

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

# Be the Change Social Impact Bond August 2023

Author: Neil Stanworth, ATQ Consultants

# Contents

Foreword .....	4
Foreword by The National Lottery Community Fund CBO team.....	4
1.0 Executive Summary .....	6
1.1 Introduction .....	7
1.2 <i>Be the Change</i> Overview .....	7
1.3 What has happened in practice .....	9
1.4 Successes, challenges and impacts of the SIB mechanism .....	9
1.5 Legacy and sustainability .....	11
1.6 Conclusions .....	12
2.0 Introduction .....	14
2.1 The Commissioning Better Outcomes (CBO) programme .....	14
2.2 What do we mean by a SIB and the SIB effect? .....	14
2.3 The in-depth reviews.....	15
2.4 Report structure .....	16
3.0 <i>Be the Change</i> overview.....	17
3.1 Set up and key stakeholders .....	17
3.2 History and development .....	19
3.2.1 Origins of the Project.....	19
3.2.2 Development as an outcomes contract and SIB .....	19
3.2.3 Commissioning organisation and process .....	21
3.3 The intervention model .....	22
3.3.1 Development of the PTS Response .....	22
3.3.2 The <i>Be the Change</i> intervention.....	23
3.4 Payment mechanism and outcome structure.....	24
3.4.1 The payment mechanism.....	24
3.4.2 Investment and financial risk sharing .....	26
3.4.3 Governance and performance management .....	27
3.4.4 Comparing <i>Be the Change</i> with other CBO projects .....	27

---

4.0 What has happened in practice? .....	29
4.1 Contractual and operational changes .....	30
4.1.1 Further changes to the commissioning structure .....	30
4.1.2 Changes in response to COVID-19 .....	31
4.2 Project performance .....	32
4.2.1 User engagement and overall outcome performance .....	32
4.2.2 Detailed outcome performance .....	32
4.2.3 Commissioner payments .....	36
4.2.4 Investment performance and SIB surplus .....	37
4.2.5 Savings and costs avoided by the intervention .....	38
4.3 Stakeholder experiences .....	38
4.3.1 Service provider experience .....	38
4.3.2 Commissioner experience .....	41
4.3.3 Investment Fund Manager experience .....	43
4.3.4 Service user experience .....	44
4.3.5 CBO team experience .....	46

---

5.0 Successes, challenges and impacts of the SIB mechanism .....	48
5.1 Successes and challenges of the SIB mechanism .....	48
5.1.1 Successes due to the 'SIB effect' .....	48
5.1.2 Successes attributable to other factors .....	49
5.1.3 Challenges .....	50
5.2 Value for money of the SIB mechanism .....	51
5.2.1 Economy .....	52
5.2.2 Efficiency .....	54
5.2.3 Effectiveness .....	54
5.2.4 Equity .....	55
5.2.5 Overall cost-effectiveness .....	56

---

6.0 Legacy and sustainability .....	57
6.1.1 Sustainment through similar local contracts .....	57
6.1.2 Wider legacy and sustainment of PTS .....	57

---

7.0 Conclusions .....	59
7.1 Overall conclusions and evaluative insight .....	59
7.2 Achievement of CBO programme aim and objectives .....	61
7.3 Lessons for other projects .....	62

# Foreword

## Foreword by The National Lottery Community Fund CBO team

---

You are about to read the probing, summing-up of a key story in the Commissioning Better Outcomes (CBO) Journey. It will give you an in-depth look at a key Social Impact Bond (SIB) within CBO's community of initiatives commissioned by local public services.

A SIB is the art of using social investment to combine de-risking commissioners through Payment by Results (PbR), with the de-risking and sustaining of contracted delivery providers through the provision of capital. The '*Be The Change*' (Mayday – Inspire) story reveals some highs and lows of applying the SIB concept - explaining how far its commissioners, providers and investors got, in their own unique context, in making, managing, and demonstrating the difference their intervention aimed to achieve. The story concludes by revealing their journey's legacy. It explains its importance for the broader 'so what?' and 'what next?' picture of outcomes-based approaches to commissioning.

This stuff matters because everyone involved cares about the quest to make pursuit of outcomes the heart of what they do. We all set out with big ambitions; the prize was SIBs would help public and social organisations overcome administrative and financial constraints blocking early action on entrenched social needs. To make that happen, ideas about how bringing public, social and private sectors' interests to the table were required, to get money flowing where it was needed.

You will see it is not easy to pull off and maintain the robustness of SIBs' driving logics. And whilst our top-up offer has been a significant draw to the quest, ranging from sometimes leveraging much larger co-funding for innovation, to encouraging more attention on performance for existing work, such incentive can also work to distort the picture of demand for PbR + capital. There are important lessons to take home, whether you are interested in this social policy area or its evolution of outcomes-oriented approaches to commissioning. As SIBs morph into new outcome mechanisms, be alert to the strengths and weaknesses of their logic.

This story illustrates just one of several ways CBO SIBs attempted to configure their approaches to managing money, relationships and learning for achieving and being accountable for better outcomes. We suggest you pick out successes and cautionary tales at two levels - *the intervention's delivery and the SIB mechanism's configuration* - noticing where these intertwine.

There are rich pickings in the report. CBO, as a catalytic co-commissioner paying for results, has taken away key reflections including:

Policy Takeaways:	Intervention Approach	SIB Structure & Effect
<b>Highlights</b>	Personalised approach – focus on quality of relationships as the transformative ingredient	Outcomes basis of specifying contract allowed flexibility for a high degree of personalisation of service
<b>Lowlights</b>	Employment sustainment targets were low and very difficult to pursue due to some employers' tactics of ending employment at 12 weeks to avoid increased employee rights	The SIB's results-based rate card featuring housing and employment outcomes was seen initially as a way to engage and maintain the interest of commissioning structures; during the lifetime of the SIB there was major restructuring of the commissioning bodies involved. During these changes and challenges, staff in the new commissioning body were found to be wary of SIBs because they were less familiar with the novel contracting approach. Later, when Public Health Commissioners took over, with less capacity available, their agreement to novate (continue) the SIB contract with Mayday was partly influenced by the confidence they had in another non-SIB PTS Response project they were already funding Mayday to run (initially under a standard contract and then subsequently under a grant).
<b>Questions</b>	Will the PTS model evolve to develop higher levels of employer network- building, to find businesses able to support young people's – as well as commissioners' - interests in sustained employment?	Will Mayday's future commissioners be able to devise less prescriptive service level contracts that allow for personalisation and flexible spend which therefore do not require external capital – not least because Mayday stakeholders think that a truly person led way of working cannot easily be delivered within traditional contracting constraints?

We recommend you look out too for the evaluation's in-depth reviews of 8 other CBO SIB journeys and, the final programme-level report. It will combine important insights about the realities, politics and economics of deciding how to commission for better outcomes and, point to 'where next'.

We are sharing these reports on the Government Outcomes Lab (GO Lab) website – sign up there for updates!

# 1.0 Executive Summary

Project focus and stakeholders		Project achievements		
Commissioner(s):	First for Wellbeing <i>then</i> Northamptonshire County Council	<div>People accessing Be the Change<sup>1</sup></div> <div><div>97</div><div>111</div></div> <div>Plan<sup>2</sup>Actual<sup>3</sup></div>		
Service provider(s):	Mayday Trust			
Intermediary or Investment Fund Manager	Bridges Fund Management	<div>Peoples outcomes</div> <div><div>94103</div><div>8184</div><div>2634</div><div>2123</div></div> <div>PlanActual</div> <div>Entered accommodationSustained accommodationEducation (all outcomes)Employment (all outcomes)</div>		
Investor(s):	10 from Social Impact Bond Fund			
Intervention:	Person-led, Transitional and Strengths-based response			
Target cohort:	Young people 18-30 who are NEET, homeless and have complex needs.	Payments and Investment	Plan	Actual
Period of delivery:	June 2017 – December 2020	Outcome payments	£474k	£474k
		Investment committed	£94k	£178k
		Investment return	£27k	£43k
		Internal Rate of Return <sup>4</sup>	7%	8.7%
		Money Multiple <sup>5</sup>	1.24	1.3

<sup>1</sup> Starts is equivalent to successful engagement as defined in the Rate Card, i.e. The person has successfully engaged with the intervention by participating in the assessment (measured through electronic signed copy of Asset Plan).

<sup>2</sup> 'Planned' means the targets agreed between the commissioner and Mayday and equivalent to the Median scenario (but in some cases lower than the targets agreed at CBO award). See section 4.2.2 of main report for further details

<sup>3</sup> Actual means figures achieved at the end of the project, as reported in the CBO End of Grant report

<sup>4</sup> IRR is essentially a way of converting the total returns on an investment (for example profits made by a business, or in this case total outcome payments) into a percentage rate, calculated over the length of the investment and varying according to cash flow – i.e. how quickly and soon payments are made. IRR calculations are complicated, but in simple terms the earlier you get the money back the higher the IRR, because IRR takes account of the 'cost of money'.

<sup>5</sup> Money Multiple (MM) is another way of measuring returns. It is simpler than IRR and expresses the total returns as a simple multiple of the amount initially invested. Unlike IRR, MoM does not vary according to when payments are received For more information on both IRR and MM see: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/957374/A\\_study\\_into\\_the\\_challenges\\_and\\_benefits\\_of\\_the\\_SIB\\_commissioning\\_process\\_Final\\_Report\\_V2.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/957374/A_study_into_the_challenges_and_benefits_of_the_SIB_commissioning_process_Final_Report_V2.pdf)

## 1.1 Introduction

The Commissioning Better Outcomes (CBO) Fund is a social impact bond (SIB) programme funded by The National Lottery Community Fund, which aims to support the development of more SIBs and other outcomes-based commissioning<sup>6</sup> (OBC) models in England. 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, and this review of the *Be the Change* SIB is one of these. It is the final review of this project and aims to draw overall conclusions about the success of *Be the*

*Change*, its value for money, and the lessons that we think can be learned from it for other projects.

The main aim of the in-depth reviews, and of the evaluation as a whole, is to assess whether there is a 'SIB effect' – that is whether the key elements of the project that are unique to or have greater emphasis in a SIB model – notably the use of payment by results (PbR)<sup>7</sup>, capital from social investors, and enhanced performance management – had an effect on the way that the project was designed and implemented, and the impact that it achieved.

## 1.2 *Be the Change* Overview

The *Be the Change* SIB was conceived, developed and delivered by Mayday Trust (Mayday) – a charity that provides personalised and strengths-based support to young people experiencing homelessness and those going through tough life transitions. It was first conceived as a project to be delivered through the Fair Chance Fund (FCF)<sup>8</sup>, but when Mayday was not successful in its application to the FCF it was then adapted into a stand-alone project commissioned locally, with support from the CBO. The local commissioner was Northamptonshire County Council (CC) although for the first two years of delivery the commissioner was a spin-out from Northamptonshire CC called first for Wellbeing (see below).

The *Be the Change* project delivers a bespoke intervention developed by Mayday from research and practice pioneered in the United States. This is the Person-led, Transitional and Strengths-based (PTS) Response, (formerly known as the Personal Transitions Service). The PTS Response is an asset-based approach which focuses on developing people's strengths and so enabling them to improve their lives, rather than directly addressing, and

thus accentuating, problems and deficits such as homelessness or worklessness. The PTS Response is highly bespoke to the needs of individual service users and some stakeholders argue that it is misleading to refer to it as an intervention at all, since it cannot be easily described or specified in generic terms. The PTS Response is delivered by Coaches that aim to build on service users' strengths in three core ways: **Coaching** (to build a relationship with each service user and help them identify their strengths; **Brokering** of bespoke opportunities, activities or support for each person; and **Building positive networks** through which young people can build supportive relationships and integrate into the wider community. The PTS Response and by extension the *Be the Change* project was designed to work with young people aged 18 to 30 who are not in education, training or employment (NEET); are homeless but not in priority need; have had previous difficulties in, or eviction from, supported accommodation; and have needs deemed too high/complex to manage within a supported housing scheme such as substance misuse or significant mental health issues.

<sup>6</sup> 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.

<sup>7</sup> Payment by Results is the practice of paying providers for delivering public services based wholly or partly on the results that are achieved

<sup>8</sup> The Fair Chance Fund was a payment by results (PbR) scheme launched in 2014 and funded by the Department of Communities and Local Government and the Cabinet Office. It aimed to improve accommodation and work outcomes for a group of young, homeless people whose support needs are, and continue to be, poorly met by existing service because of the complexity of their circumstances

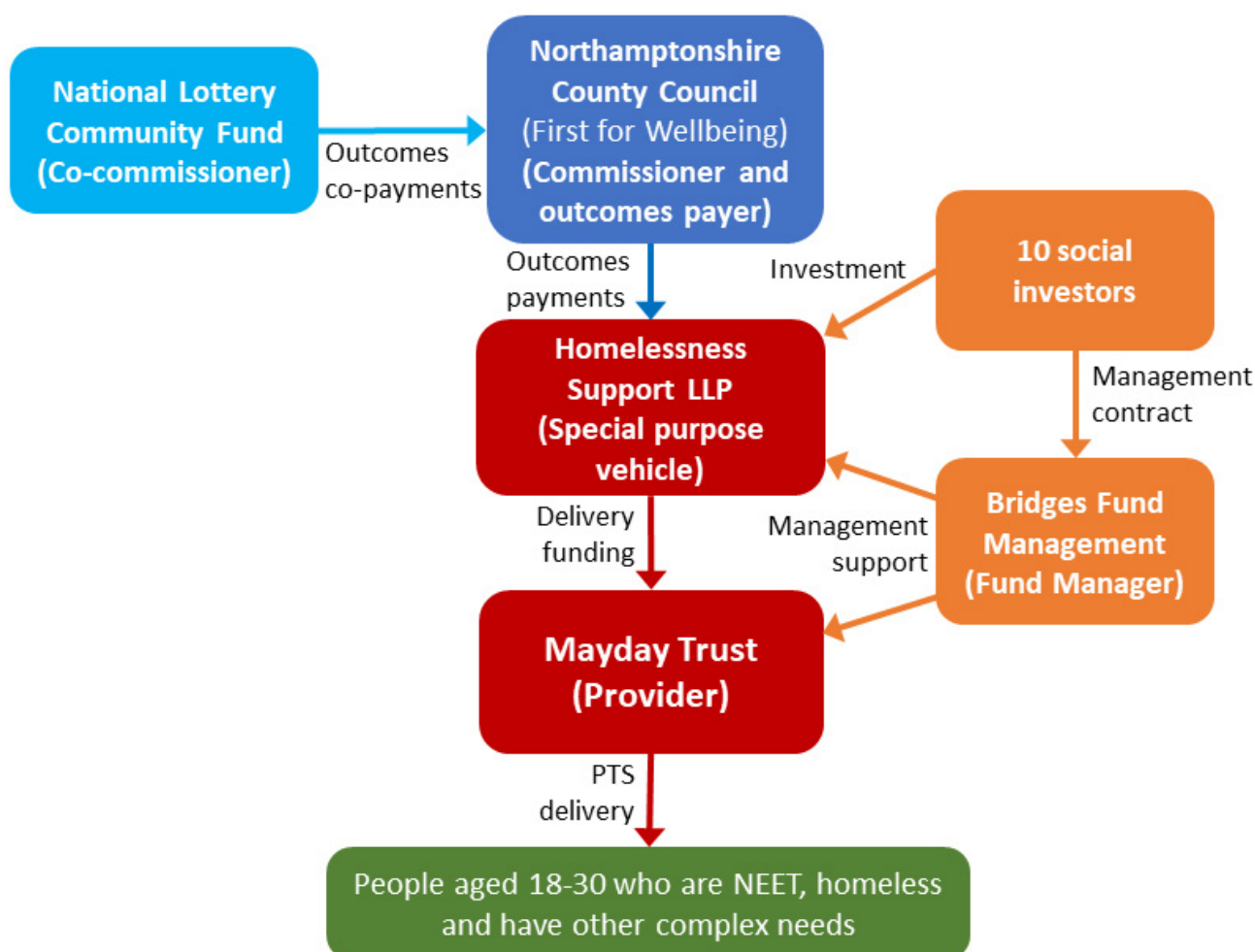
Mayday was supported in the delivery of the project by investment from social investors managed by Bridges Fund Management (BFM) via its Social Impact Bond Fund. This Fund raised capital from a range of social and philanthropic investors and used that capital to fund a number of SIBs and other Social Outcomes Contracts. The structure of the SIB and the relationship between the key parties is summarised in the Figure below. A more detailed diagram of the SIB structure and the relationships and flow of funds between key parties is in Section 3 of this report.

Perhaps the most important element of this structure is that the risk of outcomes not being achieved – and therefore of payments not being made – was borne by BFM via the Special Purpose Vehicle that managed the contract, Homelessness Support LLP. Mayday was fully funded to deliver the PTS intervention by BFM via the SPV and the SIB thus follows what is sometimes termed a ‘managed’

structure, where the investors bear the outcomes risk and the provider delivers as though it were working through a conventional contract, grant or similar funding structure (though with more flexibility than many such contracts allow, as we explain below)

The payments for outcomes were made according to a tariff or Rate Card that was taken almost in its entirety from the Rate Card used for the Fair Chance Fund to which Mayday had originally applied, thus making it easier and quicker to put the payment structure in place. In line with this Rate Card, a series of outputs and outcomes were rewarded including successful engagement of young people as service users, completion of a series of assessments of their needs, service users entering and successfully sustaining accommodation, and the achievement of a range of education, employment and training (EET) outcomes. The full rate card and associated payment tariff is set out in section 3 of this report.

#### **Be the Change Structure (Simplified – see full structure in Section 3)**





## 1.3 What has happened in practice

As we explain further in section 3 of his report, the *Be the Change* SIB took a long time to develop, in part because of the time it took to develop the SIB as a stand-alone project following the bid to the FCF, and to re-engage potential commissioners; in part because of changes to the commissioning organisation once it had been agreed that Mayday, BFM and Northamptonshire CC would be partners in the project. The latter was the result of a major re-structuring of Northamptonshire CC which span out the Council's responsibilities for homelessness – into a new organisation, First for Wellbeing CIC. First for Wellbeing CIC was established in April 2016 and had three partners – Northamptonshire County Council, Northamptonshire Healthcare NHS Foundation Trust and the University of Northampton.

This disrupted the development and sign-off of the SIB and its underlying contracts because the Council's existing familiarity with both PTS and the logic of funding it through a SIB was dissipated, and Mayday had to work hard to build a new relationship with key decision makers within First for Wellbeing and other local agencies on which the service would rely for referrals.

Once the project entered delivery there were further changes to the structure, because the First for Wellbeing CIC was dissolved in March 2018 due to financial issues within Northamptonshire County Council, which led eventually to the Council twice having to issue a s.114 notice – effectively a declaration that it could not meet its liabilities. This contract reverted to Northamptonshire CC, and was

allocated to the Public Health policy area within the Council. This meant yet another new commissioner with little understanding of this contract, its underlying logic and its SIB mechanism. This led to a further round of relationship building and re-engagement, during which outcome payments were halted.

Aside from these changes, the project was largely free from major change once it entered implementation. Unlike some of the other CBO projects that we have studied in depth, there were no changes to the payment structure, outcomes model or delivery intervention and how it was deployed; the FCF Rate Card and accompanying tariff was used throughout without adjustment, and the PTS intervention was always sufficiently flexible (indeed was explicitly designed) to allow for it to be adapted to the needs of individual service users.

Performance wise, the project can, in our view, largely be judged a success. It exceeded its median targets for successful starts, and for both entry to and sustainment of accommodation, and nearly hit a high target of 105 entry to accommodation outcomes, achieving 103. It narrowly missed its education and employment targets but exceeded its 'outcomes cap' – the maximum number of outcomes by value that could be claimed under the contract. It thus generated the maximum value of outcome payments that it was possible to achieve across the local commissioner and CBO, but did not stop achieving positive outcomes for service users thereafter. It actually delivered outcomes with a value of £57k beyond the total outcomes cap of £474k.

