# Boosting Public Sector Productivity: Outcomes-Driven Local Service Delivery

10th July 2024

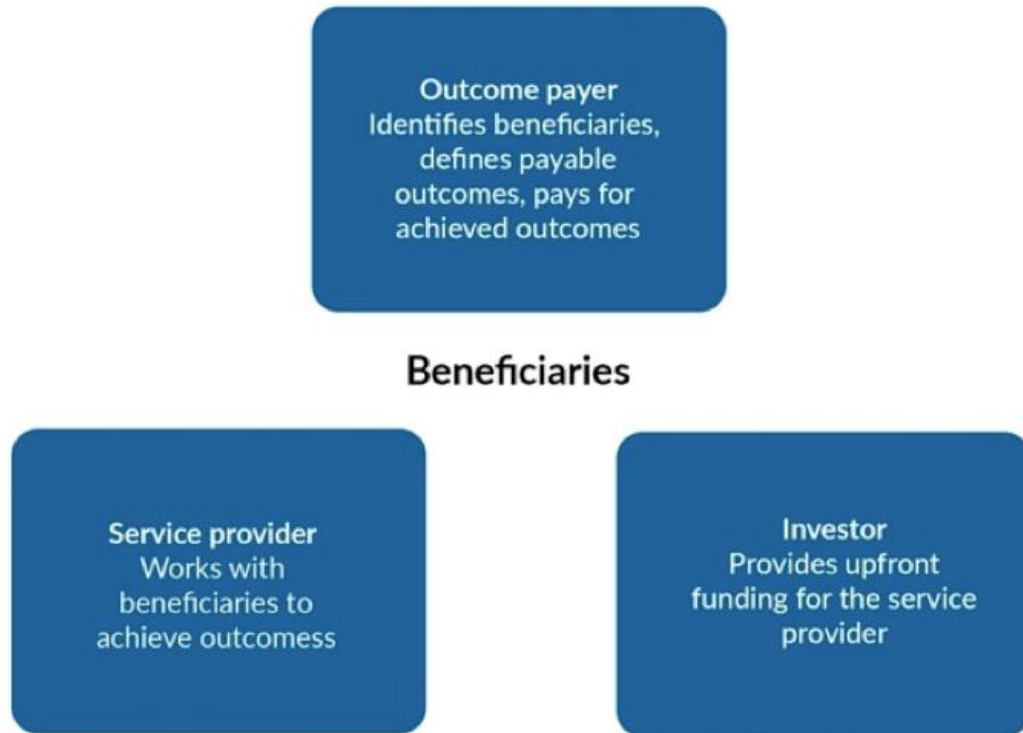Andreea Anastasiu

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# Social outcomes partnerships



Much like a kaleidoscope, depending on each stakeholder's perspective, social outcomes partnerships/ impact bonds are either:

a) **For government**: a commissioning tool and potential vehicle for public service reform i.e., an opportunity to 'achieve more with less' or improve effectiveness, to achieve innovation, collaboration or prevention

b) **For funders**: an accountability tool to ensure programmes achieve intended long-term outcomes;

c) **For investors**: a way to align social and financial returns and offer a credible route to demonstrating impact or pursuing an impact investment strategy;

d) **For social sector delivery organisations**: a multi-year funding model bringing predictable but flexible funding, the opportunity to scale up interventions and develop an evidence-base;

e) **For people participating in services** funded through an impact bond: the promise is that social programmes are more attuned to their support needs, are personalised and secure meaningful involvement through 'co-production' of outcomes

**Outcome payer**
Identifies beneficiaries, defines payable outcomes, pays for achieved outcomes

**Beneficiaries**

**Service provider**
Works with beneficiaries to achieve outcomess

**Investor**
Provides upfront funding for the service provider

*Partners & responsibilities in a social outcomes partnership (also knowns as social impact bond/ social outcomes contract)*
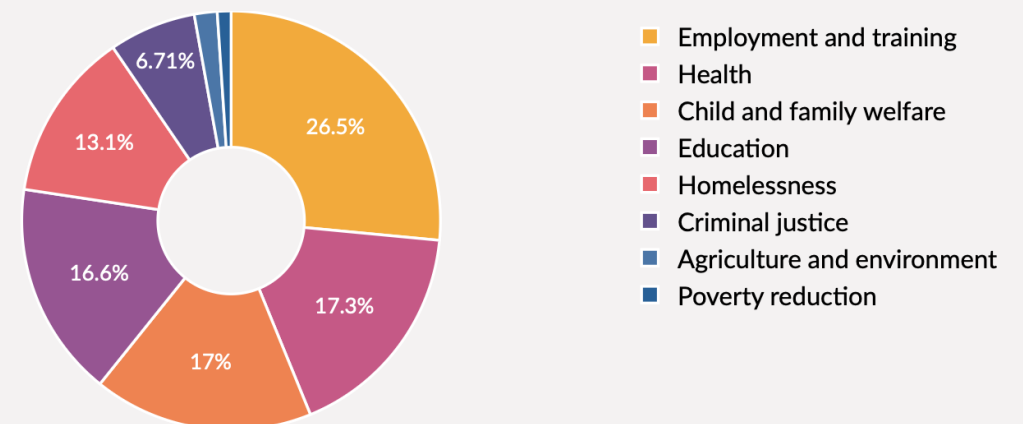
# State of play globally



