SOCIAL FINANCE

LOTTERY FUNDED

COMMISSIONING FOR OUTCOMES ACROSS CHILDREN'S SERVICES AND HEALTH AND SOCIAL CARE

Contents

Foreword

In 2013 Social Finance was appointed by the Big Lottery Fund to provide technical support to commissioners developing Social Impact Bonds and applying to their Commissioning Better Outcomes Fund. Throughout this we worked with over 100 commissioners and Voluntary, Community and Social Enterprise organisations (VCSE) across a range of social issues, as well as hosting workshops and roundtables across the UK.

The majority of our work focused on the health and social care, and children's services sectors. These are areas with a high level of spend on acute care, and therefore with the greatest potential to embed a preventative approach and reduce demand on the most critical, and often most expensive, services. The report below is a summary of discussions with children and health commissioners about the challenges they face and the value of outcomes based commissioning.

Introduction

In recent years there has been a growing acknowledgment that if complex social needs are to be addressed successfully, the commissioned services need to be more focused on the social outcomes they seek to achieve, and given flexibility to determine how to deliver these outcomes. Previously, service providers have been operating under the constraints of a focus on delivering activity based contracts.

Public service commissioners are under increasing pressure to demonstrate the impact of their services on the beneficiary in terms of the outcomes achieved. To do this, they will need to focus on the impact on the service user and what has been achieved, rather than just how time and money have been spent. Outcomes also need to be distinguished from outputs. Commissioning for outcomes is not about how many children have taken part on an activity course, but rather whether it has had the intended impact of increasing confidence and social skills.

Whilst cuts to central funding for councils has fallen 40% over five years – and further substantial cuts on the horizon – an outcomes based approach is about more than ensuring the efficiency of every pound spent. Improving outcomes requires changes to commissioning and funding, which in turn necessitates enhanced analytical and financial capabilities within councils. Our experience shows that the overall level of social need is not well understood at an actionable level, and that there is insufficient focus on improving social outcomes in a measurable way. Poor quality of data can hinder financial planning and an understanding of future budget demand.

Social investment and Social Impact Bonds in outcomes based commissioning

An outcomes based approach - paying only for demonstrable results is becoming increasingly attractive. This is particularly the case when commissioning a new service, or one with a limited track record. Commissioning for outcomes also can incentivise performance by specifying outcomes required to trigger payments. However, many service providers are small and do not have adequate capital to fund services up front given the risk of failing to receive outcome payments. It is for this reason that a Social Impact Bond may be a useful approach to commissioning new services.

SIB are a financial instrument where government agrees to pay and reward investors if defined social outcomes are achieved (previous examples include improvements in education and employment and reductions in reoffending). The investors pay for and oversee social interventions. If the outcomes are not achieved, investors stand to lose all or part of their investment.

Social investors seek a financial and a social return. They are typically charitable trusts and foundations, individuals and wholesale social investment funds such as Big Society Capital. Social investors may already be familiar with an area in which they are investing, particularly if they already give grants for similar programmes. For example, in a Social Impact Bond contract to reduce loneliness, investors' money is used to pay for new services such as those set out in the Worcestershire case study below. If loneliness falls after the support, investors receive payments from commissioners.

The UK government has thrown its support behind this approach. In recognition of the potential for savings to accrue across multiple departments, in 2012 it launched the £20 million Social Outcomes Fund to provide top up funding for commissioners developing Social Impact Bonds. Its stated intentions are "to deal with the main problems holding up the growth of social impact bonds: the difficulty of aggregating benefits and savings which accrue across multiple public sector spending 'silos' in central and local government."[1] This was followed in 2013 by the Big Lottery Fund's £40 million Commissioning Better Outcomes Fund. The Big Lottery Fund has long been a champion for Social Impact Bonds and other payment by results mechanisms, being an outcomes payer in the first Social Impact Bond back in 2010. The Fund is particularly keen for public sector commissioners to work with and harness the expertise of VCSEs within these types of contracts.