## 1.4 Successes, challenges and impacts of the SIB mechanism

Both performance data and the views of stakeholders generally indicate that *Be the Change* was a successful project. Some of the reasons for its success can, in our view and that of project stakeholders, be attributed to the SIB effect. These included:

- **The ability to adapt and flex the delivery model around user needs.** The outcomes framework, with little prescription of required inputs, allowed Mayday to flex the service and tailor the PTS Response to the individual needs of service users. This was critical because of the highly bespoke nature of the PTS Response.
- **Flexibility of funding.** Since BFM fully funded the provider and gave Mayday considerable freedom to spend as it saw fit to get good results, Mayday was able fund items that would benefit service users' development without excessive scrutiny of line items as is commonplace in grant funding or conventional contracts.
- **Enabling Mayday to bear the risk of an outcomes contract.** Since and funded all Mayday's delivery costs without payment being contingent on outcomes or outputs, Mayday was thus able to deliver an outcomes-based contract without worrying about cashflow if it did not achieve expected performance – a risk which stakeholders thought its Board might not have taken if an investor had not been involved. Bridges was also able to advance further capital and continue to fund Mayday when outcome payments stopped while contracts were novated back to Northamptonshire CC in 2018.
- **The impact of a social lender's involvement in challenging the provider to improve.** Stakeholders told us that the support and challenge provided by BFM helped Mayday to improve its performance, and both BFM and Mayday said that they had been able to forge a positive and mutually beneficial relationship
- **Deep analysis of data.** BFM supporting Mayday in several 'deep dives' into the data that the programme was collecting in order to

investigate areas that were not working as well as others. The organisational culture of Mayday was supportive of this approach, since it has a learning culture supported by a management team taking a 'no blame' view of issues.

One key success factor is not, in our view, attributable to the SIB effect as such. This is the pivotal role played by the leadership of Mayday, and noted by multiple stakeholders, in both driving the development of the project and then maintaining momentum and commitment through successive changes in commissioning arrangements. This ambition and drive would have been a factor in any contract, although it is also an essential pre-requisite for most SIBs and similar outcomes contracts.

The project also faced challenges either due to or made greater because it was a SIB. These included:

- **The disruption caused by the changes in commissioning arrangements.** These changes were not caused by the SIB, but the fact that this was a SIB compounded the challenge of re-engaging with commissioners, since each new commissioner had to grasp not only the rationale for the intervention, but also for an unusual, unfamiliar and often complex contracting and funding structure, involving investors and fund managers. There was also a challenge for Mayday and BFM in adapting to new reporting requirements on each occasion – an issue again made worse by the use of an outcomes-based approach.
- **Achieving education and employment outcomes.** The project was less successful – while still performing relatively well – in achieving EET outcomes. The evidence of other SIBs suggests that this may have been because such outcomes are hard to achieve without intensive, targeted support from EET specialists – which was not the case here: the focus of the intervention was on building the strengths and resilience of service users; the focus of the outcomes contract was on helping service users move into settled accommodation,

- **Hitting the agreed outcomes cap.** As noted above the project exceeded its outcomes cap. This should be seen as a success but also as a challenge because some of the ‘headline’ value created by the project is not obvious. Essentially the social impact of the project is arguably greater than it appears, and because it exceeded the cap by £57k in outcomes value its already positive value for money is understated by around 11%.
- **Achieving the 13 weeks employment metric.** Finally, there was a technical issue which made the 13 weeks employment metric harder to achieve, because some employers terminate agency employments after 12 weeks to avoid the workers gaining additional employment rights that accrue at that point. This could have been corrected if the employment metric had been designed differently, rather than being based on simple achievement of 13 weeks employment, and it is interesting to note that BFM has since worked with commissioners and funders on other projects to measure employment outcomes by earnings achieved rather than duration of employment and using HMRC data to validate outcome achievement.

The success of the project is also reflected in the fact that it delivered positive value for money, with some caveats. It was judged a success by all stakeholders, achieved better than Median outcome targets across most metrics, and appears to have treated service users and the provider equitably. Against that the additional costs of the SIB appear relatively high, though we cannot be certain that some of these costs would not have been incurred if the project had been constructed differently. For example, the performance management of this project, by Mayday and BFM combined, pushed outcome performance well above the outcomes cap, and replicating this degree of performance focus on an alternative contract would also have had an additional cost.

Moreover the commissioner chose to commission the whole project at small scale for a combination of budgetary and ease of procurement reasons, which in turn contributed to overheads being high as a proportion of total costs. In essence, overheads were relatively high but so was overall social impact, so the trade-off appears reasonable

## 1.5 Legacy and sustainability

The main aim of this project was to test the viability of an outcomes-based approach to the delivery of this intervention, and therefore the legacy and sustainment of *Be the Change* depend on whether

- The project created further contract opportunities for Mayday with Northamptonshire CC. In simple terms there was no direct sustainment, because the prospects of further contracts were undermined by the lack of continuity in commissioning arrangements. Not only were there three commissioning organisations at different times, and numerous contract management changes, but the commissioning organisation itself (Northamptonshire CC) was itself abolished shortly after project completion.

- In addition, responsibility for both homelessness and commissioning transferred to successor unitary authorities during a national pandemic that has severely limited opportunities for service innovation at local level.

There was however indirect sustainment of the project and its intervention because:

- one of the two successor authorities to Northamptonshire on abolition, North Northamptonshire, has now implemented another SIB, known as Spring, which delivers link worker support to people with long-term health conditions across the County. Mayday is one of the providers under this contract, and is therefore continuing to provide PTS to Northamptonshire service users in a different form.

- The project demonstrated the value of the PTS model and therefore enabled its wider adoption. The legacy here is very positive, since BFM has used the PTS Response as the platform intervention for other projects, notably the Kirklees Better Outcomes Partnership, which takes a similar asset-based approach to a similar cohort, and is

explicitly built around the PTS Response<sup>9</sup>; the PTS Response is also now a feature of delivery in other BFM-backed projects and Mayday has developed the PTS Response as a formal, level 4 Continuing Professional Development (CPD) qualification in partnership with Coventry University<sup>10</sup>.

## 1.6 Conclusions

**Overall, we conclude that Be the Change has been a qualified success.** It achieved good outcomes, especially in relation to accommodation, and appears to have been good value for money.

In consequence of the strong performance the investor also received a positive return. In addition, the project spent up to plan on combined outcome payments, a relatively unusual occurrence to date since many CBO projects have not performed in line with expectations.

**In our view the project was also a good example of how SIBs can work well with parties working in the same direction to achieve the common goal of good outcomes and thus high social and financial impact.** This applies especially to the way that the provider and investing organisation worked closely together to deliver good performance.

Against that we would argue that the fact that this SIB was led throughout by Mayday meant that the commissioner never fully engaged, and was never the active partner in the SIB that we see in some contracts.

It is also interesting that Mayday said they preferred to work through either an outcomes-based contract or a grant, compared to a fee-for-service contract because of the flexibility they had in delivery, while the commissioner valued the accountability created by an outcomes-contract combined with delivery flexibility.

**Service users were equally positive about the quality and flexibility of the support they received, and compared it favourably both to other providers and to statutory services.** Our assessment is that the service did reach those most in need and with little evidence of creaming and parking, even though it did not engage with as many potential users as originally intended.

**However not all of the project's achievement can be attributed to the SIB effect, since stakeholders made clear that much of the credit lay in the drive and leadership of Mayday's CEO.** It is therefore arguable that this project might have been a success if it had been conventionally commissioned though as ever it is impossible to judge whether if contracted differently it would have performed better or worse than the SIB.

**The only real downsides of the project were that it was not recommissioned at the same or larger scale locally, either as a SIB or using another contracting approach, for reasons which were largely outside Mayday and BFM's control;** and it could possibly have achieved even more if it had either been commissioned at larger scale or had not, for similar budgetary reasons, been capped at a level which inhibited the achievement of even more social impact.

<sup>9</sup> See <https://www.newlocal.org.uk/articles/asset-based-homelessness/>

<sup>10</sup> See <https://maydaytrust.org.uk/the-pts-qualification/>

We highlight below possible lessons from *Be the Change* for other projects. As has been the case with previous, recent in-depth reviews, many of these lessons are reinforcing previous learning, rather than identifying fresh insights.

- **The ‘textbook’ SIB model of financial risk bearing still works.** Although this was the model used in many of the earliest SIBs, our research is that most of the CBO SIBs we have reviewed share risk between investor and provider, and relatively few follow this model where the investor takes all the financial risk of outcomes achievement. As we explain above the model has in this case had significant benefits and no real downsides.
- **Good performance leads to good relationships, as in any contract.** The evidence of the in-depth reviews we have now completed across nine SIBs is that – perhaps unsurprisingly – relationships are good when performance is at or above expectations and deteriorate when performance is below what was expected.

- **Past performance is no guarantee of future contracts.** Strong performance is a necessary but not sufficient condition for securing a future contract, especially if there are frequent changes in commissioners who have to be reengaged each time – and this and other research suggests a SB magnifies this issue, because of the extra challenges of re-engaging new commissioners in a model that is often complex and hard to understand.
- **SIBs cannot be effective test beds of future interventions at scale if there is no commissioner continuity.** The value of such projects is, clearly reduced if there is so much turnover and change within the commissioning bodies that any prospects of the project being recommissioned at larger scale is effectively lost. This means that if a project is intended to be scaled or replicated, the key project stakeholders must take particular care to ensure there are mechanisms in place to document, embed and respond to learnings from the project.

## 2.0 Introduction

This review forms part of the evaluation of the Commissioning Better Outcomes (CBO) programme and is the final review of the *Be the Change* Social Impact Bond. A previous review of this project, and other reports from the CBO evaluation, can be found [here](#).

*the Change* Social Impact Bond. A previous review of this project, and other reports from the CBO evaluation, can be found [here](#).

### 2.1 The Commissioning Better Outcomes (CBO) programme

The CBO programme is funded by The National Lottery Community Fund and has a mission to support the development of more social impact bonds (SIBs) and other outcome-based commissioning (OBC)<sup>11</sup> models in England. The Programme launched in 2013 and closed to new applications in 2016, although it will continue to operate until 2024. It originally made up to £40m available to pay for a proportion of outcomes payments for SIBs and similar OBC models in complex policy areas. It also funded support to develop robust OBC proposals and applications to the programme. The project that is the subject of this review, *Be the Change*, was part-funded by the CBO programme.

The CBO programme has four objectives:

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

- More delivery partners, including VCSE organisations, can access new forms of finance to reach more people
- Increased learning and an enhanced collective understanding of how to develop and deliver successful SIBs/OBC.

The CBO evaluation is focusing on answering three key questions:

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

<sup>11</sup> Outcomes-based commissioning describes a way to deliver services where all or part of the payment is contingent on achieving specified outcomes. The nature of the payment mechanism in an outcome-based contract can vary, and many schemes include a proportion of upfront payment that is not contingent on the achievement of a specified outcome.



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

SIBs are a form of outcomes-based commissioning. There is no generally accepted definition of a SIB beyond the minimum requirements that it should involve payment for outcomes and any investment required should be raised from investors.

The Government Outcomes Lab (GO Lab) defines impact bonds, including SIBs, as follows:

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

*these outcomes are achieved. Impact bonds encompass both social impact bonds and development impact bonds.”<sup>12</sup>*

SIBs differ greatly in their structure and there is variation in the extent to which their components are included in the contract. For 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 – or Payment by Results (PbR)<sup>13</sup>, 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.

## 2.3 The in-depth reviews

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

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

- The progress the project had made since the second visit, including progress against referral targets and outcome payments, and whether any changes were made to the delivery or the structure of the project, and why
- How the SIB mechanism impacted, either positively or negatively, on service delivery, the relationships between stakeholders, outcomes, and the service users’ experiences

- The legacy of the project, including whether the SIB mechanism and/or intervention was continued and why/why not, and whether the SIB mechanism led to wider ecosystem effects, such as building service provider capacity, embedding learning into other services, and transforming commissioning and budgetary culture and practice etc.

The first in-depth review of *Be the Change* also identified the following areas to investigate further in the final review. We have indicated below the main sections where this report addresses these issues:

- How successful were the provider (Mayday Trust or Mayday) and investment fund manager (Bridges Fund Management or BFM) in scaling and expanding the *Be the Change* SIB to other areas, given that contributions to outcome payments would no longer be available? **This is addressed in sections 4, 5 and particularly 6 of this report.**

<sup>12</sup> See: <https://golab.bsg.ox.ac.uk/knowledge-bank/glossary/#i>

<sup>13</sup> Payment by Results is the practice of paying providers for delivering public services based wholly or partly on the results that are achieved

- How did the working relationship between Mayday and BFM develop over the life of the SIB with a particular focus on the impact, if any, of BFM's performance management approach? ***This addressed in section 4 and in particular in sections 4.3.1 and 4.3.3.***
- Whether and how the capital provided by BFM enabled Mayday to take a more flexible approach to delivery, as has been the case for other SIBs and outcomes contracts supported by BFM. ***This is addressed in section 4 and especially sections 4.3.1 and 4.3.3, as well as in section 5.1.***
- Whether, and in what areas, learning and experience from the development and delivery of the SIB has been embedded in the commissioning body and wider stakeholders. ***This is addressed in section 4.3.2 and section 6.***
- Whether Mayday's plans, set out in its final application to the CBO Fund, for sharing of learning and good practice, were realised.

In particular what learning and experience has it been able to use, and what impact has it had in the delivery of its own projects; and in successfully transfer learning to other projects. This is also addressed partly in section 6 of this report, and in section 7.

For this final review, the evaluation team:

- undertook semi-structured interviews with representatives from all the main parties to the project, including Northamptonshire County Council, Mayday and BFM. These were conducted between September 2020 and June 2021;
- reviewed performance data and monitoring information supplied by the project stakeholders to The National Lottery Community Fund;
- reviewed key documents supplied by project stakeholders; and
- undertook some limited research with service users.

## 2.4 Report structure

The remainder of the report is structured as follows:

- Section 3 provides an overview of how the project works, including the SIB mechanism.
- Section 4 describes major developments and changes in the project since its launch, provides information on the performance of the project against its planned metrics, and summarises the experiences and views of key projects stakeholders.
- Section 5 discusses the successes, challenges and impacts brought about by the SIB mechanism, and assesses whether it was value for money.
- Section 6 describes the sustainment and legacy of the project.
- Section 7 draws conclusions from this review.



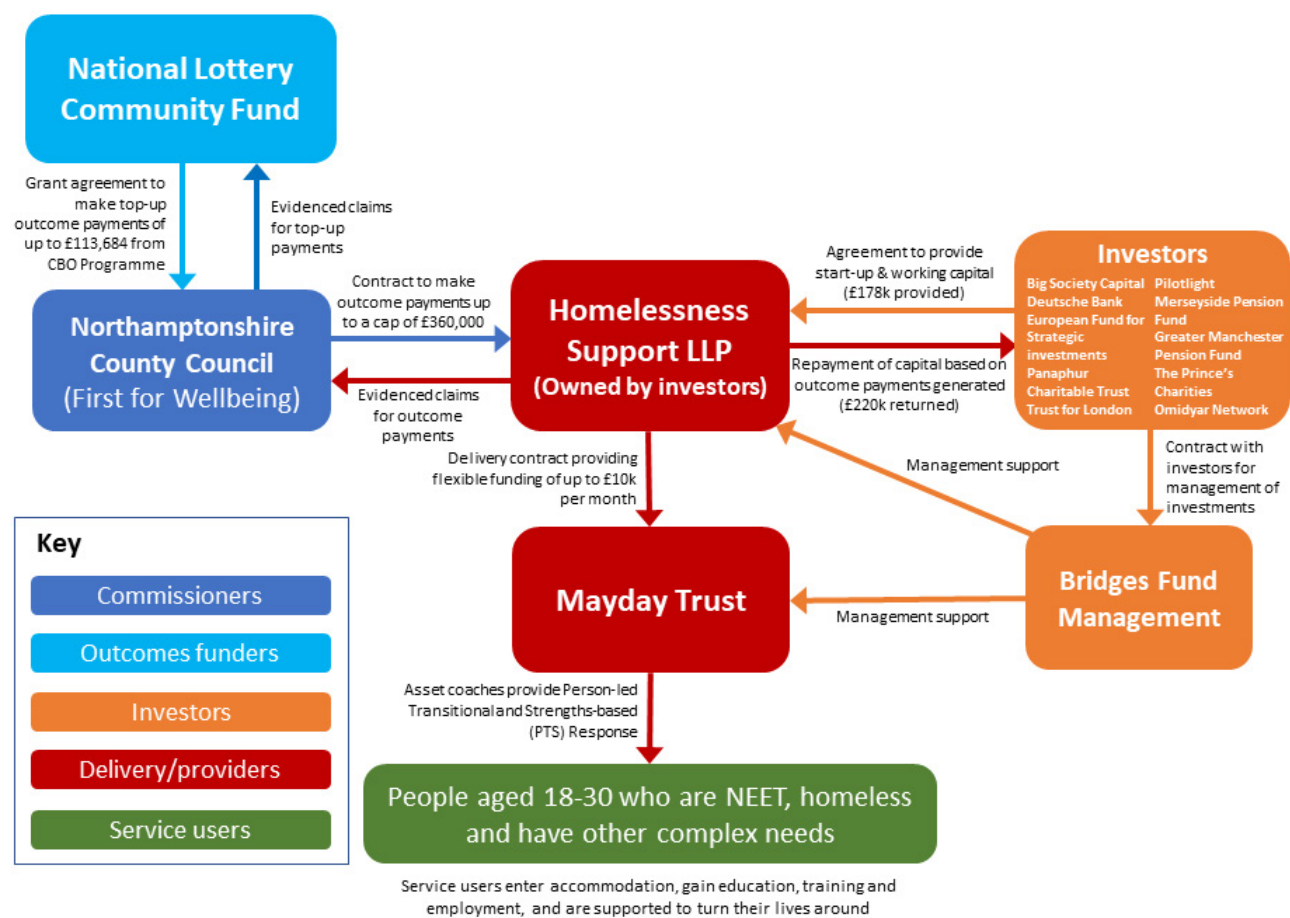
## 3.0 Be the Change overview

### 3.1 Set up and key stakeholders

Figure 1 below shows the overall structure of *Be the Change*. The contracting model was relatively straightforward compared to many SIBs with:

- A single local commissioner – Originally First for Wellbeing CIC, which reverted to Northamptonshire CC (Public Health) in 2018 – see section 3.2 below for further details of changes to the commissioning structure;
- A single provider – Mayday; and
- A single Investment Fund Manager – BFM – managing investment on behalf of 10 socially-motivated investors.

Figure 1: *Be the Change* structure and operational flows



The flow of funding and payments within this structure was as follows:

- Investors provided initial start-up and working capital to a Special Purpose Vehicle (SPV), the Homelessness Support Limited Liability Partnership (LLP). This vehicle was owned by investors to manage the inflow and outflow of investment and outcome payments, and hold the contracts with the local commissioner for payments and with Mayday for delivery. It later acted as an umbrella organisation for a number of other homelessness and related contracts supported by BFM (see section 3.4.3).
- Investors, managed by BFM, initially provided capital of £100,000 based on Mayday's needs, with the option to draw down more as needed. In the event a further £77,578 was injected in year 2 so total investment was £177,578. Investment came from ten investors in Bridges' Social Impact Bond Fund, namely Big Society Capital, Deutsche Bank, European Fund for Strategic Investments, Panahpur Charitable Trust, Trust for London, Pilotlight. The Merseyside and Greater Manchester Pension Funds, The Prince's Charities and Omidyar Network<sup>14</sup>.

- Mayday was provided with funding from the LLP of up to £10,000 per month in order to meet the costs of delivering the *Be the Change* intervention.
- The LLP claimed outcomes payments from First for Wellbeing and later Northamptonshire CC in line with the agreed rate card (see section 3.4 below). The SPV was paid for the outcomes achieved up to a capped value of £360,000 over three years.
- Northamptonshire CC/First for Wellbeing requested co-payments from The National Lottery Community Fund for the CBO programme's contribution to outcomes achieved
- The National Lottery Community Fund made co-payments to the commissioner up to an agreed maximum of £113,684

In the event and for technical reasons<sup>15</sup> The National Lottery Community Fund contributed £16,032 less than this and Northamptonshire CC paid the same amount more. Thus The National Lottery Community Fund contributed £97,652 (21% of outcome payments) and Northamptonshire CC paid £376,032.

