develops ideas and illuminates strategies to improve the quality of life for people in low-income, urban communities.

> **'We focus on the three features which we feel are important to success: collaborative design, flexible delivery and clearer accountability for improving lives.'**

But time is usually too short because money is scarce. Overlapping care is rare because, once local authority funding for family care begins, cash for residential care ends. However, outcomes partnerships have overcome this problem by designing in a double running, matching period, where payments overlap. The wonderful result: more stable placements for young people.

In Grimsby, people with long-term conditions felt they were not getting the care that they needed from GPs. Meanwhile, doctors were disappointed at how often patients returned for treatment. Both felt frustrated that medication – offered in short consultations to people with severe asthma or diabetes – did not improve life much. Together, they collaboratively designed an outcomes partnership that focused on improving health through a social lens, which included help from link workers to become more healthy, social and active in the community.

COLLABORATION LEADS TO FLEXIBILITY

Crucially, the collaboration in Grimsby carried on, after the initial design, into the delivery, which enhanced flexibility. People wanted broader activities than the gym memberships, nutritional support and gardening course specified in the design. Delivery expanded to support user-led gatherings such as a female-only knitting group, a male-only fishing group, a diabetes healthy eating group and a baking club.

In Greater Manchester, the goal was to address chronic rough sleeping – where those who had been found accommodation still repeatedly return to the streets. Collaboration in this project transformed how local systems worked in three ways. First, 20 housing associations across the region changed their policy of barring people from being allocated a place if they had previously been evicted from social housing, due, for example, to acquaintances from the street using the property for drug dealing. So, instead of tenancies being judged a failure when problems occurred, people would be moved elsewhere, perhaps away from the city centre, further from harm's reach.

Second, a health care professional, qualified to make a dual diagnosis – for both mental health and drug addictions – was hired. This tackled the problem of homeless people with mental health problems struggling to access crucial care until their drug addiction had been 'dealt with'. Third, the project recognised that people who've been through tough times, once settled with housing and benefits, are sometimes then sought by the Probation Service to serve a jail term for an earlier conviction. Instead of allowing success to founder in this way, the project team negotiated with the courts so that continued engagement with the partnership was deemed acceptable as an alternative to custody.

Another outcomes partnership – to support carers in Norfolk – shows how initial collaboration can lead to flexible delivery, thanks to accountability being built in at every stage. This project was designed with a strong carer voice. It included carers' breaks, specific education about caring, plus support for digital inclusion for a specific group of carers. However, as we made the service more diverse and inclusive to carers, they brought more ideas that prompted a rethink: they knew how to be carers and didn't need instruction. They mostly wanted a break, a social group to share experiences and everyone wanted digital inclusion support. So, the project adapted, supporting carers to lead their own carers' groups around their interests and passions plus work on a website which in future will provide options for caring support.

GOOD DATA PROMOTES ACCOUNTABILITY

In Newcastle, another outcomes partnership for social prescribing demonstrates how creating real-time reporting systems can embed accountability, ensure flexible delivery and underpin continuing collaboration. The management information system contained details from link workers about each person plus secondary care data from the Clinical Commissioning Group. So, the team could understand impact on individuals and their secondary care usage, which informed tweaks in practice. At a project level, person-centred data told the overall story of successes and failures, enabling real time rethinks of design and delivery.

Such approaches, be they around social prescribing or tackling homelessness, are changing the way we think about public service accountability. It's no longer enough just to be accountable for delivering the processes of a potentially narrow service. Outcomes partnerships make deliverers accountable for the quality of life of the people using the service for the duration of the contract. Once they take on that level of accountability, those involved have no choice but to be flexible and to collaborate more than other services.

It's not always easy to incorporate these three ingredients, because they often require systems change. Current systems require people to be

accountable for performing particular tasks. Hence, building a more collaborative approach — and then sustaining it — is difficult.

We supported a team in west London to develop an outcomes partnership focussing on the bottom 20 per cent of children who perform beneath their potential at school and risk experiencing worse outcomes throughout their life. Schools do not have resources to focus on these children, and because the system does not collaborate, they can fall through gaps in preventive care until it is too late.

The team took time to collaboratively design this project from the ground up with the local community. Ultimately, the local authority agreed to pay for about a quarter of the cost, alongside central government, with the school and local philanthropists and businesses sharing the remainder. This solution means that incredibly high quality support can now be offered to children before they are in crisis, which simply would not be possible without this genuine co-payment and collaboration across sectors.

LEARNING FROM EVALUATIONS

Evaluation is an important area of accountability which is essential for further learning. Most outcomes partnerships end up being testing grounds for a number of delivery innovations. Hence, an interesting and widely useful challenge for the evaluation is to tease out the individual components in operational management and delivery that have made a real difference.

What really mattered in tackling homelessness in Greater Manchester? Was it employing a dual diagnosis mental health nurse? Was it liaising with the courts and local probation services so that people finding secure accommodation were not pursued about previous minor convictions? Such granular evaluations are most useful to policy makers, looking to build them into the design of future services.

There are projects around the world adopting new principles to drive social innovation. Many, thanks to new forms of collaboration, flexibility and accountability, are finding new and better ways to address apparently intractable problems. As a community, we must find ways of analysing projects to ensure that these gems of learning, these components of success, are captured, shared and applied more widely.

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WHAT DOES THIS MEAN FOR 'SOCIAL IMPACT BONDS'?

In the UK, over the last 10 years, central and local government have announced about £20bn of contracts which have some element of payment tied to what is achieved. Most of these projects raised external investment of some sort to fund delivery, but only about £0.5bn of them are typically referred to using the 'social impact bond' name. Even those typically labelled as 'SIBs' exhibit significant differences. Some have contracts which resemble the larger 'Payment by Results' projects, others do not. Some raised working capital from external 'investors', others did not. In the projects that we support, we prefer to focus on the three features that we feel are important to success: collaborative design, flexible delivery and clearer accountability for improving lives. Some 'SIBs' have incorporated these three features, others have not. In our view, it is the features themselves, which are important for success.

Where external investment was needed in the projects we have supported, this was provided by pioneering organisations such as the Office for Civil Society, the Esmée Fairbairn Foundation, the Bridges Impact Foundation, Big Society Capital, Pilotlight and Trust for London. All of these organisations, like us, are motivated by improving lives and changing systems for the better.

Mila Lukic and **Andrew Levitt** *are co-founders of Bridges Outcomes Partnerships, which has supported more than 50 outcomes partnerships. https://www. bridgesoutcomespartnerships.org/*

'Beyond crisis management: Innovating to improve lives in a post-Covid world' by Bridges Outcomes Partnerships, details Covid-related delivery innovations which emerged from these projects due to their collaborative design, flexible delivery and clearer accountability for improving lives. https://d6736ca3-2c5a-4e21-922a-5f7469134148.filesusr.com/ ugd/8ad87c_c9a502a60dee4d38bd770bba461c5837.pdf