Common challenges with embedding a preventative approach

A commissioning approach that focuses on services rather than outcomes is not conducive to delivering early intervention and preventative programmes. Many social sector organisations have considerable experience of delivering preventative programmes but are restrained by the commissioning culture. Social Impact Bonds have been developed as a response to these challenges. Risk finance and working capital is provided by socially motivated investors, who will receive their investment back with interest from the commissioner if outcomes are achieved. In the climate of austerity and significant cuts to their departments, the role of the department Head has evolved to include responsibility for reducing future demand, as well as providing acute services. This balancing act is challenging.

One commonly identified issue among those we have worked with was a desire to be able to establish a clear business case for developing particular preventative interventions. This narrative needs to be based on grounded intelligence about the system and the environment in which it operated, rather than merely national proxies. This requires robust analysis generating true insights, rather than repeating standard data reporting.

Another issue identified was forecasting and scenario planning. Heads of service expressed the desire to establish stronger budgeting processes, which would allow them to plan and to show the impact of their interventions compared to the existing base case.

The third specific issue identified was the need to develop a more robust system of performance management/outcomes-focussed management, whereby disciplines from other sectors (for managing investments) could be applied to investments in social services.

While many commissioners are convinced by the need to fund prevention and early intervention, they find it difficult to secure funding for new services or services that have limited evidence base. These challenges can be seen across the board in all social areas and are stifling the emergence of services to address the most significant social issues.

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[1] http://blogs.cabinetoffice.gov.uk/socialimpactbonds/outcomes-fund/

Commissioning for outcomes in Children's Services

It is clear that directors of Children's Service are facing ever-greater pressures on their services. Increasing pockets of need, combined with increased awareness of child-protection issues are both causing demand to rise, while at the same time budget pressures on their own services and on other agencies threaten the collective system's ability to respond.

Many Children Services directors are keen to look to greater levels of early intervention to prevent escalation of issues. They are clear that in the long run, they cannot afford to wait for problems to become so serious that they meet ever more stringent thresholds, because this will lead to ever increasing costs to them and to other services.

Early intervention needs to be conducted with the active collaboration of a wide range of agencies that work with vulnerable children and their families. The agencies include police, schools, health, and voluntary sector organisations. To do this effectively, they need to:

- Establish clarity and alignment on tangible goals for different sets of children
- Identify specific actionable insights into the underlying needs of children and how the system currently responds to them
- Acquire robust understanding of the available interventions, and their business case for different sets of issues
- Understand what it takes to align a wider group of agencies to support the delivery and recognise the benefit of such interventions

The first set of benefits that come from adopting an outcomes- commissioning approach is the attention it places on agreeing tangible outcomes, identifying who benefits from these outcomes and what is the value of such outcomes. Typical outcomes from such interventions range from fewer Looked after Children (LAC) placements, to less truancy, to reduced levels of engagement with the Youth Offending Teams (YOT). Identifying the broader system benefits from such outcomes is a powerful way of securing greater alignment and collaboration.

In order to commission for outcomes, it is necessary to capture in a more rigorous way the characteristics that capture the underlying needs of children at an appropriately early point, and also to be much more specific about their baseline trajectory through the system. This usually requires greater integration of data from multiple sources, and also taking a longitudinal perspective, rather than the snapshots that are typically used for reports. We have seen that this effort has resulted in greater integration of schools data, and on a more limited basis, health and police data to help identify children at risk of physical abuse, and also problematic behaviour.

While one of the purposes of commissioning for outcomes is for the delivery body to take on the delivery risk, the commissioner will still have a strong interest in the effectiveness of the intervention – so as to have confidence that the best delivery partner is chosen, and also to ensure that the right level of success has been budgeted for.

Finally, the outcomes focus of the delivery body means that it will want to pay close attention to engaging all those agencies that are likely to have a material impact on the selected outcomes, and also being pragmatic about who needs to be engaged when.

Outcomes based commissioning can allow Children's Services departments to become more strategic and transfer risk towards those who can better handle it. It enables commissioners to focus on setting direction. Furthermore, when it is supported by external investment, it becomes a vehicle that permits them to complement existing services with new ones, and manage the transition. Otherwise there is a risk of a period of time when the commissioner has

to spend twice – first for the services (such as foster places) addressing existing need, and again for the preventative service, such as MST, to reduce future need.