<sup>14</sup> See <https://www.bridgesoutcomespartnerships.org/who> for details of all investors in BFM's Social Impact Bond Fund.

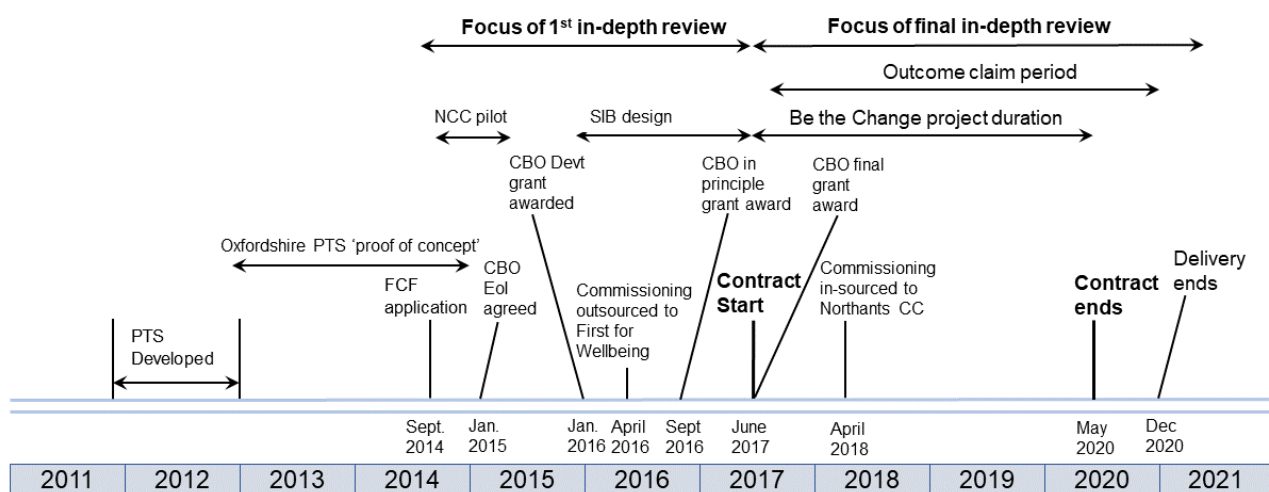
<sup>15</sup> This happened because Northamptonshire made gross outcome payments and then reclaimed the CBO contribution, but failed to reclaim the final payment despite being entitled to do so.

## 3.2 History and development

This section summarises the process of developing the SIB and its underlying intervention, and engaging different stakeholders. Further details of this process can be found in the first review of

the project already referenced above. Figure 3 provides a summary of the overall development and implementation timeline, including post-contract events described further in section 4 of this report.

**Figure 2: Project timeline**



### 3.2.1 Origins of the Project

The *Be the Change* SIB was conceived, developed and delivered by Mayday – a charity that provides personalised and strengths-based support to young people experiencing homelessness and those going through tough life transitions.

The origins of this project lie in work done by Mayday in 2011, when it undertook a qualitative review of over 100 people with the objective of finding out what people thought of the services designed to support their move out of homelessness and towards independence<sup>16</sup>. This identified that the 'traditional'

focus on needs kept people in their area of weakness and left them unable to create sustained, positive change for themselves. Based on this research, Mayday identified a new approach that would flip the way services are traditionally delivered and put control into the hands of those using the services. As a result, in 2012 it developed its Personal Transitions Services (PTS) - an asset-based model built on a solid evidence base from the US. PTS is now known as the Person-led, Transitional and Strength-based (PTS) Response. We describe PTS in more detail in section 3.3 below.

<sup>16</sup> Published as "Wisdom from the Street" <https://maydaytrust.org.uk/download-publications/#toggle-id-9>

### 3.2.2 Development as an outcomes contract and SIB

There were a number of steps between the development of this approach and it becoming the *Be the Change* SIB. The main milestones were as follows:

- Mayday ran a two-year proof of concept pilot of its model in Oxford in 2013/2014. Evaluation of this identified a number of aspects that were key to the success of the programme and these were taken forward in the ongoing development of PTS (see section 3.3)
  - In 2014 the Department of Communities and Local Government (now The Department for Levelling Up, Housing and Communities or DLUHC) and the Cabinet Office launched the Fair Chance Fund (FCF). The FCF was a payment by results (PbR) scheme that aimed to improve accommodation and work outcomes for a group of young, homeless people whose support needs are, and continue to be, poorly met by existing service because of the complexity of their circumstances. Since it required projects to be backed by social investment, the FCF was also a scheme that funded various forms of SIB to deliver these outcomes;
  - Mayday saw the FCF as an opportunity to test PTS and its approach to delivering outcomes and worked with an intermediary and advisor, Numbers for Good, to support an FCF application, using a £30,000 grant from the Investment and Contract Readiness Fund (ICRF). However the application was unsuccessful with the feedback being that it lost out to projects offering greater social impact.
  - Despite this Mayday was able to build on the work it had done to prepare its FCF application and in particular it was able to retain the interest and commitment of Northamptonshire CC as a commissioner of the PTS Response. Northamptonshire was one of three potential commissioners (with Oxfordshire and Warwickshire) behind the FCF application. In 2014/15 it ran a further six-month pilot of the PTS Response with Northamptonshire.
- This used the PTS approach and measured and reported outcomes against the FCF outcomes framework though the commissioner made payment in advance rather than against results
- In parallel Mayday identified the opportunity to apply to the CBO programme, drawing on the evidence base it had built and its experience of delivering against the FCF outcomes.
  - In January 2015, Mayday submitted an expression of interest to the CBO and in February 2015 it was awarded a £30,000 development grant, with which it engaged Numbers for Good, mainly to support Mayday in engaging potential commissioners, since the delivery and SIB model were already well developed.
  - Mayday explored working with a number of commissioners but eventually decided to apply to the CBO with Northamptonshire CC as the only commissioner. According to Mayday stakeholders it did so because it had found it challenging to work with multiple commissioners through the FCF process, and Northamptonshire CC had been particularly supportive, having commissioned Mayday to deliver both traditional services for homeless people and the PTS Response pilot described above. Mayday also based its application on the almost wholesale adoption of the FCF outcomes and rate card (see section 3.4.1), and again sought investment from BFM, with whom it had an existing relationship as a result of the FCF process. It should however be noted that Mayday only selected BFM to invest in the project after a further competitive process – see further details in section 3.4.2.
  - After a protracted process (around a year's delay from in principle to final award – see timeline above, in part because of changes to the commissioning organisation as described further below) the project was approved for CBO support and went live in June 2017.

### 3.2.3 Commissioning organisation and process

An important factor in the development and implementation of *Be the Change* has been disruptive changes in the commissioning organisation.

First, in 2015/16, at the same time the CBO application was being developed, there was a major re-structuring of Northamptonshire CC. This restructuring externalised public health services – including the Council's responsibilities for homelessness – into a new organisation, First for Wellbeing Community Interest Company (CIC). First for Wellbeing CIC was established in April 2016 and had three partners - Northamptonshire CC, Northamptonshire Healthcare NHS Foundation Trust and the University of Northampton. This was part of a wider initiative for Northamptonshire CC to become a “next generation council”, under which the Council would move to a commissioning model, with the majority of staff “spun out” into mutuals, community interest companies and social enterprises from which it could then commission services<sup>17</sup>.

This disrupted the development and sign-off of the SIB and its underlying contracts because the Council's existing familiarity with both the PTS Response and the logic of funding it through a SIB was dissipated. First for Wellbeing was a new company with a new Managing Director with no prior involvement in the development of either the FCF or CBO applications. They were wary of taking on something new and sceptical about the SIB proposition which, though it had been signed-off by Northamptonshire CC, had lost all its key supporters as part of the reorganisation. Mayday therefore had to work very hard to engage key stakeholders in First for Wellbeing and those in the wider public sector (District and Borough Councils, youth offending teams, the PCC, CCG and others) on which the service would rely for referrals. It was, according to one key stakeholder within First for

Wellbeing, entirely because of the significant efforts of Mayday (and in particular its CEO, Pat McArdle) that First for Wellbeing decided to commission the SIB. It is however arguable that the focus on pursuing the SIB (and the funding that went with it) meant that neither Mayday nor the commissioner considered other delivery and funding models<sup>18</sup>.

A further effect of the commissioning process was on the size of the contract. First for Wellbeing was already commissioning Mayday and there was a wish on both sides to avoid an open competition for the SIB contract provided it was right and proper to do so.

As we have noted in other reviews under this evaluation, this happens frequently when the SIB development process has been led by a provider, and there are various mechanisms to achieve this such as the use of a Prior Information Notice (PIN)<sup>19</sup> or Voluntary Ex-Ante Transparency (VEAT)<sup>20</sup> notice. In this case it was decided that the best way to ensure contract award to Mayday was to keep the contract value below the EU threshold at which an open competition must be conducted. The result was a small contract (value £360,000), being run as a small-scale model to assess the feasibility of commissioning for outcomes across a wider range of services.

Secondly, there was further disruption subsequent to contract award when the contract was taken back in-house and taken over by Northamptonshire County Council in 2018. The decision to outsource services to First for Wellbeing was part of a Council-wide strategy at that time, aimed in-part at addressing significant financial difficulties<sup>21</sup>. This involved moving away from delivering services directly to a ‘Next Generation Model’ where an expert core council would commission specialist social enterprises to provide them – with First for Wellbeing CIC being one of

<sup>17</sup> See <https://www.lgcplus.com/politics/workforce/countys-directly-employed-workforce-could-shrink-to-100-23-02-2015/>

<sup>18</sup> It is worth noting that once they became committed to the project, FW took over the lead role in applying to the CBO for full grant, while Mayday had led at Expression of interest and Development Grant stages. This partly reflected CBO concern about the financial capacity of Mayday

<sup>19</sup> Under this approach, a PIN is used to advertise the contract and invite competition from other possible providers with a full procurement process will only be needed if another provider expresses interest and believes it can compete with the provider developing the SIB

<sup>20</sup> The VEAT process = requires the commissioner to declare that the provider developing the SIB is the only one available. Provided the notice is not challenged, it enables award of the contract without competition

<sup>21</sup> See <https://www.localgov.co.uk/Northamptonshire-to-outsource-all-services-and-save-68m/38171>

these enterprises, effectively formed by 'spinning-out' existing services into the new body. This strategy was also intended to reduce Council expenditure by £68m.

Ironically, this strategy did not resolve the financial challenges faced by the Council which in practice worsened, with the result that the commissioning

agency's role was brought back in house in 2018, and the commissioner for this contract became Northamptonshire CC Public Health. This caused further challenges for the project and for Mayday as described in section 4 below.

## 3.3 The intervention model

### 3.3.1 Development of the PTS Response

As mentioned above, Mayday first developed what was then known as the Personal Transitions Service (PTS) in 2012, based on qualitative research with homeless people and those at risk of homelessness conducted in 2011. Now termed the Person-led, Transitional and Strength-based (PTS) Response, PTS is based on a significant body of research undertaken by the Search Institute<sup>22</sup> in the United States into the positive support and strengths that young people need to thrive. Mayday took the learning from the Search Institute and used it to develop an approach for delivery adapted to the UK context.

Prior to *Be the Change*, Mayday ran a proof of concept pilot of the PTS Response in Oxfordshire. Mayday had agreement from Oxford City and Oxford County Councils to 'test' the PTS Response with a group of people experiencing homelessness who they categorised as their most 'complex needs' and were commissioned to work with people using a PTS approach within a standard local authority contract – i.e. a Fee for Service based approach.

Mayday took significant learning from this experience regarding both the most important elements of PTS and the practicalities of delivering it through a conventional contract, with regard to the former, evaluation identified that:

- voluntary engagement was important. When coaching became a mandatory part of the accommodation service, the active engagement dropped significantly – turning accepted wisdom (if support is mandatory, people will have to and therefore will engage) on its head.

- the persistent and positive approach of the coaches was key to getting young people to engage. In particular, positive conversations about what people are interested in were important in getting young people to re-engage.

Equally, if not more importantly, Mayday stakeholders identified that it was challenging, if not impossible to deliver the PTS Response through a conventional contract. As a senior Mayday stakeholder commented:

*“...the most significant learning from this really tough and at times fraught experience was that a truly person led way of working cannot be delivered within traditional contracting. Not only this but delivering the PTS Response in this environment exposed the incentives for homeless services to pathologise and medicalise people's understandable reaction to trauma, poverty, rough sleeping and as a result showed the high level of institutionalising people instead of solving the actual issues”*

Stakeholders observed that an example of this was the way success was prescribed within the Council's contract specification. This included a matrix which outlined minimum percentages of referrals to mental health services, substance abuse services and rehabilitation which if achieved were viewed by the Councils as contract success. Mayday achieved a very low level of success against these metrics and was twice placed in 'special measures' over the period. However:

<sup>22</sup> <http://www.search-institute.org>



*"Our response was that we were not a failing contract, it was the council who did not have appropriate outcomes. While people coming to Mayday were entering employment, sustaining accommodation for much longer periods than ever before and some even 'escaping' the system to get on with their lives, we were viewed as failing as we refused to send people to drug and alcohol services (where they often had been numerous times before) when alcohol was a coping mechanism for the frustration of their situation. People at Mayday were attending art classes, going*

*on days out to have fast car experiences, feeling listening to and heard. According to the National Health Service WEMWEBS (Warwick-Edinburgh Mental Wellbeing Scale) official scale, people's mental health had improved without the need to be labelled, medicated or treated!"*

This experience was therefore significant, in stakeholders' view, in not only showing how traditional commissioning did not work but could actually cause harm by trapping people in inappropriate services. It thus strengthened Mayday's interest in outcomes-based contracting and funding.

### 3.3.2 The **Be the Change** intervention

These learnings were taken forward in the ongoing development of the PTS Response and into **Be the Change**, which was designed to work with young people aged 18 to 30 who:

- were not in education, training or employment;
- were homeless as defined in the homelessness legislation but not in priority need under that legislation;
- had previous difficulties in, or eviction from, supported accommodation; and
- had needs deemed too high/complex to manage within a supported housing scheme because of issues such as substance misuse, significant mental health issues, low/medium learning disability or personality disorders below the threshold for Adult Social Care services.

As part of the **Be the Change** approach and PTS approach each young person referred to the programme was assigned an Asset Coach who worked with them through a number of linked core interventions. These interventions are part of a straight-based theory of change which has 5 stages: voluntary engagement, trusting relationship, learning and understanding, exploration and development, and utilisation. The core linked interventions are:

- **Coaching** - after a young person voluntarily agreed to work with a PTSCoach, the coach built a relationship with the individual and used

evidence-based tools to support the young person to articulate their aspirations, build a strong personal identity and work to their strengths to take control of their life and future aspirations.

- **Brokering** - the coach brokered bespoke existing opportunities, activities or support for each individual to allow them to either build their sense of who they are or gain evidence that they can achieve and can contribute to their community.
- **Building positive networks** - volunteers assisted young people to find and build positive networks, friendships, and people who value them and affirm them as individuals with a sense of purpose. These networks are built in the wider community, rather than the homeless sector, so that young people experiencing homelessness can reintegrate, feel a sense of purpose and contribute to their local community.

As this demonstrates the asset-based approach does not focus on specific outcome – related activities (e.g. preparing a service user to find work) and instead focuses on helping users take control of their lives, build confidence and self-belief etc, in the expectation that they will then be better able to achieve specific goals such as work or qualifications later. This appears to have worked well for accommodation outcomes but to have been only partially successful in relation to EET outcomes, as we discuss further in section 4.2

## 3.4 Payment mechanism and outcome structure

---

### 3.4.1 The payment mechanism

*Be the Change*'s overriding objective was in line with the FCF and was that: "Young people (18-30 years old) not in education, employment or training are supported to live independently (in line with the Fair Chance Fund)." As already mentioned, *Be the Change* deliberately replicated the FCF Rate Card which comprised a series of measures of engagement, accommodation, education and employment against which payments were made in line with this overall outcome. The outcome and payment structures (Rate Card) were the same as for FCF contracts with the exception of a payment for a service user volunteering, which was removed from *Be the Change* following input from service users whose experience suggested that volunteering positions did not provide a sustainable pathway to more permanent work.

The resulting *Be the Change* outcome and engagement metrics and specific triggers are shown in Table 1 below.

The outcomes framework and payment structure were designed to reward Mayday for achieving the main metric (accommodation) and sustaining it over a period of time. It was anticipated that most young people would be engaged and accommodated in Years 1 and 2 (of a three-year contract) and that the focus in Year 3 would be on education and employment outcomes.

Although there were payments for assessment and engagement there was no payment for soft 'progress made' outcomes such as service user wellbeing or resilience (largely because the SIB follows the FCF outcome and payment structure, which has no such payments). Mayday did however measure personal asset scores as an integral part of the intervention.



**Table 1: *Be the Change* Outcomes and payments (Rate Card)**

Metric	Indicator	Timing	Payment per outcome
Young homeless people who are NEET participate in the scheme, measured by their input into goal-setting (development asset planning)	The person has successfully engaged with the intervention by participating in the assessment (measured through electronic signed copy of Asset Plan).	Three payments paid for: successful engagement and two subsequent assessments within nine months of registering an individual on the scheme	<b>Assessment</b> Initial assessment - £500 Second assessment - £500 Third assessment - £200
Young homeless people who are NEET secure and sustain accommodation	The person has successfully secured and sustained accommodation	An initial payment on entry to accommodation then four payments at 3, 6, 12 and 18 months	<b>Accommodation</b> Move into - £500 Sustained for 3 months - £1,500. Sustained for 6 months - £1,500. Sustained for 12 months - £1,500. Sustained for 18 months - £1,500
Young homeless people who are NEET engage with education and training, leading to accredited qualifications and resulting in improved employment prospects through participation in accredited and non-accredited learning opportunities	The person has engaged with education and training (First level entry, Level 1 and Level 2)	Payment made when the individual achieves the relevant qualification	<b>Qualifications</b> First Entry Level - £2,000 Level 1 (e.g. NVQ) - £3,000 Level 2 - £4,300
Young homeless people who are NEET secure full or part time employment and that this is sustained	The person has secured and sustained part time or full-time employment	Sustained part time or full-time employment for 13 or 26 weeks	<b>Employment</b> Entry into - £500 13 weeks part-time - £3,000 26 weeks part-time - £2,000 13 weeks full-time - £4,500 26 weeks full-time - £3,500

### 3.4.2 Investment and financial risk sharing

As outlined above investment for the project was provided by ten social investors and managed by BFM. Investors provided initial capital of £100,000 to the SPV and injected a further £77,578 in year 2. Repayment of this capital was entirely dependent on the project achieving outcomes, under a contract between the SPV, Homelessness Support LLP, and the local commissioner (initially First for Wellbeing, later Northamptonshire County Council). Mayday was contracted to deliver the PTS Response by the SPV, and reimbursed for the cost incurred to deliver the intervention. There were no conditions on payments for delivery (for example they were not subject to minimum referral levels) unlike some projects. Mayday was thus protected from 'outcomes risk' - i.e. the financial risk that outcomes would be lower than forecast, and fail to cover costs, and the financial risk lay 100% with investors via the Homelessness Support LLP.

Although Mayday had a previous relationship with BFM as a result of the FCF process, it selected BFM to manage investment in *Be the Change* through a new competitive process, since it wanted to be sure that it had the right investment partner for what was in some ways a similar but in others a different project. Three candidates were evaluated: Big Issue Invest (BII), CAF Venturesome and BFM. BFM was selected in part because of the relationships it had already built with Mayday, but also because of its capacity to be actively involved in the monitoring, evaluation and performance management of the contract. Neither BII nor CAF Venturesome were considered to have the same capacity to be actively involved in these aspects that Mayday felt would be important to the success of the SIB.

As we explored in our first review, the small scale of the SIB was a challenge for BFM given that it normally aims to make larger investments in SIBs. However, BFM's Investment Committee was prepared to back the contract because of:

- BFM's familiarity and therefore comfort with the social policy area, the provider and, from involvement in FCF projects, the FCF rate card. Effectively they could treat this largely as a follow-on project rather than a new one
- the opportunity to test a new intervention (PTS Response) and build evidence for it with a view to making the model available for homeless service groups nationwide; and
- the need for only relatively 'light touch' performance management compared to other investments, because BFM was largely able to rely on, and trust, the information provided by Mayday.

Essentially BFM was prepared to back the project even though the investment requirement was low, because many of the due diligence and other costs associated with such an investment could be avoided in this case, and therefore overheads were expected to be low relative to investment value.

It should also be noted that BFM was able to support Mayday through the period when contracts were renegotiated after the service was taken back in-house by Northamptonshire (see section 4.1.1. below). This led to a suspension of outcome payments for a period during which BFM was able to inject additional capital to relieve cash flow pressure on Mayday.

### 3.4.3 Governance and performance management

At strategic level this project was managed by and through Homelessness Support LLP, set up by BFM and owned by investors. The LLP was the formal contract holder with both local commissioners and Mayday, though on a day-to-day basis there was a project board which sat beneath the LLP and through which representatives from BFM and Mayday met to review progress, explore improvements and discuss performance as described further below.

BFM provided management support both to the Homelessness Support LLP in setting up the project and to Mayday, as shown in Figure 1 above. The performance management arrangements for this project sit somewhere between the two models that we have observed in most SIBs that are CBO funded. At one extreme the responsibility for managing performance lies almost entirely with the provider (or a prime provider managing sub-contracts) with the investor paying a relatively passive role, usually sitting on a governance board or steering group, and providing inexpedient views and challenge (a type of 'critical friend' role).

At the other, performance is managed actively by the investing organisation or a third party appointed by them to ensure outcomes and other drivers of performance meet the levels needed to make the project successful. This will include specific additional resource to manage operations, review and analyse data, and report performance to the governing body (usually an SPV).

In this case, as explained above, BFM were selected because Mayday wanted a degree of external support and challenge, and thought BFM best able to provide this. At the same time, Mayday had appointed its own Social Impact Manager when preparing for the FCF application, and a significant proportion of the 'heavy lifting' around checking outcomes, reporting on performance etc could therefore be undertaken by Mayday. The two parties were thus able to adopt what was described during our first review as a 'light touch' approach.

This also meant that BFM could keep costs lower and more proportionate to the relatively low contract and investment value, as explained above. It should however be noted that the final costs of performance management and other overheads were somewhat higher than forecast, as we explore further in sections 4 and 5 of this report.

In terms of wider governance, it is worth noting that the Homelessness Support LLP that was set up initially to support this contract subsequently went on to support four other outcomes contracts which also received investment managed by BFM, including the Brent Single Homelessness Prevention Service<sup>23</sup> and the Greater Manchester Homes Project<sup>24</sup>, and two projects funded by the Department for Education to provide support to Care Leavers, Reboot West<sup>25</sup> and iAspire<sup>26</sup>.

### 3.4.4 Comparing *Be the Change* with other CBO projects

The CBO evaluation team has developed a framework for analysis to compare the SIB models across the nine in-depth review projects. This draws on the SIB dimensions set out by the Government Outcomes Lab, adding a sixth dimension related to cashable savings. The aim here is to understand how SIB funding mechanisms vary across CBO, and how they have evolved from their original conception.

Figure 2 uses this framework to compare the *Be the Change* project with the average positioning for the CBO in-depth review projects across six dimensions (Annex 1 describes the dimensions and the different categories that exist within it).

It is important to stress that these are not value judgements – there is no 'optimum' SIB design, but

<sup>23</sup> See <https://golab.bsg.ox.ac.uk/knowledge-bank/indigo/impact-bond-dataset-v2/INDIGO-POJ-0157/>

<sup>24</sup> See <https://golab.bsg.ox.ac.uk/knowledge-bank/indigo/impact-bond-dataset-v2/INDIGO-POJ-0154/>

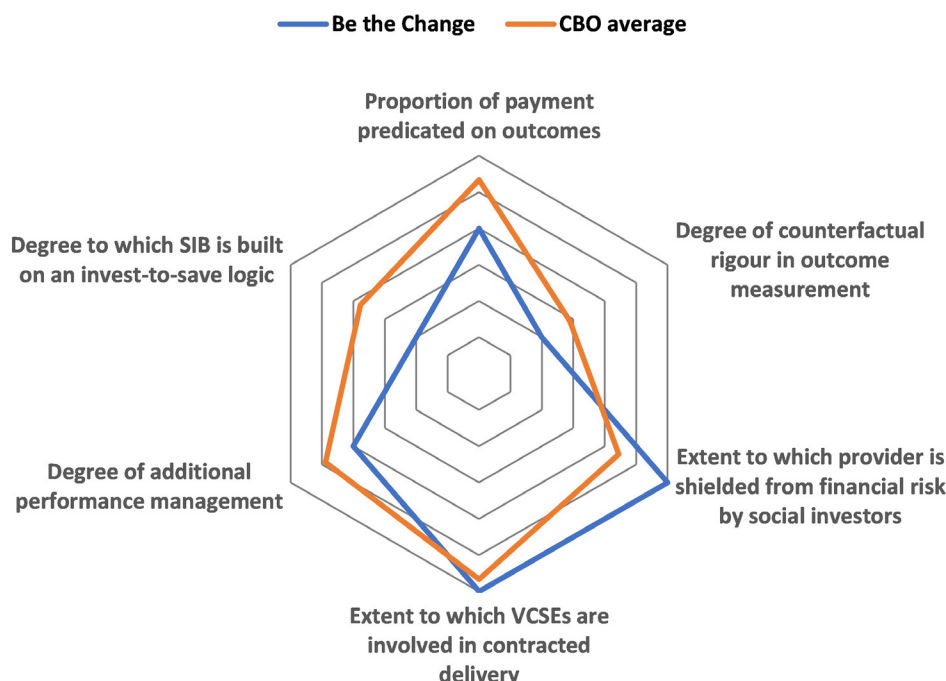
<sup>25</sup> See <https://golab.bsg.ox.ac.uk/knowledge-bank/indigo/impact-bond-dataset-v2/INDIGO-POJ-0121/>

<sup>26</sup> See <https://golab.bsg.ox.ac.uk/knowledge-bank/indigo/impact-bond-dataset-v2/INDIGO-POJ-0122/>

rather different designs to suit different contexts. It is also important to note that the assessment here is against the SIB model as originally conceived rather than how it might have evolved in practice, as discussed in section 4 below.

For further information on how these categories were formulated, and the rationale behind them, please see Section 2.0 of the Third Update Report from this Evaluation, published in June 2022<sup>27</sup>.

**Figure 3: SIB dimensions in *Be the Change* and the average of all CBO in-depth reviews**



*Be the Changes'* position using the framework shows the following:

- **Proportion of payment linked to outcomes:** The FCF Rate Card, on which *Be the Change* is based, includes a blend of payments for engagements and payments for outcomes such as sustaining accommodation and entering employment. Three of the nine CBO projects which we have studied in depth had this mix of engagement and outcome payments at the outset, with the other six paying 100% on outcomes.
- **Validation method:** Payments were made for all outcomes achieved (up to the outcomes cap) rather than only for outcomes which exceeded a comparator or baseline. There was no measurement against a comparator to assess the 'counterfactual', nor was there an impact evaluation to ensure that

outcomes could be attributed to the intervention. Mayday was confident that the intervention would have a high impact with minimal deadweight (i.e. outcomes that would have happened without the intervention) because of work they had done to test the intervention with a pilot group of 49 users. Mayday also argued in its full application to the CBO that *"Given the long standing, complex challenges faced by young homeless, as well as limited direct funding for this cohort, it is reasonable to attribute improved performance to the proposed intervention"* However neither the pilot work nor the complexity of the cohort prove attribution or additionality. This lack of a true comparator is typical of SIB models in CBO, with only one of the nine in-depth review projects having a direct comparator and a further two measuring performance against a defined baseline.

<sup>27</sup> See <https://www.tnlcommunityfund.org.uk/media/research-documents/social-investment/CBO-3rd-update-report.pdf?mtime=20220616134448&focal=none>

- **Provider financial risk:** Mayday was funded monthly by investors, via the SPV to cover all its delivery costs. It was thus protected from all financial risk if outcomes failed to reach at least 'break even' level – such risk was borne entirely by investors. Five of the nine CBO in-depth review projects were designed fully to shield providers from outcomes risk in this way.
- **VCSE service delivery:** All the delivery was undertaken by a single VCSE organisation, Mayday. All nine in-depth review projects involve delivery by VCSEs, although provision by a single VCSE is relatively unusual. *Be the Change* and one other in-depth review project has this model, with two further projects involving a single intermediary working with different VCSE providers to deliver specific contracts. The remaining five involve multiple VCSE providers, sometimes working through a VCSE acting as 'prime' contractor. We would note that delivery by a single provider might have been expected given the size of the contract relative to some other in-depth review projects.
- **Performance management:** The SIB was designed so that Mayday would mostly manage performance but with some external oversight and challenge from BFM. As explained above

it was designed like this to allow the Mayday Social Impact manager to do much of the management on a day-to-day basis and to ensure that performance management costs were not disproportionate to a relatively small investment. Only one other in-depth review project had this model of internal performance management. In five cases performance was managed by an external organisation; and in the final two families/projects there was a mix of external and internal performance management.

- **Degree to which project is built on an 'invest-to-save' logic:** None of the stakeholders to this project appear to have considered the generation of savings or avoided costs to be critical, and the commissioner committed to make outcome payments without expectation that savings would cover them. Six of the nine CBO in-depth review families are similarly driven by factors other than potential savings, although two of these are partially driven by an invest to save logic. It is however interesting to note (see section 4.2.5) that according to the end of grant return and other data from project stakeholders the project did nevertheless achieve substantial savings for the commissioner.

## 4.0 What has happened in practice?

This section describes changes to the structure of *Be the Change* over its contract period and beyond. It then reviews how the project performed

against key metrics according to both CBO and project data, and describes the experiences of key project stakeholders, including service users

### 4.1 Contractual and operational changes

#### 4.1.1 Further changes to the commissioning structure

Unlike some of the other CBO projects that we have studied in depth, there were no changes to the payment structure, outcomes model or delivery intervention and how it was deployed, after *Be the Change* went live in 2017. The FCF Rate Card and accompanying tariff was used throughout, and the PTS Response was always sufficiently flexible (indeed was explicitly designed) to allow for it to be adapted to the needs of individual service users. There were also no changes to the provider, since de facto it was delivered throughout by Mayday.

One minor change was that some of the outcome targets agreed between Mayday/BFM and First for Wellbeing were in some cases different from those agreed with the CBO team and included in the award of grant agreement with CBO. As explained in section 4.2.2, we have used these targets to assess overall performance of the project.

A more important development was that there were further changes to the commissioning structure both during and beyond the *Be the Change* Contract period which are relevant first to its operation, and then to its subsequent sustainment.

First, commissioning responsibility reverted to Northamptonshire CC in April 2018, after a decision to dissolve First for Wellbeing CIC. It is beyond the scope of this evaluation to explore the reasons for this in detail, but it appears to have been due to continuing financial issues within the County Council and a view that First for Wellbeing had been unable to generate additional funding to the extent expected.<sup>28</sup> Subsequently:

- When First for Wellbeing CIC was dissolved the *Be the Change* contract was allocated to the Public Health policy area within the Council. The main impact of this on project stakeholders (notably Mayday) was similar to that experienced when services were externalised to First for Wellbeing during the SIB development process: there needed to be a process of reengagement to gain the commitment of a new management team with little previous knowledge or involvement in the contract, and limited understanding of SIBs and outcomes-based contracts.
- The Public Health team that inherited responsibility for *Be the Change* had no role in the original decision to commission it. There was thus a challenge for the team to understand the contract structure, and how it had been designed including the role of investor funding and how BFM and social investors were repaid from outcome payments. Public Health also wanted to be sure that the outcomes structure and payments were appropriate. Housing teams, for example, normally view a three-month tenancy (a payable outcome under the contract, based on the FCF Rate Card) as too short to demonstrate accommodation stability.
- The Public Health team therefore scrutinised *Be the Change* carefully but accepted that it was performing well and that it could continue as planned. According to stakeholders it was helpful to them in reaching this decision, that it was already working with Mayday (and other

<sup>28</sup> See <https://www.northamptonchron.co.uk/news/northamptonshire-county-council-votes-scrap-first-wellbeing-company-just-two-years-after-setting-it-707827>



providers) on a parallel Social Wellbeing Contract (SWC) that was running over roughly the same timetable from March 2017 to March 2020. The SWC contract was contracted on a fee for service basis and had two delivery strands: reducing social isolation, and wraparound services for homeless people aged 18 – 30 years. This parallel service had no housing component but Mayday was deploying the same PTS Response. The SWC contract was extended until March 2021 through grant which funded the intervention at 60% of the level of the previous contract, so it appears that the PTS Response had been accepted as a good service model and credible intervention.

- While these changes were taking place and contracts were being novated there was a period (from November 2017 until March 2019) where no outcome top-up payments were made by CBO. A strength of the SIB

approach during this period was that BFM was able to inject more capital, enabling the SPV to continue to pay Mayday for service delivery even though all the planned outcome payments were not being paid as forecast.

The second development occurred post-contract in March 2021, when the continuing financial difficulties and other challenges at Northamptonshire CC led to the Council as a whole being abolished and replaced by two successor Unitary Councils, West Northamptonshire and North Northamptonshire, each covering four District Council areas<sup>29</sup>. Again these wider changes are outside the scope of this evaluation but are relevant to the issue of whether and how Mayday could have sustained its role in delivering the PTS Response (whether through a SB or otherwise) after the conclusion of this contract. We consider this issue in more detail in section 6 of this report.

#### 4.1.2 Changes in response to COVID-19

In all the final reviews of projects under the CBO evaluation we are considering the effect of the COVID-19 pandemic. In this case, however, we should note that there were no major effects since the CBO-funded elements of the project concluded in May 2020 only shortly after the COVID-19 pandemic became a policy issue (in early 2020) and formal restrictions affecting many government contracts were imposed by the UK government (in late March 2020). The CBO-funded project was only live, therefore, for two months of COVID-19 restrictions, at which point the project was already winding down – although there was some effect on a small number of users because they were supported through to December 2020. In addition the project had already reached and exceeded the outcomes cap by £57k (see 4.2.2 below) so there would have been limited incentive to work hard with service users during challenging conditions for engagement (for example restrictions on face-to-face meeting). In its report to the CBO fund about this project in September 2020 Mayday commented that:

*“COVID was a challenge to the organisation as most of our accommodation is shared and as people moved on to more permanent accommodation, those remaining did not want people potentially infected to move in. For the work of the Coaches, there was less face to face work but the work of the Coaches always regularly used other mediums such as social media, phone and text so the impact was not great and as the project was coming to end there were no new referrals.”*

Mayday's work was however more broadly impacted by COVID-19, and it has published its own reflection on the impact of the pandemic on its work<sup>30</sup>.

There was also a minor impact of COVID-19 on the field work for this review, since we were unable to conduct a focus group with service users, and instead conducted only telephone research (see section 4.3.4 below).

<sup>29</sup> See <https://www.legislation.gov.uk/ukxi/2020/156/contents/made>

<sup>30</sup> See [Wisdom from the Pandemic - Mayday Trust](#)

## 4.2 Project performance

As we explore further below, *Be the Change* was largely judged to be successful because of the outcomes it achieved. It was however more

successful in achieving accommodation and service user wellbeing outcomes than the employment, education and training (EET) outcomes.

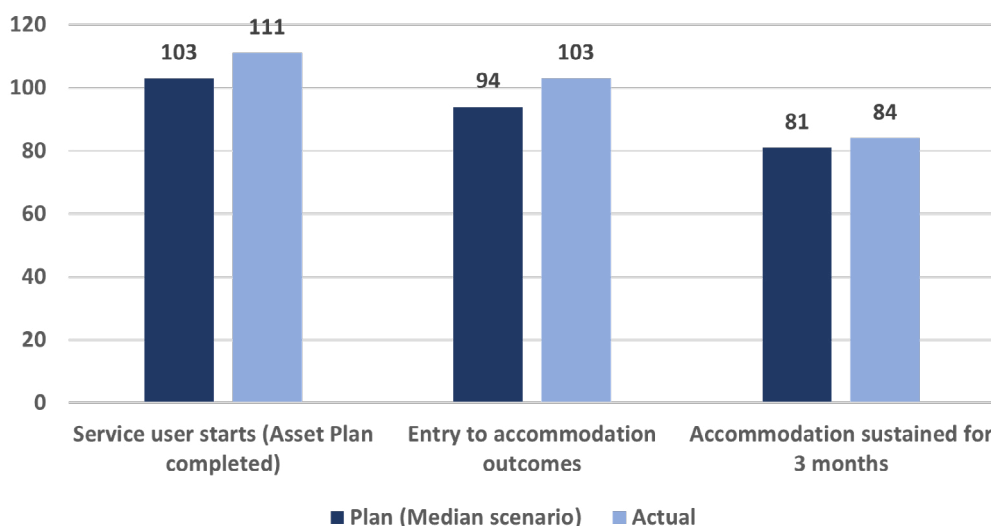
### 4.2.1 User engagement and overall outcome performance

According to data provided to the CBO programme by the project, *Be the Change* achieved generally good outcomes and exceeded Median scenario targets as agreed between the project team and First for Wellbeing as the original commissioner (though these Median scenario targets were slightly lower for some metrics than those included in the

original CBO award - see section 4.2.2 below).

As figure 4 shows, the project exceeded the Median scenario agreed between the commissioner and the provider/investor against the key metrics of starts, service users entering accommodation and service users sustaining accommodation at three months.

**Figure 4: Overall user Participation (starts) and accommodation outcome achievement**



Source: CBO End of Grant (EOG) monitoring information

### 4.2.2 Detailed outcome performance

More detailed analysis of the performance of *Be the Change* against the Rate Card outcomes indicates that in general it performed well, as shown in Table 2 below. This table shows all outcomes which were evidenced by December 20, the latest date at which sustainment payments (e.g. for 18 months accommodation) could be claimed, and compares them to the internal targets agreed between first for Wellbeing and Mayday, which we have accepted as equivalent to the CBO Median scenario.

Note that the outcomes targets shown in this table are slightly different<sup>31</sup> from those originally agreed with CBO when First for Wellbeing applied for CBO grant. They were varied (and in some cases slightly lowered) because the original targets were much higher than the total value of the contract, at which outcome payments were capped. The targets shown here were designed to hit the outcomes payments cap (£474k – see below) if all targets were achieved. These targets were described by stakeholders as informal and aspirational, since with an outcomes

<sup>31</sup> The only outcome targets agreed at CBO award were to achieve 94 entry to accommodation outcomes and the same number of sustainment of accommodation outcomes. The project overachieved the former and underachieved the latter, but as explained later in this section these award targets were in any case overtaken by targets agreed in the delivery contract



payment cap in place First for Wellbeing were content for performance to be higher in some areas and lower than others. In addition the target for referrals agreed at CBO award (360) proved to be far more than was needed to meet outcomes targets, and was set in the provider contract at 150.

As this table shows, *Be the Change* exceeded Median scenario agreed in the delivery contract for referrals, starts and assessments, and for both entry and sustainment of accommodation.

Performance fell below Median for some EET outcomes, but exceeded Median scenario for initial entry to both education or training, and to employment; and was still relatively strong for sustainment EET outcomes compared to other outcomes-based contracts, notably the FCF projects which *Be the Change* most closely resembles<sup>32</sup>.

A further indicator of success is that Mayday hit the 'outcomes cap' nine months before the completion of the contract. The outcomes cap was set at £474,000 – the maximum amount available for outcome payments from First for Wellbeing/ Northamptonshire CC as local commissioner (£360k) and from the CBO programme (£114k). However the total value of the outcomes shown in Table 4.1 is £530,700. It can thus be argued that Mayday and BFM have delivered provable and indisputable additional value over and above that expected from the contract. There is also some evidence that further outcomes have been achieved beyond those shown here that have not been evidenced – in part because there was less incentive to fully record outcomes once the outcomes cap was reached. We explore this issue and its implications further in discussing BFM's reflections in section 4.3.2 below.