Social Impact Bonds are a powerful way of enabling commissioners to engage social sector organisations in outcomes based commissioning. In many of the more sensitive areas of children's services, there is a strong desire from commissioners (and the public) that delivery organisation have the right mind-set and perspective. Typically these organisations do not have access to risk capital, and as a result would struggle to contract for outcomes. Under a Social Impact Bond construct they are able to do so.

Case Study: supporting adolescents at risk of entering the care system in Essex County

Once a child in Essex, aged 11–16, goes into care, it is likely they will spend more than 80% of the rest of their childhood in care. When Social Finance undertook initial Social Impact Bond feasibility work in Essex, there were 1,600 looked after children. This number had been growing by around 28% over the previous five years. Given the average costs of care range from approximately £40,000–£200,000 p.a. per child, depending on the type of care placement, this represents a significant cost to Essex County Council. More importantly, staying in care is associated with poor outcomes for the children in areas such as education, offending and wellbeing.

In Essex, as in many English local authorities, 10–17 year olds remain the largest age group to be looked after; representing approximately 50% of all looked after children. This proportion has been increasing in Essex over the last few years, whereas it has been declining at a national level.

The Essex Edge of Care Social Impact Bond was contracted by Essex County Council (ECC) to provide therapeutic support and improve outcomes for adolescents at risk of going into care. Eight investors provided a total commitment of £3.1m to fund for five and a half years an intervention which would support 11–17 year olds who are at risk of entering care or custody. The financial return for these investors is linked to the success of the programme in helping children remain out of care and safely at home with their families.

The national children's charity Action for Children was selected to deliver the funded intervention, Multi-Systemic Therapy (MST), an intensive evidence-based family therapy. The service aims to work with 380 young people over five and a half years. We hope to divert approximately 100 young people from entering care, with investor returns determined by the reduction in days spent in care amongst the service users compared to a historical baseline. Essex County Council repays investors if these outcomes are achieved. Investor capital is entirely at risk.

As with other Social Impact Bonds, this service places emphasis on outcomes measurement and using performance management to drive continual improvement. Rather than taking a snapshot of the outcomes for the young person immediately after the conclusion of the intervention, progress of the child is tracked for a total of 30 months from the point of engagement with MST. Focusing on the number of care days saved as opposed to a binary measure of whether a young person has gone into care or not means that the service is incentivised to work with even the most challenging of cases. Wider outcomes such as the rate of offending, educational outcomes and emotional wellbeing are also being monitored in order to understand the broader impact of the service.

The service began two years ago and to date, 80% of the children on the programme have remained out of care.

Lessons Learned

As Social Impact Bonds put a much greater emphasis on measuring outcomes achieved than traditional contracts or grants, it is essential that data is at the centre of the governance process. Additionally, data has provided a strong foundation for forecasting future operational performance for both Action for Children and the Board. The Social Finance Social Impact Bond Director role has been critical in underpinning the governance of the service, in particular by bridging relationships between commissioners, investors and delivery organisations. A range of project boards and oversight committees give the service a high level of scrutiny to ensure that the service is working in the best interests of the young people it engages. In particular, having a range of perspectives and backgrounds represented on the Board has been highly beneficial.

The ongoing performance management has allowed early identification of trends in referrals by geography and the reasons for rejection, meaning that stakeholder engagement plans by the service can be adapted quickly. Having built up a greater understanding in the local services environment, the MST service is now working with more of the cases that are likely to benefit most from it, with fewer referrals being turned away because they are considered unsuitable.

The need for robust forecasting of future costs and volumes

Despite the challenging environment, our conversations have shown that a shift of funding to prevention and early intervention is possible. This is due in part to the quality of the management, the strength of the business case for preventative work and the existing and supportive relationship from senior stakeholders.

Those who have secured and protected investment in prevention have established a clear vision, and anchored it in the delivery of interventions, financial planning and budgeting. Directors also ensure business planning and strategic oversight are on-going, rather than as a response to budget pressures, and that there is a way of improving measurement of impact over time.