---

<sup>32</sup> See the Final Report of the Fair Chance Fund Evaluation especially pages 36 and 45 which show EET outcomes across the programme were significantly below those achieved by Mayday, albeit on a much larger sample [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/793810/Fair\\_Chance\\_Fund\\_final\\_report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/793810/Fair_Chance_Fund_final_report.pdf)

**Table 2: Detailed performance against Rate Card Outcome Metrics (Median Scenario)**

Output/outcome metric	Outcomes achieved	Median scenario target	Actual/target (%)
Referrals *	181	150	121%
Starts *	11	103	108%
Initial Assessment	94	94	100%
Second Assessment	66	59	112%
Third Assessment	46	24	192%
Entry to accommodation	103 <sup>33</sup>	94	110%
Sustained Accommodation 3 months	84	81	104%
Sustained Accommodation 6 months	63	59	107%
Sustained Accommodation 12 months	37	18	206%
Sustained Accommodation 18 months	25	8	313%
Entry into education & training	22	12	183%
1st Level entry	0	4	0%
Level 1	5	4	125%
Level 2	5	6	83%
Education levels higher than Level 2 *	2	N/A	N/A
Entry into employment	17	10	170%
13 weeks P/T Employment	2	4	50%
26 weeks P/T Employment	1	3	33%
13 weeks F/T Employment	2	3	67%

Key

Target met or exceeded

2/3 of target or better

Less than 2/3 of target achieved

\* Metrics measured by Mayday but not paid for under agreed Rate Card or covered by Outcomes Cap

**Source:** Bridges Fund Management monitoring data as agreed with CBO team

<sup>33</sup> Note that a higher number of total accommodation outcomes (128) was included in the final claim to CBO. This is higher than the 103 shown in the table because it was possible to claim multiple outcomes for some service users

Mayday engaged with Districts and Borough Councils to agree Service Level Agreements (SLAs) relating to referrals which appeared largely to work well, and there was never a significant volume or appropriateness of referrals issue. The only performance issue around engagement and referral is that Mayday did not engage with as many potential service users as planned, as explained above, largely because it was able easily to secure enough referrals from those it did engage. There is however a risk that it did so by referring those who were easier to engage, and thus did not have the opportunity to support the most disadvantaged.

A key feature of *Be the Change* and the PTS Response was the speed of getting service users into accommodation and in part because of this Mayday also exceeded targets for accommodation outcomes under the Median scenario including all the measures for sustainment of accommodation, and was less than 2% away from the High scenario on this metric.

However Mayday acknowledges it could have done better in terms of impact on service users in relation to education outcomes that were below target for both first Level entry and Level 2 outcomes. Employment outcomes were also lower than planned and underperformance in both these areas was explored through data deep dives with BFM – see section 4.3.1 below.

Discussion with stakeholders and previous research into outcomes contracts that focus on EET outcomes suggest four main reasons why the project did not achieve Median targets for EET outcomes (though we should acknowledge that it never targeted high levels of success in these areas):

- First, accommodation was at the core of Mayday's PTS model and was therefore closer to its 'comfort zone' and key area of expertise than EET support. As we noted in our first review, and stakeholders mentioned during field work for this review, Mayday deliberately took a 'purist' review of the need to find stable housing for those it was helping, with the expectation that other outcomes would flow. According to BFM stakeholders:

*"Mayday is a housing-based organisation with an asset coaching model rather than an employment and education support specialist".*

- Second, Mayday stakeholders pointed out that a significant factor for low employment and training outcomes was structural. Most of Mayday's accommodation was classed as 'supported housing' which meant high rents subsidised by government, and available only to those on benefits or very low incomes. This meant that when a young person got a job they had to find alternative accommodation, and with limited housing supply this was a significant disincentive to work. According to Mayday *"staff at one job centre even discouraged young people from taking up employment if they lived with us!"*
- Thirdly, evidence from other projects shows that EET outcomes are hard to achieve, and the sustainment of employment is especially difficult without strong links to employers and the ability to leverage an employer network to persuade employers to take on vulnerable and challenging people. Essentially employment outcomes appear to require intensive, targeted support, and a theory of change that is based on people achieving interim outcomes (in this case settled accommodation) as a pathway to further outcomes (EET) does not always hold true. In addition, the theory of change for the PTS intervention is strengths-based, and linked to coaching, brokering and network building for service users rather than targeted employment support (see section 3.3).
- The challenge of delivering employment outcomes without intensive and targeted support was a finding from the evaluation of the Youth Engagement Fund<sup>34</sup>, which also funded SIBs and outcomes-based contracts, and as already mentioned the FCF projects themselves performed poorly on EET outcomes.
- Finally, BFM stakeholders attributed the underperformance in this area partly to EET

<sup>34</sup> Ronicle and Smith, 2020: Youth Engagement Fund Evaluation. See [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/886650/YEF\\_Evaluation\\_Report\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/886650/YEF_Evaluation_Report_.pdf)

outcomes needing follow up by the provider in order to be evidenced and claimed. For example, under the FCF Rate Card job outcomes could only be claimed if the employer directly evidenced that the service user was in work. Stakeholders thought that some outcomes might have been left unclaimed because of the need for such follow-up work, especially when the outcomes cap had been reached and the incentive to ensure accurate and complete claims was lower (though BFM still encouraged such outcome measurement, as discussed further in section 4.3.3 below). Mayday stakeholders also observed that checking employment status with service users could be challenging – one service user who moved to Peterborough was not happy with constant calls to see if they were still in employment

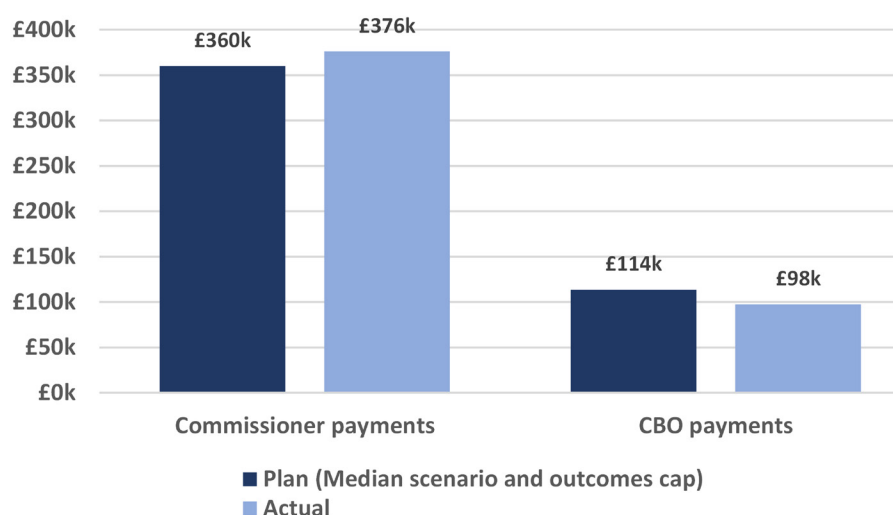
It is worth noting that BFM took a key learning from this project that employment outcomes in SIBs and Social Outcomes Contracts (SOC) should be measured through the use of administrative PAYE data from HMRC showing that a service user is in work and earning more than a specified amount (as opposed to the FCF measure of working more than a specified number of hours) per week. Such metrics require HMRC cooperation but do not need provider or other project stakeholder collection, and have since been adopted by and formed part of the Rate Card for other SIBs and outcomes contracts that pay for EET outcomes, including the Rough Sleeping SIBs<sup>35</sup> funded by the MHCLG (now DLUHC) and the Care Leavers SIBs funded by the Department for Education's Innovation Fund<sup>36</sup>.

### 4.2.3 Commissioner payments

Since the project ran its full course and exceeded its outcomes cap, total outcome payments were exactly in line with Median scenario (the level at which outcome payments were capped) at a total of £473,684 – see Figure 5 below. The split of payments between the local commissioner and the CBO as co-commissioner was however

slightly different to plan because Northamptonshire CC did not claim the final CBO contribution and therefore paid £16,0323 more than plan while the CBO programme paid the same amount less – see section 3.1 above. The CBO contribution was planned to be 24% of outcomes payment value but CBO actually funded 21% due to this adjustment.

**Figure 5: Commissioner and CBO co-commissioner payments**



Source: CBO End of Grant (EOG) monitoring information

<sup>35</sup> See [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/581204/HPP\\_Rough\\_Sleeping\\_Prospectus\\_-\\_archived.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/581204/HPP_Rough_Sleeping_Prospectus_-_archived.pdf) Section 2

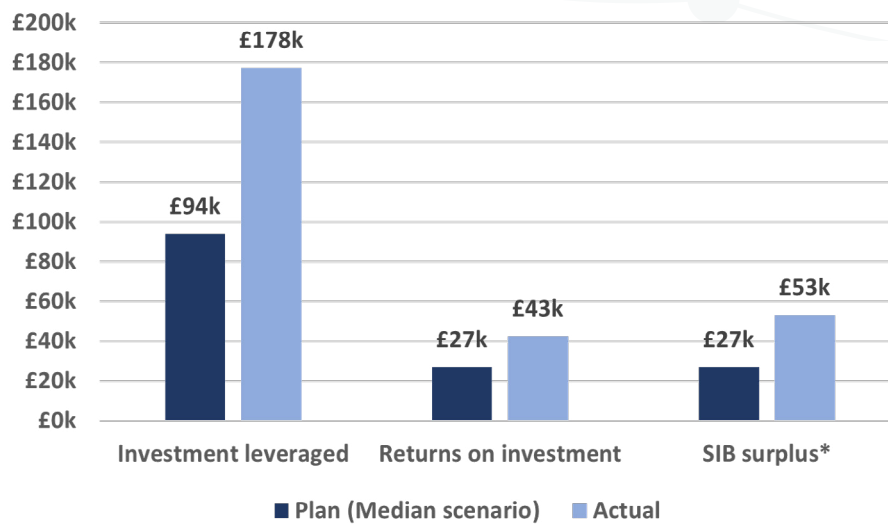
<sup>36</sup> See <https://www.gov.uk/government/news/new-schemes-to-help-care-leavers-access-education-and-employment>

#### 4.2.4 Investment performance and SIB surplus

Finally, Figure 5 shows how the project performed in terms of investment leveraged, and returned, and the overall surplus achieved. These also show performance slightly higher than High scenario. The amount of investment was much higher than plan because, as explained above, BFM injected more capital than originally planned in order to meet Mayday's costs during the novation of contracts in year 2, and the fact that capital was repaid after 4.5

years when the planned intention at award was after 2 years. With regard to returns and surplus, these were higher than plan since the project exceeded its outcomes targets, and as explained above investment returns were 100% linked to outcomes. According to CBO data, sourced from BFM, the final surplus is equivalent to an Internal Rate of Return (IRR) on investment of 8.7%, and a money multiple of 1.3.

**Figure 6: Investment and overall SIB performance**



\* SIB surplus includes a dividend declared by the SPV post CBO funding of £10,719.

Source: CBO End of Grant (EOG) monitoring information

#### 4.2.5 Savings and costs avoided by the intervention

Finally the CBO end of grant data, compiled from information derived from all the main project stakeholders, shows that savings to the local commissioner and other public bodies were estimated to be £675,500, around 8% below plan at High scenario (£731k) but again above forecast Median scenario (£600k). We have not reviewed the methodology used to calculate these estimates in detail but based on our experience of cost benefit analysis elsewhere in relation to outcomes contracts focused on relieving homelessness, we believe that the basis of these estimates is reasonably robust, and may underestimate some cost avoided by various parts of government. Specifically:

- The savings calculations are based largely on the estimated costs of people who are supported into sustained accommodation otherwise being

likely to be rough sleeping, with consequential costs to local government,<sup>37</sup> the methodology used here is we believe, sound, and closely reflects more detailed cost benefit analysis (CBA) undertaken by the evaluators for other projects. Essentially, the longer a service user stays in accommodation, the longer they avoid the costs of rough sleeping which were estimated to be £8,605 per year at 2019/20 prices.

- The calculations exclude some other potential savings and avoided costs, including the costs saved by young people being in work or education rather than claiming benefits, the long term benefits of young people no longer being NEET and achieving qualifications, and the wider social and economic value of a proportion of the cohort achieving improved wellbeing.<sup>38</sup>

### 4.3 Stakeholder experiences

#### 4.3.1 Service provider experience

As outlined in Section 3, Mayday has a long history of finding and testing new and better ways to address homelessness and *Be the Change* was the culmination of several years of efforts starting in 2011 with the development of its PTS model.

Mayday was therefore keen to demonstrate, still on a small-scale basis, that its asset-based approach to supporting homeless into new stable lives is an effective model when delivered over a substantial period and through an outcomes contract, rather than through conventional contracts as in the previous pilots in Oxford and Northamptonshire.

From Mayday's leadership's perspective, therefore, *Be the Change* has **been a success** in terms of both its impact on service users and the learning that Mayday took from operational delivery. This was because:

- *Be the Change* allowed Mayday the freedom within the contract to implement its PTS Response and make changes as needed. Mayday learnt during the development and testing of its PTS Response, that it was not well suited to the restrictive framework of a conventional contract. As an outcomes contract, *Be the Change* offered “*the most freedom*” under contract terms that Mayday has ever had, due to a combination of being monitored on outcomes rather than inputs and activities, and funded flexibly to deliver the service by BFM. Mayday observed that ‘*It really helped that we were able to over and under achieve in our individual outcomes as each outcomes was not capped*’ and it was for example able to spend with few restrictions on items for service users that would help build

<sup>37</sup> The savings were calculated by taking the cost of a rough sleeper per year (£8,605 according to the Greater Manchester Unit Cost database, a commonly used source of data for CBA), adjusting this for a 3 or 6 month period, and then multiplying by the number of successful accommodation outcomes (measured every 3-6 months)

<sup>38</sup> The Treasury has issued Supplementary ‘Green Book’ Guidance which estimates that a measurable improvement in wellbeing has a value per year (a so-called wellbeing year or Wellby) of between 10,000 and £16,000, with the central value being £13,000 (at 2019 prices). See [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1005388/Wellbeing\\_guidance\\_for\\_appraisal\\_-\\_supplementary\\_Green\\_Book\\_guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1005388/Wellbeing_guidance_for_appraisal_-_supplementary_Green_Book_guidance.pdf)



on their strengths, unlike a typical FFS contract where, in Mayday stakeholders' experience, there tends to be line by line control of allowable spending items. As Mayday commented as a simple example "[in other contracts] *you don't get commissioned to buy fishing rods*" – a reference to a real example of Mayday buying a service user a fishing rod so that they could pursue a hobby, and so improve the young person's well-being. A further example (see section 4.3.4) was Mayday replacing a service user's pots and pans when they were stolen. In Mayday's experience, only Trust and Foundation core grant funding could offer them similar leeway, and both outcomes contracts and grants were for this reason preferable to conventional fee for service contracts. As one Mayday stakeholder observed:

*"We learned how much people we work with value being treated with dignity and respect and retaining choice and control which is sometimes hard to deliver from a commissioning contract which demands data and rigid specified responses. The feedback from the people going through the SIB was how much they valued the relationship with the Coach and how they felt listened to and in control"*

- Mayday was able to carry out meaningful data analysis during the contract that allowed for adaptations based on findings to be implemented as the contract progressed. BFM encouraged Mayday to be more ambitious based on their knowledge of other contracts' performance and gave Mayday upper quartile comparison targets; BFM had access to other FCF services data which meant that there was directly comparable performance data available, for example from Fusion Housing which provided, according to Mayday, *"meaningful, apples with apples"* comparison data. BFM also introduced Mayday to other FCF providers with whom it could discuss and compare performance, and share learning.
- Mayday said that it was able to look at *"reasons and wider context"* in order to *"understand what was happening, why and then what to change"*. Mayday recruited a social impact

manager at the start of the contract who had the responsibility for providing contract reporting data and who led on the data scrutiny activities. The SIB-specific data reporting requirements were not new, as Mayday already collected EET outcomes information, but the way that data was looked at and analysed was different, and both more intensive and more frequent.

A highlight for Mayday's leadership team has been the role of BFM which it described as both *"challenging and supportive"*, as a stakeholder which provided intensive scrutiny and in particular encouraged deep dives into the data and the questions that arose e.g. reasons for lower-than-expected EET outcomes. Mayday found these deep dives particularly helpful in understanding why some outcomes were low for employment and whether they should be more ambitious about entry into higher education. For example, the deep dives showed that outcomes were better than reported due to service users working in the 'cash economy' and also highlighted that jobs via temporary agencies were not sustaining beyond 12 weeks because agency working acquired additional rights after 13 weeks; employers were therefore terminating agency employment to avoid workers acquiring these rights. With hindsight, this might have been addressed through designing the employment outcome metric differently (rather than relying on a crude measure, taken from the FCF Rate card, of 13 weeks employment achieved. BFM have sought to address this issue in other contracts and we comment further on this in section 5.1.3.

Mayday stakeholders also observed that BFM's constructive engagement *"exposed the restraints of traditional commissioners' approaches."* The working relationship with BFM was largely one of equals, unlike Mayday's experience with traditional commissioners, who tend to focus only on inputs and outputs and are quick to *"put you on performance notice"*. As Mayday observed:

*"The relationship with the investor enabled us to fail, learn and adapt. We didn't have to 'spin' success in a master and servant relationship, we were able to be honest about what was working and not working"*

It is of course likely to have helped that *Be the Change* performance was always on track and so there was never a reason for BFM to act more assertively as we have seen in other SIBs<sup>39</sup> that we have reviewed where BFM is the funding partner. Nevertheless, the relationship has worked well and there was almost a “*continuous conversation*” to the point that BFM knew the service users by code name and all of the case studies on which learning was based. This regular dialogue has translated into Mayday “*acting more speedily in response to issues*”. In addition Mayday “*learned from the Investor evaluation meetings and the comparative data which we could benchmark from, unlike other data that is ill defined or subjective.*”

There were also a number of aspects that were more challenging for Mayday, including:

- **Changes of commissioners during the *Be the Change* contract period**, which meant re-establishing commissioner relationships. As noted above, the commissioners changed before and through the contract from initially Northamptonshire CC, then the First for Wellbeing CIC mutual spin-out and finally back to Northamptonshire CC but to a different, Public Health team. Commissioner turnover caused challenges in sharing learning from the project which the Mayday team addressed by setting up a local steering group on which a wider range of commissioners were purportedly represented, including from other agencies such as probation, the police and crime commissioner, and social services.<sup>40</sup>
- **Engaging Public Health commissioners** who took over the contract management after disbanding of First for Wellbeing CIC. As also mentioned above this team had no prior knowledge or understanding of *Be the Change* and scrutinised it hard before accepting its continuation. This proved challenging but Mayday was in a good position to make its case based on the detailed data gathering and analysis work

it was carrying out. This ensured that Mayday could demonstrate it could be trusted to continue working on an outcomes payment basis.

- **Ensuring that the Asset Coaches were isolated from any financial target pressures.** Mayday told us that it believed strongly that ‘hard’ outcomes such as sustained accommodation or employment are a by-product of the PTS Response as a ‘human system’ intervention model. It was a deliberate policy, therefore, not to attach any financial targets to the asset coaching model so as to avoid any distorting behaviours. As Mayday explained, “*We do not want contract outcomes to drive Asset Coach behaviours*”. However, there was still scope to encourage a culture focused on outcome achievement, and the reasons why outcome targets are sometimes missed, as described below.
- **Ensuring the collection of evidence for outcomes achieved.** Mayday observed that the coaches sometimes found it challenging to collect the evidence needed to prove outcomes from the serves users they were supporting . As one stakeholder commented  
*“It felt against the spirit of the person led, strength based work that we were trying to deliver. A person had moved area, was in accommodation and had become employed and we were chasing for some time to collect a wage slip to evidence their outcome.”*
- **Challenges for front line staff who initially struggled with the intensity of the data deep dives.** Mayday observed that it takes a culture shift to accept that this sort of detailed data scrutiny is not about blame or fault-finding but about trying to develop the service model’s effectiveness. For staff to feel comfortable discussing why outcomes targets have been missed requires an open questioning culture. Mayday commented that this “*takes work*” but is now embedded

<sup>39</sup> See for example [https://www.tnlcommunityfund.org.uk/media/research-documents/social\\_investment/CBO\\_ways\\_to\\_wellness\\_second\\_report.pdf?mtime=20210727162600&focal=none](https://www.tnlcommunityfund.org.uk/media/research-documents/social_investment/CBO_ways_to_wellness_second_report.pdf?mtime=20210727162600&focal=none)

<sup>40</sup> There is some evidence that this had a positive impact on learning in that the Police and Crime Commissioner representative offered some funding to continue *Be the Change* on its conclusion, although this was later withdrawn due to the impact of COVID-19.

and staff “*question everything now*”. It is worth noting that we hear this often from service providers in relation to SIBs – for example as part of our Youth Engagement Fund Evaluation.<sup>41</sup>

Overall, Mayday believed that *Be the Change* had proven that the organisation was capable of delivering a contract on an outcomes payment basis. The organisation’s PTS Response capabilities had grown and it enjoyed a strong and mutually beneficial relationship with BFM. However, it did not prove possible to secure further outcome contracts either within Northamptonshire or more widely – an issue that we explore further in section 6 of this report.

Despite this, Mayday remained committed to delivering on an outcomes basis where it could and an interesting view that Mayday stakeholders

put forward was that they preferred to work through outcomes contracts or through grants, because both gave them the most leeway to deliver services flexibly. Where they were less comfortable was in delivering fee-for-service contracts, since as already explained in section 3 Mayday had concluded during pilot testing in Oxfordshire that inappropriate metrics, and intense scrutiny of prescriptive inputs and processes, were not well suited to its PTS model. It is reasonable to conclude that, for this stakeholder, PbR underpinned by SIB finance had been better than a fee for service contract since, with flexible capital from supportive investors, they were effectively paid as if they were grant-funded, and could prove their ability to perform through evidenced outcomes, rather than be subject to excessive commissioner scrutiny of what they do, rather than what they achieve.

#### 4.3.2 Commissioner experience

Due to the changes of commissioning organisation described above our main source for commissioner views was the contract monitoring team within Public Health at Northamptonshire County Council, who as explained above took over responsibility for this contract in April 2018. This team experienced its own staff turnover and at the time of field work for this review had had two contract managers to work with since Public Health took over, with the most recent change in November 2019.

Public Health commissioning stakeholders told us that *Be the Change* had, in their words, delivered “*well enough*”, and that they now perceived SIBs as “*potentially very positive*” for human services where providers had the flexibility to adapt services to user needs and as evidence emerges. They perceived not being tied to an input specification as the key to allowing this because they are relieved of responsibility for specifying the service required in detail.

Despite the perceived advantage of an outcomes-based specification, however, we were told that a tension emerged in the Public Health team’s experience of monitoring *Be the Change*. This came from the reality that commissioners have to show that their spend has achieved what was intended “*which may be more than just client-determined outcomes*”.

At a wider level, Public Health as a commissioner needed to demonstrate that it was delivering against its own target outcomes and objectives to justify its budget allocation. From this perspective, there might still need to be evidence of what was being done (activities) as well as what was being achieved (outcomes) to justify public spending. There was thus a tension between these ‘audit-style’ reporting requirements and the outcomes-based delivery model in a SIB contract. In fairness, the need to align reporting to the wider objectives of commissioners is always a challenge no matter what the type of contract, and contract management processes always have to gather the evidence that contracts are cost-effective.

<sup>41</sup> See <https://www.gov.uk/government/publications/youth-engagement-fund-evaluation-final-report>

We also have views from other commissioner stakeholders that were provided to the CBO team outside and earlier than the field work for this review. In 2018 First for Wellbeing were positive about the PTS Response (though not commenting specifically on the SIB as a funding mechanism) and commented that:

*“The people we have worked with have adapted to our new way of working and provided evidence that people experiencing tough times are stronger than imagined. With the right intervention at the right time, people can exit pathways and enter into a more meaningful and sustainable existence. It is still early days but the evidence at this point indicates that the PTS Response is delivering on its original objectives and having a positive social impact. Where it may be slower than anticipated, we are learning what works and what can be improved.”*

In addition further observations were made by the then commissioning manager in August 2019, who appeared positive about the impact of the SIB but unsure about the extent to which additional accommodation outcomes could be fully attributed to the intervention. According to this stakeholder:

*“The programme has certainly been useful in gaining a better understanding of the challenges and effectiveness of outcomes-based commissioning”*

But:

*“It has ....been difficult to evidence the value of the Asset Coach intervention model. In hindsight we needed to evaluate this against a sample group of individuals with the same demographic profile - who were offered similar housing opportunities but without the Asset Coach. Alternatively we could have evaluated against a number of tenancy related support projects to measure outcome differences.”*

In terms of internal learning and wider acceptance of SIBs beyond this contract, Northamptonshire CC had, at the time of field work for this review, engaged in other potential SIB developments that had not

progressed beyond design stage, including a SIB to improve outcomes for children at risk of entering care through delivery of Multi-systemic Therapy (the Northamptonshire Positive Outcomes SIB) for which it received CBO development funding of £60,800. More recently Northamptonshire CC had also been partner to a social outcomes contract (SOC) to fund social prescribing which was developed with local healthcare organisations (both Clinical Commissioning Groups and Foundation Trusts) through the Northamptonshire Health and Care Partnership, and supported by BFM as investing organisation and design partner. At the time of writing this project is live as the Spring project, having been awarded co-payment support from the Life Chances Fund (LCF) of £3.57m. However although Northamptonshire CC Public Health were partners in this development (and BFM are providing investment) there does not appear to have been much read-across between the two projects – essentially the social prescribing project was developed independently of **Be the Change**. Mayday are however involved in the Spring project as one of the providers – see further comment on this in section 6 below.

It is also worth noting that the commissioning team that originally worked with Mayday to launch the contract had all moved on to new roles, so at the point of abolition of Northamptonshire CC in April 2021 there was only minimal corporate memory from this SIB retained by Northamptonshire CC and available to be transferred to the successor unitary councils.

### 4.3.3 Investment Fund Manager experience

We sought BFM's views on this contract from the team within BFM that was focused on homelessness support and similar contracts, and provided support to both the Homelessness Support LLP and to Mayday during the *Be the Change* contract. *Be the Change* was one of several contracts originally designed and managed by a small team of generic investment managers but in 2018 BFM established a new and discrete management team for its portfolio of homelessness support, along with similar teams for other policy areas. This team is led by an operations manager with long experience of outcomes contracts and PbR and now sits within a separate social enterprise, Bridges Outcomes Partnerships (BOP), established by BFM to design and manage its outcomes contracts. This team became directly responsible for BFM's relationship with Mayday in 2018 and operates on a similar basis with other homelessness SIBs that BFM finances such as the Greater Manchester Homes contract. As mentioned in Section 3 these projects are technically managed through and by the Homelessness Support LLP. We explore the growth of BFM's involvement in homelessness SIBs and outcomes contracts in more detail in section 6.

In discussion with this team it became clear that the strong working relationship perceived by Mayday and reported in section 4.3.1 above, was reciprocated by BFM and BOP. In particular stakeholders highlighted the following:

- The £474k project outcomes cap (see section 3.2.2) was met early, and Mayday have, in BFM's words, "*delivered to the penny*". In fact, the outcomes achieved meant that the project was always slightly ahead of the financial profile. There was an internal 'stretch' target which was higher than the financial cap and *Be the Change* monitored and tracked outcomes through to the end of December 2020. When interviewed in mid-2020 the team expected final outcomes to significantly exceed the outcomes cap and as already noted in section 4.2 the value of evidenced outcomes by December 2020 (the contracted cut-off date) exceeded the outcomes cap by c. £57k or more than 10%.
- Mayday had established strong credibility with BFM which was interested in testing the asset-based coaching model. BFM explained that their judgement that the project would not need a high level of external performance management (see sections 3.4.2 and 3.4.3) proved correct. Mayday was confident that outcomes would follow if it was allowed to do the right things at the service user's pace, and the outcomes achieved, for example, the excellent accommodation sustainment data, had borne this out. Higher sustainment of placements appeared to reflect the fact that service users were not forced into situations that did not suit them.
- BFM was able to support Mayday by introducing it to other organisations with skills in employment support, notably Fusion, an FCF provider in Huddersfield and the two organisations became benchmarking partners as already explained above.

As reported in section 3.2.2, however, achieving EET outcomes was one of Mayday's areas of relative weakness. BFM had, in fact, pushed Mayday to aim for higher employment and education outcomes than those it put forward in its original business case but as it turned out, Mayday's cautious forecasts proved to be closer to actual performance.

One challenge for BFM was that Mayday had, in their view, not tracked some outcomes fully, and therefore had not been able to evidence these. For example, one service user had moved from supported housing into private rented housing and Mayday had stopped tracking them at this point, even though the change of tenure did not affect entitlement for the accommodation outcome payments. BFM stakeholders also thought some employment outcomes may not have been fully tracked and claimed.

The main reason for this appears to have been that the outcomes cap had already been reached at this point, and therefore additional outcomes would not affect the total payments that could be claimed.

In BFM's view, there should, however, still have been an incentive to evidence all possible outcomes that



could have been claimed since they would increase the notional value – both financial and social – that could be attributed to the contract and intervention.

This might in turn influence future commissioning decisions and strengthen the case for a similar project elsewhere. As it was, the value of total outcomes evidenced exceeded the outcomes cap by more than £50k, but the true additional value could have been even higher.

Given the performance culture that BFM encourages and the actions we have seen it take elsewhere to ensure maximum performance, we are in little doubt that these missed outcomes would have been avoided, or at least minimised, if an outcomes cap had not been in place. It is an interesting finding that the outcomes cap appears to have had an unfortunate side effect in this instance.

#### 4.3.4 Service user experience

##### 4.3.4.1 Direct research with service users

In order to get a user perspective on the intervention and, where possible, the effectiveness of a SIB approach, we also conducted research with a small sample of service users. Our preferred methodology for this would have been a focus group but this was not possible due to Covid-19 restrictions. So the findings below are based only on telephone interviews,

The respondents we consulted had all experienced other forms of homelessness support provision with which they could compare Mayday's PTS Response. Most had also experienced social services input to their lives as children. It is worth bearing in mind that service users had all engaged voluntarily and, in this sense, were self-motivated to work with Mayday's asset coaches and their strengths-based approach. There may therefore be a degree of confirmation bias in their views.

Given the limited scope of this strand of the review, it would not be safe to place too much weight on the findings but, nevertheless, there was a consistent

BFM also explained to us that the positive learning relationship with Mayday was two-way. In particular, BFM was able to benefit from Mayday providing training support to providers in its Greater Manchester Homes project. One of the Greater Manchester providers, the Brick, Wigan was already a member of Mayday's PTS Innovation Partners Network and had been trained by Mayday in using the asset coaching approach from 2015. According to BFM this approach had put the Brick ahead of the other providers in achieving outcomes in the Greater Manchester Homes project, and the other providers are now adopting the asset coaching approach as a result. BFM stakeholders also told us that it was intended that Mayday would support another project, in Kirklees, if this project received LCF approval. This project is now live and Mayday has indeed been supporting it, as we discuss further in section 6.

theme running through the service users' comments:

The perception was that the quality of support from Mayday's asset coaches, who worked with service beneficiaries users on a one-to-one basis, was high, and generally higher than other services they had experienced. Service users commented that Mayday's coaches were "responsive, helpful, polite and listen." and were "Chalk and cheese" compared to another provider, who was "only interested in their rental payments". Another commented that "the Mayday experience is completely different – 100 times better".

Service users had benefited from the flexibility of funding available to Mayday and their ability to spend what was needed to meet users' need. One service user gave an example of the way that Mayday had responded rapidly when need, explaining that

*"one of the house mates left and took all the pots and pans with them" and a replacement set was delivered within a couple of days".*



#### 4.3.4.2 Other service user feedback

We supplemented direct research with further feedback on service user experience provided to the CBO team. This showed a positive view of the role of the coaches with service users commenting that:

*"During my time engaging with my coach, things have changed for me, I feel more optimistic, but it's hard"*

*"I'm really happy that I have a coach, my voice is heard and I have a say in what goes on"*

*"....my coach never judges me, even when I get it wrong, she never gives up"*

Boxes 1 and 2 below also provide case studies on two service users who experienced **Be the Change**, respectively describing 'Joe's story' and 'Dillan's Story'.

#### Box 1 – Joe's Story

On his referral Joe was described as 'an alcohol and substance misuser, shows obstructive behaviour, struggles with ADHD and depression, historical self-harmer and criminal record for a number of offences.' He came to us with many labels but the Joe our Coach has got to know since Autumn 2017:

- Is maintaining a tenancy of his own for the first time (1 bed flat). Previous to this he was living in a tent and sofa surfing with friends where he could. He also recognised that large, supported accommodation was not right for him.
- Has brokered furniture and applied for budgeting loan for flooring & sorted out his own heating issues
- Has been supported to get a gym pass and finds this a positive way to release frustration. The gym he attends isn't based in the sector but is a branded gym in the community
- After real world conversations about driving without a license, has obtained his provisional licence and is looking to get his CBT
- Has completed a 3 week forklift training course
- Has done some casual work in warehouses & landscaping

#### 4.3.4.3 Conclusions

We were not able to draw wide conclusions about the effectiveness of the PbR mechanism and the use of a SIB from service user consultation. However based on service users' views it seems reasonable to posit two benefits of the SIB approach for service users:

- As already noted above, the outcomes contract gave Mayday the space it needed to tailor its intervention fully to the needs of service users, with minimum commissioner insistence on certain ways of doing things (though they did impose some input-based reporting requirements).
- Some of the benefits to service users (for example Mayday paying for replacement kitchen equipment, or even fishing rods as we note earlier) would have come from the flexibility Mayday had to meet their needs as it saw fit, due to the flexible way that its funding was provided by BFM. In our view the investor funding would almost certainly have given Mayday more freedom than a conventional contract, where, as we have observed and Mayday had experienced elsewhere, the commissioner would be likely to impose more restrictions on what Mayday could spend and how.

## Box 2 – Dillan's Story

On his referral Joe was described as 'an alcohol and substance misuser, shows obstructive behaviour, struggles with ADHD and depression, historical self-harmer and criminal record for a number of offences.' He came to us with many labels but the Joe our Coach has got to know since Autumn 2017:

- Is maintaining a tenancy of his own for the first time (1 bed flat). Previous to this he was living in a tent and sofa surfing with friends where he could. He also recognised that large, supported accommodation was not right for him.
- Has brokered furniture and applied for budgeting loan for flooring & sorted out his own heating issues
- Has been supported to get a gym pass and finds this a positive way to release frustration. The gym he attends isn't based in the sector but is a branded gym in the community
- After real world conversations about driving without a license, has obtained his provisional licence and is looking to get his CBT
- Has completed a 3 week forklift training course
- Has done some casual work in warehouses & landscaping

### 4.3.5 CBO team experience

The CBO team have in general had a positive view of this project. At assessment for in-principle award of grant the CBO team reported that it was a good project. As part of that assessment the project was reviewed independently and positively by both Esmée Fairbairn, a leading provider of both grant and social finance, and Help through Crisis, a specialist in similar interventions. The CBO team noted the learning aspect of the project, and its aim to ***"demonstrate the case for commissioners, investors and organisations to engage in the SIB market, by evidencing that it is possible to deliver high quality outcomes within a smaller SIB Framework"*** It also noted that the project would be the first to be funded through the CBO in the homelessness sector.

One issue of concern during assessment was the risk to the provider, who instigated the CBO application, having to cover capital costs if the project did not take off. This was ameliorated by bringing in the more financially robust First for Wellbeing as CBO applicant and then by the award transferring to the County Council. The fact that the investor subsequently brought in more capital in year two, while the award

was transferring to the county council was also re-assuring to CBO as co-commissioners and in their view gave the project more financial stability.

Throughout assessment at both in principle and final stages the CBO team was again frustrated, as on other projects, with the time taken to design and mobilise even a small project. As we note earlier, this appears mainly to have been due to the changes in commissioning structure and the establishment of First for Wellbeing CIC.

Subsequently, the project has caused relatively few issues for the CBO team since unlike some others, and as already noted earlier in this section, there was no need for modification of contract or payment terms, and no renegotiation of contracts except as required to transfer responsibility back to Northamptonshire CC from First for Wellbeing when it was disbanded. Nearly all the issues caused by the project were on the commissioner side, including the delays at project closure and Northamptonshire not claiming the final CBO contribution to outcomes payments in line with full grant award.

The only minor issue was that revised delivery targets were agreed between First for Wellbeing and Mayday once BFM came on board. These were different from those included in the CBO award and in the view of CBO stakeholders it would have been preferable if the project had varied the CBO award to reflect these changes, as this would have given CBO the opportunity to review value for money in light of the new delivery targets and would have made it simpler to reconcile results at the conclusion of the award. This evaluation has however been able to draw on both sets of targets to make informed judgements about performance levels achieved.

CBO stakeholders observed that from its inception the project was strongly led by VCSE stakeholders and targeted at people least able to access services which struck a strong chord with CBO aims and objectives. The CBO development funding was considerably lower than other Development Grants and strongly targeted at commissioner engagement, another plus for the model compared to similar projects. There was clear leadership by Mayday and First for Wellbeing that gave CBO confidence in its ability to succeed as it eventually did, achieving contracted expectations by the planned end of the project

# 5.0 Successes, challenges and impacts of the SIB mechanism

This chapter discusses the overall learning, in terms of the successes, challenges and impacts, of funding *Be the Change* and the PTS Response as a SIB, compared to funding this project through

another mechanism (such as a fee for service contract). It also addresses overall value for money, as judged by both stakeholders and, so far as possible, independently by us as evaluators

## 5.1 Successes and challenges of the SIB mechanism

### 5.1.1 Successes due to the 'SIB effect'

As we explain above both performance data and the views of stakeholders generally indicate that *Be the Change* was a successful project. Some of these, in our view, are attributable to the use of an outcomes-based contract and involvement of a leading social investor, and therefore can be attributed to 'the SIB effect'. However, others are not due to the SIB mechanism.

The evidence suggests that benefits that might reasonably be ascribed to the SIB or to PbR include:

- **The ability to adapt and flex the delivery model around user needs.** As we have noted in several in-depth reviews, outcomes-based contracts enable and encourage the commissioner to focus on the outcomes they are seeking for service users, rather than being expected to "know best" about what works and specifying the intervention and provider processes in detail. The outcomes framework, based on the FCF Rate Card, allowed Mayday to flex the service and apply its PTS Response based around the individual needs of service users, and in line with its core philosophy about the use of strengths-based approaches to addressing homelessness.
- **Flexibility of funding.** Since BFM fully funded the provider as if it were providing a grant, Mayday was able to spend on items that would benefit service users' development without excessive scrutiny of line items as is commonplace in grant funding or conventional contracts. This is a clear

benefit of flexible finance from a social investor compared to the more regulated funding likely to be available from a fee for service contract, or possibly even from a grant from a public body.

- **Enabling Mayday to bear the risk of an outcomes contract.** As explained in section 3, BFM also funded all Mayday's delivery costs without payment being contingent on outcomes or outputs, and thus bore all the risk (via the SPV). As Mayday themselves noted *"The investor takes all the financial risk which allowed us to test our new work. Our Board may not have taken the financial risk if the investor had not been involved."* As noted in sections 3 and 4, Bridges was also able to advance further capital to Mayday and continue to fund it when outcome payments stopped while contracts were novated back to Northamptonshire CC.
- **The impact of a social lender's involvement in challenging the provider to improve.** In most cases a key feature of the involvement of social lenders (either directly or through their appointed performance manager) is the impact achieved by their focus on outcomes performance. In this case, the support provided by BFM helped Mayday to build on a good performance and the feedback from the provider about the support they received was very positive. As we have noted in other in-depth reviews, this is not always the case since if performance is below expectations, providers can come under a degree

of pressure to improve performance that they sometimes find uncomfortable. We comment further on this in our overall conclusions below.