When making the argument for the investment, it cannot be considered in isolation and should be a better solution than the existing or alternative approaches. Frequently, Heads of Services have looked to implement incremental rather than wholesale change.

Case study: transitioning children from residential to foster care placements in Manchester

When Social Finance first started working with Manchester City Council they had 1,300 children and young people in its care with 177 of these children in residential placements, significantly higher than the national average and its statistical neighbours. The Department for Education estimated the weekly cost of care in a residential placement at £2,689 per child/young person per week, compared with an average cost of £676 for foster care. There is also consistent evidence of the social cost; overall those children and young people in residential care have poorer school attendance, a greater likelihood of a substance abuse problem, a greater chance of having entered the criminal justice system, and a greater chance of becoming NEET to name but a few.

Foster care has two kinds of benefits. First, it is seen as giving better outcomes for a young person in terms of their educational, social and emotional well-being. Second, it is

more cost effective as compared to the use of an internal or external residential placement.

Manchester came with this issue in mind; they wanted to explore how social investment could support young people to transition from residential care to foster care and target those individuals who have experienced the breakdown of multiple foster placements. We designed a Social Impact Bond model that would allow for the funding of Multi-dimensional Treatment Foster Care (MTFC). This is an intensive intervention where young people live with specially trained foster parents who are supported around the clock by a team of professionals from health, education and social care. Each set of foster parents looks after just one child for 9-12 months, concentrating on behaviour management to promote emotional stability and the skills needed to live in a family setting. It is expected that 66% of young people will 'Graduate' from the programme, meaning they will complete their individual programmes and move on to family-based placements.

Outcome Payments

Unlike the Essex Social Impact Bond where outcomes payments are based on a reduction on children entering the care system, Manchester operates a tariff model where outcomes payments are made for a child achieving milestones such as staying on the MTFC programme for the duration, and after graduation remaining in a family setting and therefore away from residential care.

Although a year of MTFC costs £100,000 per total package of support, the residential costs per year are estimated at £125,000, for the remainder of a young person's care journey. If successful, it will be both MCC's Children's Services and Central Government benefiting from the cost savings. This made Manchester an obvious candidate for "top-up" payments and they were awarded £800,000 from the Cabinet Office's Social Outcomes Fund.

Supporting transformation in health and social care

The need for fundamental transformations in health and care systems have been apparent for a number of years. There is agreement across the system that as the population ages, and more people live with one or more long term health condition, health and care would be better delivered through a more integrated and long-term approach, rather than as a series of episodes. At the same time, social care has experienced real terms cuts in budgets and will continue to do so, and health cost inflation and demand pressures are significantly outstripping the growth in NHS revenue.

> *"The increasing prevalence of long term conditions is the biggest challenge facing the NHS now and for the future. The NHS and their partners in social care and the voluntary sector have achieved so much already, but there is still a lot to do. A huge culture change is needed to put people at the centre of decisions about their care together with a spirit of innovation that embraces new technologies.*
> Miles Ayling, Director of Innovation and Service Improvement, Department of Health

In our conversations with commissioners and providers of care, a common theme emerges: the need to introduce bold new models of care, and to do so in a way that is both financially rigorous and has a deep commitment to improving care and empowering those with health and care needs.

Implementing these approaches is proving challenging. Some big system changes are required, which look at how services are reconfigured across traditional primary, community, acute and

social care boundaries. The NHS Vanguard sites for integrated care are examples of these. It is also important to give commissioners and providers some very specific new service options, for helping shift elements of care towards services that are more preventative, more community based, and better value.

The feedback from commissioners and providers is that a focus on outcomes can help unlock this change if well designed. A focus on commissioning for outcomes can incentivise both rigour and innovation: because the detail of 'how' to deliver a service tend to be more flexible in an outcome-based contract there is greater scope for learning, whilst payment on the basis of outcomes generates a strong focus on high-quality, well managed delivery.

The early Social Impacts Bonds in health and care look set to combine these characteristics.

For example, in Newcastle, the Ways to Wellness Social Impact Bond represents a bold attempt to shift care upstream, enabling greater self-care and promoting prevention though social prescribing for up to 7,000 people. The long-term, outcomes based contract will keep the programme focused on the dual objectives of improving wellbeing and reducing the use of acute services whilst allowing the approach to evolve over time.

In Worcestershire, the Reconnections Service represents a significant scaling of traditional programmes to address loneliness and isolation. Between 3,000 and 5,000 will be supported over the next three years. Because the payment is based on outcomes (a reduction in loneliness), Age UK Herefordshire and Worcestershire are able to develop a very personalised set of plans to help older people to meet their aspirations to re-engage with others rather than follow a prescribed service specification. The payment mechanism does, however, transfer considerable risk away the commissioners and incentivises learning and good implementation – commissioners will only pay if activities successfully reduce loneliness.

Case Study: Tackling loneliness in Worcestershire

Enabling the growing population of older people to stay healthy longer, and reduce periods of ill-health and disability will be a challenge for Britain over the coming years. In the period 2000-2010, the proportion of the population over 65 stayed broadly stable. However, the number of over 65 year olds is expected to grow by 5.5 million over the next 20 years. The NHS and social services already face rising demand and constrained budgets. They will struggle to achieve improvements in older people's outcomes through traditional patterns of service delivery. Rather than waiting for older people to become ill or infirm and relying on acute services to rectify these problems, we need to explore new ways of preventing ill-health and other needs arising. Social Finance undertook some work in Worcestershire to address these challenges.

We estimated that there are 10,000-15,000 chronically lonely older people in Worcestershire, and many more whose severe loneliness has a significant impact on their health and wellbeing and the use of public services. For individuals the impact is often severe. Lonely older people are three times as likely to have depression, and almost twice as likely to develop dementia. Many enter a vicious circle of inactivity, which in turn leads to poorer mobility and health and greater isolation. Taken together, these impacts mean that those who are lonely are as likely to die prematurely as those smoking 15 cigarettes a day.

Our analysis indicates that the cost of these problems is not only high for individuals, but has a significant impact on the demand for health, social care and other government support. We estimate that in the short term those who are lonely are 1.9 times more likely to visit their GP, 1.6 times more likely to visit A&E, 1.3 times more likely to have an emergency admission and 3.5 times more likely to enter residential care. Over time, the cost of poor health adds additional burdens so that the lifetime future cost of loneliness is likely to be around £12,000 per person (Net Present Value) and result in a loss of 1.3 QALYs(Quality Adjusted Life Years).

The work of the Reconnections Service will be built around providing a better, tailored response for thousands of individuals in Worcestershire, such as Mrs Smith. She was 65 years old when she had a fall that resulted in a hospital stay. On returning home she was not able to do everything she used to, felt helpless and became withdrawn. She stopped seeing her family and friends but visited her GP more often, often with non-medical complaints. The Reconnections Social Impact Bond is designed to engage with Mrs Smith at the time when her loneliness is becoming chronic or is likely to affect her health and ability to live independently. It will identify the causes of her loneliness and will match her with a volunteer for tailored support.

Over the past two years, Social Finance and Age UK H&W engaged with older people, the voluntary and community sector and statutory sector organisations to develop a comprehensive and ambitious approach to addressing this challenge. We drew on a steering group including the Worcestershire Association of Carers, St Richard's Hospice, Onside Advocacy, Community First and Fortis Living. We worked with older people, for example through presenting to service users in a forum organised by Healthwatch. Out of this engagement we identified a number of gaps in the current response to loneliness:

- People are often not identified and supported at the right time. For example, housing associations may identify chronically lonely people but have no simple route to refer them to support, whilst existing programmes are not always targeting those in greatest need, because they do not have ways of identifying them or appropriate eligibility criteria.
- Too often older people are offered a particular activity, rather than a way for their aspirations and needs to be met. As one woman put it 'everyone asks me to go to bingo but I've never liked bingo in my life'. Existing information and advice services also often do not have the resources to engage and plan deeply with people, and not just signpost people to services but to work with them to navigate the first steps in reconnecting with others. People may also be held back by simple barriers such as transportation.
- The overall scale of support is too low given the scale of the challenge – even the most successful services may only support a few dozen people in one area.
- Services do not always achieve success or have incentives to evolve. Although there is a lot of good work in Worcestershire, very few organisations know systematically how effective they are at addressing loneliness, improving people's health and wellbeing and reducing health and social care service use.