- **Deep analysis of data.** This is another factor that is common to a number of SIBs we have reviewed, and is largely due to the interest that the social investor or their appointed performance manager has in seeing that the provider and their interventions delivers the outcomes that trigger payments. In *Be the Change*, this led to BFM supporting Mayday in several ‘deep dives’ into the

data that the programme was collecting in order to investigate areas that were not working as well as others. The organisational culture of Mayday was supportive of this approach, since it has a learning culture supported by a management team taking a ‘no blame’ view of issues. Because of this, the front-line teams were open to discussion of challenges and a positive cycle was created. In addition, since BFM was invested in FCF SIBs it was able to provide directly comparable data from other projects that was also instructive and helpful.

### 5.1.2 Successes attributable to other factors

There were also other factors that were critical to the success of *Be the Change* that would have been equally important, in our view, if the contract had been constructed and funded more conventionally. These include:

- **The leadership and operational culture of Mayday.** In our view this was a very important and arguably the primary factor in the success of this project. As noted in our first report on *Be the Change*, the key personality whose dogged determination helped make *Be the Change* happen in the first place was Pat McArdle, CEO at Mayday. Her drive and ambition to find a contract that would further demonstrate the effectiveness of Mayday’s PTS Response was then reflected in how the contract was set and in her choice of investment partner. This included a very open mind to learning and making changes as the contract progressed. Clearly, it can be argued that this leadership and drive would have been equally present if the service had been funded through a conventional fee-for-service contract or a grant, although BFM also deserve some credit for helping to create a culture of mutual reinforcement, with Mayday’s drive and willingness to learn allied to BFM’s experience of performance management and data analysis, and wider perspective on contracts that tackle entrenched homelessness. It is also worth noting

that the importance of strong leadership was a key factor in the successful launch of SIBs identified in the Ecorys co-authored LOUD report – indeed the L in the LOUD SIB model discussed in that report refers directly to such Leadership<sup>42</sup>.

- **The relatively small scale of the project.** The second important factor that is not attributable to the SIB itself is that *Be the Change* was always a small-scale programme for Mayday, BFM and Northamptonshire CC, and so the downside risks were not significant for any of the parties involved. As Mayday was delivering outcomes ahead of plan from early stages, the only issues to address were positive such as how to improve outcome performance in areas of relative weakness such as employment. As the CBO evaluation has found in other SIBs, when performance is below expectations, the resulting positioning of key parties can be somewhat different.

In summary, the evidence suggests that the good result was largely down to a positive culture between the contract parties that was built on the back of a success breeds success delivery experience. The use of a SIB meant that Mayday could draw on the intellectual as well as financial capital from BFM, and add to its already strong capabilities to deliver the service.

<sup>42</sup> The LOUD SIB Model The four factors that determine whether a social impact bond is launched: Ronicle et al 2018 – see [https://piru.ac.uk/assets/files/loud\\_sib\\_model.pdf](https://piru.ac.uk/assets/files/loud_sib_model.pdf)

### 5.1.3 Challenges

We have identified the following downsides and challenges to the project, although not all of these were entirely due to it being a SIB or outcomes contract.

- **Changes in Northamptonshire CC's commissioning arrangements.** This was the single most significant challenge. Northamptonshire CC faced significant financial issues which led it first to becoming a 'Commissioning Council', as part of which it effectively outsourced management of this contract to a new organisation, First for Wellbeing CIC, and then to bring the service back in-house but assign contract management to a different part of the Council, Public Health, only two years later. At each stage Mayday had to re-establish relationships and persuaded the Council to continue with the contract. The small scale of *Be the Change* and the fact that it was performing ahead of plan might have helped to make the decision easier, at least when the contract was re-internalised in 2018.
- Clearly such disruption cannot be attributed to this being an outcomes contract; but the fact that this is a SIB compounded the challenge of re-engaging with commissioners on each occasion. In a conventional contract it would only have been necessary to convince each new commissioner of the merits of the intervention and the level of funding required. In a SIB/SOC context, each new commissioner also has to understand the rationale for an unusual, unfamiliar and often complex contracting and funding structure, and for the involvement of investors and fund managers.
- **Reporting requirements of the new commissioning organisation.** A related challenge was the reporting requirements of the public health commissioners who took over the contract management responsibilities in 2018, who requested additional reporting relating to inputs and process such as the number of service users at each stage in the support cycle. There was thus a tension between the outcomes payer's own reporting needs (used to justify budget spend and ensure accountability) and the needs of a PbR contract based largely on reporting on outcomes. This is a by-product of the SIB model and its underlying outcomes basis. We would, however, note that it is not unusual for there to be changes in reporting requirements in any contract when there is a change of commissioning body, or even a change of management within the same organisation. In this case it did in fact mean that one of the benefits of a SIB (measuring and reporting on outcomes) was somewhat diluted.
- **Achieving education and employment outcomes.** As already noted, the project delivered on accommodation outcomes and almost achieved High scenario, but was less successful on EET outcomes. The evidence suggests that this was due to two main factors. First, accommodation was at the core of Mayday's PTS model and was, therefore, closer to its comfort zone and key area of expertise than EET support. Second, evidence from other projects shows that EET outcomes are hard to achieve. This is especially the case for sustainment of employment, which is difficult without strong links to employers and the ability to leverage an employer network to persuade employers to take on vulnerable and challenging people. Essentially employment outcomes appear to require intensive, targeted support, and a theory of change that is based on people building on their strengths in a more broadly-based way, and achieving interim outcomes (in this case settled accommodation) as a pathway to further outcomes (EET) does not always hold true. As already mentioned, the challenge of delivering employment outcomes without intensive and targeted support was a finding from the evaluation of the Youth Engagement Fund, which also funded SIBs and outcomes-based contracts, and the FCF projects themselves performed poorly on EET outcomes.
- **Hitting the agreed outcomes cap.** As we have reported above the project exceeded its outcomes cap, and hit the median scenario cap in the third quarter of 2019/20, approximately a year before project end date in December 2020. This should of course be seen as a success



but it has also caused challenge for the project because it has meant that some of the value it created is not obvious, firstly because the actual value of outcomes that could have been claimed without the cap exceeds the cap limit by £57k .

- Secondly it appears that some outcomes for service users (especially sustainment outcomes requiring long term tracking) may not have been followed up by the provider once the outcome cap had been reached. While this may not be directly or completely related to the cap, it is almost certain that it would not have occurred if there had been no cap in place, since BFM , as recipient of outcomes payments, would have pushed the provider harder to ensure accurate and full evidencing of all 'claimable' outcomes. This means that the social impact of the project may have been greater than it appears, and that its overall value for money, while already very positive, may be understated by around 11%.
- **Achieving the 13 weeks employment metric.** Finally, there was a technical issue which made the 13 weeks employment metric harder to achieve, because some employers terminate agency employments after 12 weeks to avoid the workers gaining additional employment rights that accrue

at that point. The project resolved this by no longer putting service users forward for agency roles, but it shows a flaw in the outcomes framework, which arises because the payment is triggered at a fixed point, and does not accumulate in small increments. Such 'cliff-edge' triggers in PbR and SIB project and other forms of funding can cause perverse incentives (i.e. incentives to act in ways that are detrimental to service users) for providers and investors – for example in this case there could be incentives to keep a service user in unsuitable employment until they could claim the payment. What is interesting in this case is that the perverse incentive is created by employment legislation and employer attitudes, and works *against* the provider and investor. Any such effect could actually be avoided if the outcome metric were designed differently – for example making a smaller payment for every week of employment achieved, rather than a larger payment at defined intervals. It is worth noting, that, as explained earlier, BFM has worked with commissioners and funders on other projects to resolve this problem by measuring employment outcomes not by duration but by earnings (based on the Living Wage being paid), and using HMRC data to validate outcomes.

## 5.2 Value for money of the SIB mechanism

This section provides an overall assessment of whether the *Be the Change* project offered value for money, based on the views and experiences of stakeholders and, so far as possible, our own independent evaluation:

As we intend to do for all final in-depth reviews of projects under this evaluation, we have assessed value for money against the 'four E's' framework for assessing value for money recommended by the National Audit Office, namely Economy, Efficiency, Effectiveness and Equity.

### 5.2.1 Economy

#### **Short definition: Spending the right amount to achieve the required inputs?**

Economy, and keeping costs to a minimum is generally of less importance than the other VFM dimensions in SIBs. This is because keeping costs down can work against the overriding objective of maximising outcomes achieved – especially when those outcomes are intended to create savings or otherwise justify the spending on the intervention.

It is, nevertheless, still important that costs are as low as they can be while being consistent with this overriding objective, and it is clear that economy was an important issue at various points within this project.

First and foremost, local commissioners ensured that they could control total spending by imposing a cap on the total value of outcomes, set at the maximum budget for the project (£360,000 plus a CBO contribution of nearly £114,000). This limit on contract value was, however, imposed to ensure that the contract could be awarded without competition to Mayday (although in practice the contract was held by a subsidiary of BFM) which arguably worked against value for money, since there was no competitive test of value potentially offered by other providers. That said the whole point of the contract was to test the bespoke PTS Response developed by Mayday in a SIB/PbR context, and the commissioning organisation

was already satisfied that Mayday was a provider that offered good value, and was able to compare the cost of delivering PTS through this contract with the cost of the same intervention in a previous pilot which it funded on a conventional basis.

Mayday did seek to ensure value for money from its investment arrangements by testing the market and inviting two other investors to compete with BFM to deliver its needs. This was welcome good practice and is not always a feature of SIBs and other outcomes contracts, where providers tend sometimes to choose an investor without competition.

With regard to SIB costs and overheads, as explained in section 3 and 4 of this report, Mayday and BFM devised a performance management framework that aimed to keep costs to the minimum by taking a 'light-touch' approach to performance management. However costs were somewhat higher than planned. Table 3 below summarises both core delivery costs and the additional costs related to the SIB structure and shows that overheads were relatively high by the standards of CBO SIBs, with 76% of total costs attributed to direct delivery of services and 24% to additional costs (investor returns and SIB management costs). This may in part reflect the low value of delivery compared to many contracts, which will inevitably make overheads appear larger as a proportion of total costs even if kept to a minimum. .

**Table 3: *Be the Change* total project costs**

Type	Description	Amount	% of Total
Core costs	Delivery by Mayday	£360,000	76%
SIB costs	Investment Return	£42,554	9%
Initial Assessment	SIB Management	£71,131	15%
Total		£473,685	

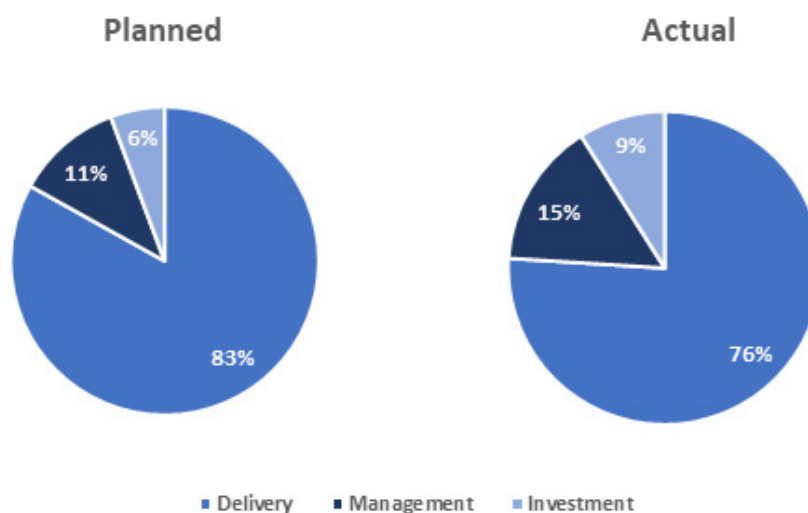
We also note, however, that the proportion of total costs spent on returns and management was somewhat higher than plan (see figure 7) which in part reflects actual delivery costs being lower than planned by First for Wellbeing at Final CBO Award stage (£393k vs £360k). It also reflects the fact that investment returns were somewhat higher than planned, a direct result of the project being successful in achieving outcome payments which were the only source of returns to BFM as noted above. This is not unreasonable since it is part and parcel of outcomes contracts that returns are variable and relate directly to performance – so returns will rise while delivery costs stay constant if the project succeeds, as happened here. However total management costs were 15% compared to a planned 11%, and rose from a planned £53k to £71k. Factors that may have contributed to this include managing a larger flow of investment funding than originally planned; having to re-engage with commissioners in 2018-19, and undertake end of project work for the commissioner in 2020; and keeping project arrangements in place to support service users achieving outcomes above the contract cap.

It is also fair to observe that these additional costs were invisible to the local commissioner, and did not affect the amount paid by CBO as a co-commissioner. Both paid the same, agreed amount per outcome throughout and also spent up to an agreed limit at which outcome payments were capped – and as we note further below the local commissioner received additional value over and above the cap worth £57k.

Delivery costs were in line with available funding (£360,000) which was the amount available from local commissioners to fund the project and therefore equivalent to what would have been available to fund a conventional contract to deliver the same intervention. Unlike some other projects studied as part of this evaluation,

Mayday appear to have been able to deliver the service effectively for this funding, and not to have experienced significant issues with staff turnover and retention - in turn impacting on performance - as has been the case with other projects,

**Figure 7: Planned and actual costs compared**



### 5.2.2 Efficiency

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

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

As we analyse in section 4.2.1 and 4.2.2 above, the project was efficient in generating referrals and exceeded the base Median scenario for both referrals

and assessments. While the CBO award agreed with First for Wellbeing, and then transferred to Northamptonshire CC, set a target to engage up to 360 users, engagement levels were well above those agreed with the commissioner in the delivery contract, which required Mayday to deliver 150 engagements. Mayday actually delivered 181 engagements (121% of target), and this level of engagement was more than enough to enable the project to exceed the Median scenario for numbers of people achieving outcomes – indeed it nearly met the High scenario of 105 for accommodation outcomes. The project was therefore efficient in converting engagements into outcomes, and as we note in section 4.2.2 the local commissioner was happy with referral performance.

### 5.2.3 Effectiveness

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

Since effectiveness is a measure of outcome it is almost by definition the key dimension for an outcomes-based contract. In this case the project exceeded Median scenario for nearly all outcomes and was close to high scenario (103 compared to 105) for the key outcome metric of entering sustained accommodation.

The main areas where the project was less successful were in relation to some EET outcomes, although it had limited aspirations in these areas anyway, targeting relatively few outcomes for both qualifications and employment relative to accommodation. We have already analysed the potential reasons for these shortfalls in section 4.2.2 above.

As we note in section 4.3.2, local commissioner stakeholders found it difficult to judge value for money due to limited involvement in setting and agreeing project forecasts, and therefore having limited expectations of what good would look like. Objectively, however, it seems reasonable to argue that the project offered good value for money overall on the effectiveness dimension, *Be the Change*:

- Met most targets as measured by the Median scenario and exceed them in many cases;
- Hit the outcomes cap and achieved additional measured outcomes (ignoring some that BFM think were achieved but not claimed) with a value of around £57,000; and
- Achieved savings for the local commissioners of an estimated £675,000. These are BFM's calculations but the methodology used to calculate them appears sound, and in our view possibly underestimate value achieved in some areas because they exclude some potential avoided costs.

What we cannot be sure of, is whether the additional outcomes achieved can be entirely attributable to the intervention or would not, in some cases have happened anyway, since there was no comparison or baseline against which to assess the 'counterfactual', and there was no locally-commissioned evaluation to robustly assess intervention impact. This was a challenging cohort, so there is unlikely to be significant 'deadweight' (i.e. users who turned their lives around without this sort of support) but it is hard to prove this, and it would in our view have been useful to have such evidence given the intention of the project to provide an evidence base for further projects.

Looking more broadly at whether they project achieved its overall objectives, the main point of the project was to test the PTS Response in a SIB/PbR context and use that as a base for further opportunities. As we assess further in section 6 below, the project had only limited success in achieving this wider objective, in large part because

of changes in the local commissioning structure and overall financial constraints in Northamptonshire that made it almost impossible to sustain the project locally. However, the project did leave an identifiable legacy through the use of the PTS Response and its asset-based approach in other projects.

## 5.2.4 Equity

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

The main group affected by the equity dimension is service users, in this case young people aged 18 to 30 who were not in education, training or employment and were homeless as defined in legislation but not in priority need (see section 3.3 for a fuller definition of target service users.

While we have been able to conduct only limited research with service users, and should be wary of optimism bias because we spoke to such a small, self-selecting sample, that research did seem to indicate that users valued the PTS Response and asset-based approach taken by Mayday highly. They also compared it favourably to other homelessness interventions they had experienced in terms of the way they were treated.

Users are highly likely to think an assets-based approach treats them more fairly since it deliberately focuses on positives and avoids criticism and a focus on deficits, as in more traditional interventions. Research tends to support this view.<sup>43</sup>

Objectively, we think that the project scores relatively highly against the equity dimension for service users. Specifically:

- The intervention was originally codesigned by Mayday based on extensive research with service users, and the PTS Response is effectively co-designed with each service user to be bespoke to their needs, as explained further in section 3.3. In addition Mayday stakeholders were very

clear that they could not have achieved this sort of personalisation within the confines of a conventional contract, and only a grant could have offered the same degree of flexibility as they were afforded by an outcomes-based contract and direct funding from social investors.

- The evidence suggests that the intervention has been fairly targeted at those it was intended to reach, with little evidence of ‘cherry picking’ or ‘creaming’ of those most likely to be capable of benefiting from the intervention. The only evidence of a perverse incentive is the technical point noted above in relation to the 13-week job sustainment outcome, which tends to incentivise employers to end employment after 12 weeks. This is clearly inequitable to users, but largely beyond the control of the project unless they had redesigned the employment metrics and not adopted the FCF rate card.
- There is further evidence that the intervention sought to reach those most in need of support from Mayday’s monitoring reports for the CBO Fund, one of which reported that: “ All the referrals are at the time of referral are NEET and homeless but not in priority need. Additionally they are all being referred with additional issues of mental health, substance use, low level learning disability and a history of previous evictions. Many of the referrals have overlapping issues. The age group is also showing that the highest percentage of people we are working with are under 20 although we have worked across the age range of the project up to 30

<sup>43</sup> See for example <https://www.tandfonline.com/doi/full/10.1080/23311886.2017.1377989> and <https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwiFi8-py8v5AhWTd8AKHS7XDSEQFnoECDIQAQ&url=https%3A%2F%2Fwww.bht.org.uk%2Fwp-content%2Fuploads%2F2021%2F07%2FAsset-based-Working-Research-Report.docx&usq=AOvVaw0-UhtkTqcuevtzivgxc-ez>

A secondary equity consideration is whether the provider was treated fairly, since in some projects we have seen providers put under what might be considered undue pressure, either because they are directly exposed to a degree of risk (e.g. their payment is linked to the achievement of outputs) or they are generally pressured by external performance managers to increase performance

### 5.2.5 Overall cost-effectiveness

Our overall conclusion is that *Be the Change* offered good, but not exceptional value for money. It was judged a success by all stakeholders, achieved better than Median outcome targets across most metrics, and appears to have treated service users and the provider equitably.

Against that there was no measure of the counterfactual to judge additionality and attribution to the intervention. This issue was of concern to the commissioner, albeit, as they admitted, with the benefit of hindsight: had it been a major concern, then it should perhaps have been raised when the project was first commissioned, so that it could have been considered and, if thought important to the success of the project, included in the contract design.

The additional costs of the SIB compared to other forms of contract were relatively high, though we cannot be certain that some of these costs would not have been incurred if the project had been constructed differently. For example, the performance management of this project, by Mayday and BFM combined, pushed outcome performance well

in a way that some have found uncomfortable. We have found no evidence of such issues, and as we note above the relationship between the parties has been good, and the key relationship between BFM and Mayday has been mutually supportive and collaborative. In addition Mayday were 100% protected from financial risk, and were funded in advance to deliver the intervention without conditions.

above the outcomes cap, and replicating this degree of performance focus on an alternative contract would also have had an additional cost.

However this is a moot point since the whole objective of this project was to test the delivery of the PTS Response through an outcomes contract, so commissioning it through an FFS contract would not have been an option. Moreover the commissioner chose to commission the whole project at small scale for a combination of budgetary and ease of procurement reasons, which in turn contributed to overheads being high as a proportion of total costs. The low contract value also mitigated against a local evaluation, which would have increased overheads further, but would also have improved the robustness of the evidence for the PTS Response – and the SIB – being effective. The other reason for SIB costs being higher than plan was that the returns were higher than forecast, which again was a function of good performance. In essence, overheads were relatively high but so was overall social impact, so the trade-off appears reasonable.



## 6.0 Legacy and sustainability

As explained in previous sections, *Be the Change* was always intended to be a small-scale project, with a relatively limited budget, that would demonstrate both the value of an outcomes-based approach to the entrenched homelessness issue, and the benefits of Mayday's strengths-based approach as an intervention that could be facilitated by an outcomes-based contract.

Central to the potential legacy and sustainment of *Be the Change*, therefore, are two key questions:

- to what extent has *Be the Change* created further contract opportunities for Mayday within Northamptonshire or more widely; and
- has *Be the Change* demonstrated the value of the PTS model and therefore enabled its wider adoption?

### 6.1.1 Sustainment through similar local contracts

The short and unnuanced answer to the first question is that there was no direct successor to the *Be the Change* contract when it ended in 2020, either through an outcomes or conventional contract (although Mayday continued to deliver some other services to Northamptonshire through another contract). There was some discussion in the last report to the CBO from this project about it continuing with grant funding after this project's funding ended, but this did not materialise.

While there has been no follow-on contract directly addressing the needs of homeless people that has been commitment both to further SIBs and outcomes-based contracts in Northamptonshire and to Mayday deploying its asset-based approach to support them.

Specifically, the Spring project<sup>44</sup>, part funded by the Life Chances Fund and again backed by Bridges Fund Management, aims to deploy a SIB- model to address the long term health needs of disadvantaged people across Northamptonshire through a link worker based, social prescription approach, Mayday Trust is one of four providers delivering support to people referred to the programme, which has been commissioned by North Northamptonshire on behalf of itself and West Northamptonshire as successors to the now defunct County Council. Both BFM and Mayday stakeholders report that they worked closely together to ensure Mayday's involvement in this contract and thus the continuation of the Response for service users in Northamptonshire in a different form.

### 6.1.2 Wider legacy and sustainment of PTS

The situation beyond Northamptonshire is also positive. Most notably and directly, BFM and BOP have used the PTS Response as the platform intervention for another project, the Kirklees Better Outcomes Partnership (KBOP). This project takes a similar asset-based approach to a similar cohort, and is explicitly built around the PTS Response, with Mayday being one of the delivery partners and leading the provision of training in the PTS Response to KBOP. To quote the Chief Executive of KBOP, Sarah Cooke<sup>45</sup>:

*"....our starting point was to ask: how do we design a service that avoids the processes and the tick-boxes, and ensures we are ready to listen to people when they want to talk? And how do we look beyond an individual's difficulties or "failings" to see their potential – so instead of focusing on their past, we work with them to realise their ambitions for the future?....."*

<sup>44</sup> See <https://www.springnorthamptonshire.org/> and <https://golab.bsg.ox.ac.uk/knowledge-bank/indigo/impact-bond-dataset-v2/INDIGO-POJ-0228/>

<sup>45</sup> See <https://www.newlocal.org.uk/articles/asset-based-homelessness/>

*“This new person-centred, “asset-based” way of working (which draws heavily on lessons from Mayday Trust’s “Personal Transition Service”) is the vision at the heart of KBOP. We ask our participants what they want to achieve, rather than deciding what is best for them. And the outcomes-based structure gives us the flexibility to adapt our delivery models to do this, creating an environment for innovation and systems change”*

Further details of KBOP and Mayday’s role within it can be found in the first report on the project’s evaluation by GO Lab<sup>46</sup>, and in an article by Sarah Cooke in New Local magazine.<sup>47</sup>

BFM has also facilitated Mayday providing training support to providers in its Greater Manchester Homes project (although this project does not draw so directly on the PTS Response as Kirklees) In particular a provider called The Brick, based in Wigan, was already a member of Mayday’s PTS Innovation Partners Network and had been trained by Mayday in using the asset coaching approach from 2015. The influence of Mayday and the PTS Response on the Brick’s delivery approach is explicitly recognised in the evaluation<sup>48</sup> of the Greater Manchester Homes project

BFM stakeholders also told us that *Be the Change* and the PTS Response had had a broader impact on their wider portfolio of projects. According to one senior BFM stakeholder:

*“We ... regularly quote Mayday and their PTS approach as being a shining star in personalisation, systems change and outcomes focus, and some of the Mayday team have delivered training sessions to delivery providers across our entire portfolio So we view the Be the Change experience to have been incredibly impactful across everything we do. It’s a great example of what happens when you throw away the ‘service specification’ etc from a traditional contract, and give people real freedom to work alongside individuals, get to know them, and help them achieve the best long term outcomes for themselves.”*

In addition and looking at the PTS Response outside the SIB/SOC context:

- Mayday’s credentials as a learning organisation have been enhanced by its leading role in the establishment and running of its PTS Innovation Partnership Network (IPN), first set up in 2014<sup>49</sup>. It has shared learning from *Be the Change* with these partners and has been expanding the network with support from The National Lottery Community Fund; and
- Mayday has developed the PTS Response as a formal, level 4 Continuing Professional Development (CPD) qualification in partnership with Coventry University<sup>50</sup>.

<sup>46</sup> Rosenbach, F., Carter, E. (2020). Kirklees Integrated Support Service and Better Outcomes Partnership: The first report from a longitudinal evaluation of a Life Chances Fund impact bond. Government Outcomes Lab, Blavatnik School of Government, University of Oxford. <https://golab.bsg.ox.ac.uk/knowledge-bank/resource-library/kirklees-integrated-support-service-and-better-outcomes-partnership-the-first-report-from-a-longitudinal-evaluation-of-a-life-chances-fund-impact-bond/>

<sup>47</sup> See <https://www.newlocal.org.uk/articles/asset-based-homelessness/>

<sup>48</sup> See *GMCA Rough Sleeping SIB Evaluation (greatermanchester-ca.gov.uk)* Page 33

<sup>49</sup> See <https://maydaytrust.org.uk/pts-partnership/>

<sup>50</sup> See <https://maydaytrust.org.uk/the-pts-qualification/>

# 7.0 Conclusions

## 7.1 Overall conclusions and evaluative insight

**Overall, we conclude that *Be the Change* has been a success, with some qualifications.** It exceeded its Median scenario targets for outcome achievement in engaging with potential users and in sustaining accommodation and avoiding homelessness and rough sleeping – which was the main outcome. It was less successful in achieving EET outcomes, while still performing better even in those areas than some comparable projects. The commissioner believed that the project was value for money and we agree – not least since the commissioner benefited from positive outcomes that they did not have to pay for, because the project met its outcomes cap early and subsequently exceeded it. According to CBO data the project also exceeded Median scenario target for savings– generating gross savings by project end of £676k and savings net of outcome payments of £316k, and in our view overlooking some potential savings and avoided costs that might have been included. A significant proportion of the value created – whether as savings or avoided costs – would have accrued to local commissioners because they result from people otherwise rough sleeping - though not necessarily to Northamptonshire CC because it was not the housing authority, and some of the savings would fall to District Councils which have housing responsibility.

In consequence of the strong performance the investor also received a return, estimated according to CBO reports to be 24% of original investment and equivalent to an IRR of 8.7% and money multiple of 1.3. In addition and in line with the project meeting its outcomes cap the project spent up to plan on combined outcome payments, a relatively unusual occurrence to date since many CBO projects have not performed in line with expectations.

**In our view the project was also a good example of how SIBs can work well with all parties working in the same direction to achieve the common goal of good outcomes and thus high social**

**and financial impact.** As we have observed in our recent 3<sup>rd</sup> Update Report summarising findings from this evaluation, the claimed ‘Win, Win, Win’ of SIBs for commissioner, provider and investor is not always achieved, and when contracts do not perform as expected providers can come under pressure, for example to generate more referrals; commissioners can be asked to change contract terms and pay more for outcomes; and investors will take action to avoid the risk of losing money on their investments.

***Be the Change* offers some counterweight to these experiences. at least so far as provider/investor relations are concerned. Relations with commissioner were not fractious, but we would argue that the fact that this SIB was led throughout by Mayday meant that the commissioner never fully engaged, and was never the active partner in the SIB that is evident in some contracts. Partly for this reason, Mayday had to work extremely hard, as described in section 3 of this report, to maintain commitment to the project while there were frequent and clearly frustrating changes of commissioner (both organisation and people). However the provider and investing organisation worked harmoniously together, and benefited from each other. **Mayday benefited from both financial and intellectual capital from BFM, and welcomed the challenge of increased data scrutiny and opportunity for benchmarking with other projects that BFM offered. BFM was able to learn from the PTS Response and introduce it to other projects, notably the KBOP project in Kirklees.****

It is arguable that Mayday could have achieved these benefits in other ways, for example by delivering the PTS Response through a grant from the commissioner equal to the £360k that the same commissioner contributed to outcome payments, and either relying on its own internal resources to manage performance or engaging external support to provide the sort of scrutiny and challenge that BFM has provided. However this approach might have

lacked the degree of rigour that comes from a contract that pays directly for outcomes, and could only have matched that rigour if it had similarly invested in performance management and data analysis.

We note that performance management of delivery costs (12%) in particular were relatively high compared to CBO projects that did not use third parties to performance manage delivery. They increased over the project lifetime but all management overhead is average (at 15%) when compared with other CBO funded projects. The relatively high performance management cost was, however, invisible to the local commissioners who like CBO paid only for outcomes, and therefore received comparatively good value from their combined spend of £474k, especially since with no outcomes cap they would have paid £531k for the outcomes achieved.

More importantly such a grant-based project was not on the table, and could not have delivered the objective of this project, - which was to test whether the PTS Response could be delivered through an outcomes contract. ***However the test of the PTS Response' effectiveness would have been more robust if there had been a local evaluation, or another way of measuring impact net of outcomes that might have happened without the intervention.*** Mayday thought that the likelihood of improved outcomes not being due to their intervention with this cohort was low, but comments from the commissioner suggested that they were less sure – especially as regards service users entering stable housing.

It is also interesting that Mayday said they preferred to work through either an outcomes-based contract or a grant, compared to a fee-for-service contract because of the flexibility they had in delivery, while the commissioner valued the accountability created by an outcomes-contract combined with delivery flexibility. It is arguable that SIBs and other forms of outcomes-based contracts can, if properly constructed, offer the best of both worlds through a combination of accountability to the commissioner and flexibility to the provider, while fee for service contracts generally offer higher accountability and lower flexibility, and grants offer the converse, higher flexibility with lower accountability. However we acknowledge that this is

a slightly simplistic analysis and that a fee for service contract based on outcomes rather than inputs, for example, or a grant- funded project backed by strong evaluation of its impact, could also offer a strong blend of accountability and flexibility.

In terms of SIB financial flows and risk sharing, this project used what we have elsewhere termed the 'textbook' approach, where the financial risk of outcomes being achieved is borne by the investing organisation, BFM, and they in turn finance the provider flexibly and without pressure to achieve either outcomes or outputs such as a minimum number of referrals. In this case this structure appears to have worked almost exactly as it should, with Mayday delivering free of financial risk and using BFM's funding as it saw fit to deliver what service users needed, free from the over-prescription of inputs and scrutiny of line items of spending that they had experienced on conventional contracts.

Service users were equally positive about the quality and flexibility of the support they received, and compared it favourably both to other providers and to statutory services. Our assessment is that the service did reach those most in need and with little evidence of creaming and parking, even though it did not engage with as many potential users as originally intended.

However not all of the project's achievement can be attributed to the SIB effect, since stakeholders made clear that much of the credit lay in the drive and leadership of Mayday's CEO. It is therefore arguable that this project might have been a success if it had been conventionally commissioned though as ever it is impossible to judge whether if contracted differently it would have performed better or worse than the SIB.

The only real downsides of the project were that it was not recommissioned at the same or larger scale locally, either as a SIB or using another contracting approach, for reasons which we discuss in section 6 above, and which were largely outside Mayday and BFM's control; and it could possibly have achieved even more if it had either been commissioned at larger scale (rather than as a small-scale project) or had not, for similar reasons, been capped at a level which inhibited the achievement of even more social impact.

## 7.2 Achievement of CBO programme aim and objectives

We have assessed the *Be the Change* SIB against the CBO aim and four CBO objectives as follows.

- **Improve the skills and confidence of commissioners with regards to the development of SIBs.**

**Partly achieved.** Thanks largely to the persistence and drive of Mayday's leadership, successive commissioning organisations and contract managers within Northamptonshire CC and First for Wellbeing were successfully educated in and convinced of the benefits of this SIB. However these same changes made it impossible to sustain local commissioning in the longer term. The project has also had some success as an exemplar for other project, notably in Kirklees.

- 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

**Largely achieved.** The PTS Response was an innovative 'strengths-based' intervention which was facilitated and enabled by the availability of funding from BFM and use of an outcomes-based contract.

- **More delivery partners, including VCSE organisations, are able to access new forms of finance to reach more people**

**Fully achieved.** The SIB model enabled Mayday to get involved in an outcomes-based contract and it is unlikely that it would have been able to do so without the capital that BFM provided, as Mayday stakeholders attested.

- **Increased learning and an enhanced collective understanding of how to develop and deliver successful SIBs**

**Partly achieved.** There was no local evaluation of *Be the Change* by the commissioner and so by CBO programme criteria it does not fully meet shared learning standards. However according to its end of grant report Mayday did contribute to shared learning in a number of ways, for example participating in several shared learning events and a conference attended by more than 100 delegates in the 3<sup>rd</sup> year of the contract. It also set up a local commissioner steering group explicitly to share learning with other agencies. In addition there has clearly been useful learning from *Be the Change* that has fed into other SIBs, including learning for the Brick provider in the Greater Manchester Homes project, for other local providers including all eight providers of KBOP, and BFM itself.

The CBO programme's overriding aim was to grow 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. Against this aim *Be the Change* can be seen as largely successful. A successful project was developed, and it appears to have achieved relatively good outcomes for a hard-to-reach cohort. Furthermore although no like for like contract was developed locally, for reasons largely outside the control of this project and its stakeholders, there has as mentioned earlier been a further substantial SIB implemented across Northamptonshire – the Spring project – in which Mayday is a delivery partner and is deploying its PTS Response.



## 7.3 Lessons for other projects

We would draw the following key lessons from our in-depth review of *Be the Change*. As has been the case with previous, recent in-depth reviews, many of these lessons are reinforcing previous learning, rather than identifying fresh insights.

- **The ‘textbook’ SIB model of financial risk bearing still works.** As we identify in our recent Update Report on the evaluation as a whole, most SIBs share risk between investor and provider. Additionally, few follow the ‘textbook’ model where the investor takes the financial risk of outcomes achievement and the provider is free to deliver the intervention with upfront payment for its services. All the different SIB models have different strengths and weaknesses. Some have worked well in practice and others have not. In this case the approach has clearly worked well for both the provider, Mayday, and the IFM, BFM and its ultimate investors. It was also beneficial to the commissioner, who wanted to procure the service from Mayday but would not have been able to do so on an outcomes basis using PbR if the payment risk had not been borne by BFM.
- **Good performance leads to good relationships, as in any contract.** The evidence of the in-depth reviews we have now completed across nine SIBs is that – perhaps unsurprisingly – relationships are good when performance is at or above expectations and deteriorate when performance is below what was expected. This is not, of course, a phenomenon that is unique to SIBs and PbR. What we need to be careful of is assuming that SIBs are somehow exceptional, and can transcend the normal rules of human and contractual behaviour. In our view the evidence is that, in general, they cannot.
- **Past performance is no guarantee of future contracts.** Any provider to the public sector, in any sector will tell you that strong performance is a necessary but not sufficient condition for securing a future contract. The evidence of this evaluation and other research suggests that this issue is magnified in a SIB context, because of the challenges of re-engaging new commissioners in a model that is often complex and hard to understand. In our view the challenges of such engagement and re-engagement in Northamptonshire, culminating in the commissioner being disbanded, would have defeated any provider, however strong the evidence of project success and irrespective of wider budget availability. Indeed it appears to be much to Mayday’s credit that they were able to sustain commitment to the project through the changes to commissioner that did occur, and maintain local relationships sufficiently to become a partner in the new Spring project.
- **SIBs cannot be effective test beds of future interventions at scale if there is no commissioner continuity.** Like other SIBs we have evaluated, *Be the Change* was expressly set up as a small-scale project with a relatively limited budget for outcome payments, in order to prove the effectiveness of both the outcomes model and the PTS Response and intervention to the local commissioner. The value of such a small-scale project is, however, clearly reduced if there is so much turnover and change within the commissioning bodies that any prospects of the project being recommissioned at larger scale is effectively lost. We would argue that if a SIB (or indeed any project) is intended to be scaled or replicated, the key project stakeholders (especially on the commissioner side) must take particular care to ensure there are mechanisms in place to document, embed and respond to learnings from the project on the commissioning side, and thus reduce the risk of such turnover.



- **Small Scale SIBs seeking to support future larger scale interventions should consider better measurement of the counterfactual.**

Had the above issues not affected this project, Mayday would still have had to prove the effectiveness of the intervention to local commissioners and might need to demonstrate its effectiveness to other commissioners across the UK in future. Any such commissioner might argue – as we have seen others do – that the effectiveness of the intervention was not proven because there was no local impact evaluation and no other measure of the counterfactual against which to assess the additional impact of the intervention and its attribution to the PTS Response. Such counterfactual measurement is rare in UK SIBs, especially when an established

and detailed Rate Card is used, as here, to measure outcome achievement. Rate Cards are both relatively easy to administer and inexpensive compared to a counter-factual based payment mechanism (e.g. measurement of outcomes achieved compared to a control group) or a local evaluation. They might however prove to be a false economy if the object is to provide a strong evidence base for a relatively untried or untested intervention.

- To extend the above analogy, future commissioners and funders might not believe that the route through the rocks is reliable unless there has been proper evaluation that it is the right route, and as good as or better than alternatives.

## Annex 1: SIB dimensions used for comparative analysis in section 3.4.4

Dimension	1: Nature of payment for outcomes	2. Strength of payment for outcomes	3. Nature of capital used to fund services	4. Role of VCSE in service delivery	5. Management approach	6. Invest-to-save
Question examining degree to which each family aligns with SIB dimensions (1 = a little, 3 = a lot) *	To what extent is the family based on payment for outcomes?	To what extent does the outcome measurement approach ensure outcomes can be attributable to the intervention?	To what extent is a social investor shielding the service provider from financial risk?	Is delivery being provided by a VCSE?	How is performance managed?	To what degree is the family built on an invest-to-save logic?
Scale	3 - 100% PbR and 100% of the PbR is tied to outcomes 2 - 100% PbR, with a mix of outcome payments and engagement/output payments 1 - Partial PbR: Split between fee-for-service payments and PbR	3 - Quasi-experimental 2 - Historical comparison 1 - Pre-post analysis	3 – Investor taking on 100% of financial risk; service provider fully shielded and receives fee-for-service payments 2 – Investor and service provider sharing risk; service provider paid based on number of engagements 1 – Investor and service provider sharing risk; service provider paid (at least in part) on outcomes and/or has to repay some money if outcomes not achieved	3 - VCSE service provider 2 - Public sector service provider 1 - Private sector service provider	3 - Intermediated performance management: An organisation external to the ones providing direct delivery of the intervention is monitoring and managing the performance of service providers  2 - Hybrid: A 'social prime' organisation is responsible for managing the performance of their own service provision, and the performance of other service providers  1 - Direct performance management: The organisation delivering the service is also responsible for managing their own performance, and there is no external intermedia	3 – SIB designed on invest-to-save logic, with savings generated used to pay for outcome payments  2 – SIB designed on a partial invest-to-save logic; SIB anticipated to generate savings to commissioner but these are either not cashable and/or will not cover the full outcome payments  1 - SIB not designed on invest-to-save logic; savings either do not fall to outcome payer and/or savings not a key underpinning logic for pursuing a SIB