The recently launched Reconnections Social Impact Bond is a response to these concerns. It addresses the overall social issue, the specific challenges in Worcestershire, and the need for a service that can impact loneliness at scale in a person-centred and flexible manner, developed through work with local stakeholders and national experts.

The challenges of scale and simplicity

Commissioners who we spoke to also had an acute awareness of the need to ensure that a focus on outcomes also has the simplicity and scale required for these new contracts and investment structures are to deliver a significant transformation in services. There are a number of ways in which this simplicity and scale can be achieved:

i. It is helpful to use a few simple metrics which act as a proxy for wider improvement – the Worcestershire Loneliness Metric is an example of such an approach, recognising that reductions in loneliness should in due course lead to improved wellbeing and decreased use of health and care services but that measuring all of these impacts for the purpose of payment.

ii. Introduce an element of outcome funding within an overall capitated contract. Capitated contracts are those in which a total amount of funding per person being cared for is agreed in advance. The provider works within that budget, and well-structured such approaches can provide incentives for providers to invest more into prevention and provide the flexibility to innovate. In the UK we are already seeing the development of some capitated approaches – such as 'year of care' tariffs, and in parts of Spain and the US integrated providers of care are being paid primarily through such contracts. There may be a Social Impact Bond role for an element of outcome payments within such a structure, potentially with social investors sharing some of the risk with providers. For example, social investors are already supporting providers of Shared Lives care to enter into broad fee-per-person contracts. Adding an element of outcome payments would be a natural extension to this model.

iii. Commissioners, providers and investors need to consider the ways in which they can rapidly and simply replicate successful models, particularly through learning from pioneers and developing services through partnerships which combine investment and expertise. For example, Age UK tested a service in Cornwall which is seeking to better integrate formal and informal care for those with long-term health conditions. As part of that, they invested significantly in considering the best outcome frameworks for measuring success (payment is not on the basis of outcomes at this stage but the whole programme has a strong outcomes focus). Using the Age UK national network, they are working in partnership with a number of other areas, who are now learning from that approach. Likewise, at Social Finance we found benefits of working in partnership with commissioners in five localities in developing a Social Impact Bond to support people with mental health conditions into employment. The development of a critical mass of expertise allows the commissioner to focus just on their specific requirements, rather than re-invent models. The partnership approach, with safeguards for testing value for money, allows this experience to be shared more effectively than traditional adversarial procurement approaches.

If commissioners, providers and investors work in these ways, the true potential of a focus on outcomes should start to be realised over the next few years.

Case study: Improving the quality of life for patients with long term health conditions

There are over 15 million people in the UK suffering from long-term health conditions ('LTCs') such as asthma, diabetes, chronic obstructive pulmonary disease and heart disease. Many sufferers experience poorer health outcomes and reduced quality of life as a result of their conditions. As well as the social costs, they place a significant financial burden: 70% of national NHS spend is on patients with these conditions. Their treatment and care is estimated to take up around £7 in every £10 of total health and social care expenditure. There is great potential to invest in services that will improve the experience for the patient, whilst reducing demand on the healthcare system.

Newcastle Gateshead Clinical Commissioning Group commissioned the first health Social Impact Bond to support patients with long term health conditions (LTCs) by scaling up existing access to social prescribing. The programme was developed by Ways to Wellness Ltd, a not-for-profit company that supports people with LTCs to have a better quality of life. The project aims to improve outcomes for 8,500 patients over the first six years of operation. Four service providers are contracted to help patients manage their LTC by motivating them to take up healthy activities, direct them to services and help them address issues in their lives that may be having a negative effect on their ability to manage their condition.

The CCG will make outcomes payments to Ways to Wellness based on levels of success. They also received "top up funding" from both the Big Lottery Fund's Commissioning Better Outcomes Fund and the Cabinet Office's Social Outcomes Fund. If the project fails to meet certain targets the commissioner will not pay anything, but if it is the successful, the CGG will pay up to £8.2 million based on achievement of outcomes. Ways to Wellness received £1.65 million initial investment from Bridges Ventures to set up the project, to be repaid if outcomes payments are delivered. This investment is entirely at risk - if the project fails to meet certain targets the commissioner will not pay anything, but if it is the successful, they will pay up to £8.2 million.

Linda[3], 61, is overweight, suffers from shortness of breath, pains in weight bearing joints has a history of digestive problems and is socially isolated. She is referred from her GP to a local charity to help to improve her lung function and lose weight. A link worker at the charity undertakes a 1:1 assessment with her, helps her to set goals and discusses various options so that she can choose how to manage her health. She chooses to go to step classes, gym sessions and pilates. She is also shown breathing exercises and relaxation she can do at home, and designs a healthy eating plan for herself with help from staff.

The link worker uses behaviour change techniques to keep up Linda's motivation and ensure lifestyle changes are maintained. After 7 months Linda has lost 1 stone 4lbs, attends a combination of classes and gym sessions 3 times a week, is able to walk up slight inclines without feeling breathless. She has less pain in her joints and feels less stiff. She says she feels better, and has made friends in class so feels less socially isolated. She has also decreased the use of her inhaler medication and has reduced

[3] http://www.vonne.org.uk/ways-wellness-frequently-asked-questions

chest infections. These outcomes contribute to a reduction in prescribing costs, reduced CVD risk factors, and decreased use of primary and secondary care services.

Impact[4]

Ways to Wellness aims to deliver positive social impact in four distinct categories:

- Direct beneficiary impact through delivery. The programme will engage with over 11,000 patients over the seven year programme
- Direct societal impact through savings in costs for local authorities and central government from an estimated 15% saving in Secondary Care costs
- Systemic social policy impact through trialling new social prescribing interventions to improve quality of life for people with LTCs by increasing their confidence and ability to manage their illness
- Systemic market-building impact as the first active healthcare Social Impact Bond, it will help demonstrate the benefits of this commissioning approach in a high-cost sector and encourage further preventative, payment-by-results commissioning by government and local authorities

In some cases, we identify invest-to-save initiatives and prioritise them by size of saving and feasibility. With a comprehensive analysis of current service provision, including outcomes achieved, services offered, and drivers of cost, we identify opportunities for improving existing ways of working, reducing the cost and/or raising the quality of services, through new invest-to-save interventions to improve outcomes in the medium term. The business case shows the savings potential linked to outcomes and how this fits within a reshaped budget.

The key to change is embedding a reporting framework that serves every level of the organisation – from management to social workers in the field. We set out key indicators and a new governance model. Implementation and performance management is supported by data dashboards which are reviewed on a systematic basis.

Summary

Public services are in an unprecedented state of change. Recent declines in the available funding have been accompanied by increased demand for services, meaning that the current provision of public services is no longer an option. There is a need for both better outcomes for beneficiaries and more effective spend. Outcomes-based commissioning is a way to potentially achieve better outcomes for limited resources, particularly for complex social issues. When commissioning for outcomes, commissioners are able to specify the desired outcomes and how much they are prepared to pay to achieve those outcomes. Providers working within outcomes based contracts have flexibility to design and adapt interventions as they deem appropriate whilst commissioners pay only for success. There are clear incentives to invest in what is effective, to innovate, and to learn from experience and reflect this in the evolution of the programme.

Outcome-based commissioning is gathering momentum as a number of exciting models have emerged. Commissioners are approaching it as a means both to enhance social impact and to protect value for money. By aligning incentives towards specific outcomes desired, and assigning accountability for delivering them, it encourages service redesign that cuts across central and local budget silos and gives frontline providers the flexibility to adapt service

[4] http://www.bridgesventures.com/portfoliolist/ways-wellness/

provision as needed. And critically, it empowers local leadership of locally-designed solutions – solutions.

With a focus on impact rather than output, an outcomes approach allows all parties to play to their strengths. It allows the service provider to adapt where they think appropriate, and deliver the services beneficiaries needs rather than those prescribed in contracts. Coupled with social investment, this can be an opportunity for the provision of interventions that otherwise could have proven too expensive, or too risky.