Source: *INDIGO Global Impact Bond Dataset, June 2024*

You can access the full INDIGO Global Impact Bond Dataset, monthly impact bond landscape updates & lots of other resources at:
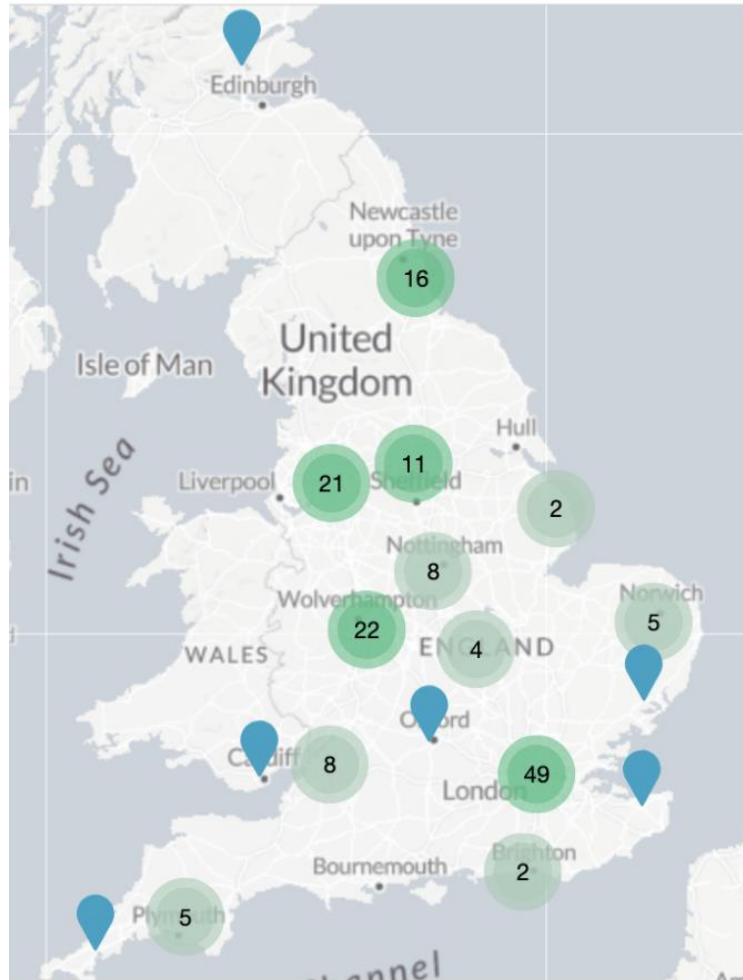
https://golab.bsg.ox.ac.uk/indigo

## Policy sector



- Employment and training — 26.5%
- Health — 17.3%
- Child and family welfare — 17%
- Education — 16.6%
- Homelessness — 13.1%
- Criminal justice — 6.71%
- Agriculture and environment
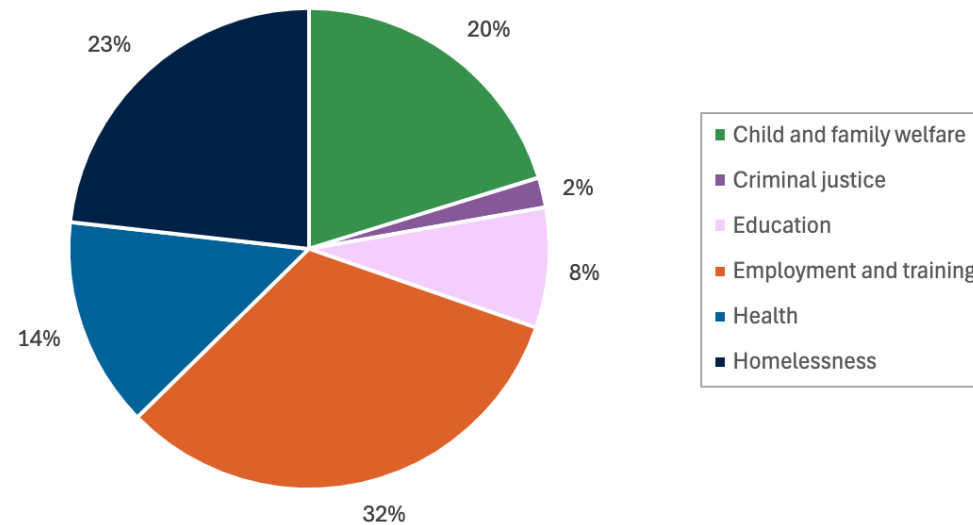- Poverty reduction

# State of play in the UK



- Project with the most 'maximum outcome payments': Kirklees Integrated Support Services (£22,297,917) - Kirklees Council

- Project with the most targeted service users: Single Homeless Prevention Service (with 8,937 targeted beneficiaries) - multiple London Boroughs & Norfolk County Council

Pie chart depicting the percentage distribution of project policy sectors.



Legend:
- Child and family welfare
- Criminal justice
- Education
- Employment and training
- Health
- Homelessness

20%
2%
8%
32%
14%
23%

Source: *INDIGO Global Impact Bond Dataset, July 2024*

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# At local level

Social outcomes partnerships that have central government and/or local commissioners as outcome payers.



Legend:
- Local commissioner and central government
- Central government
- Local commissioner
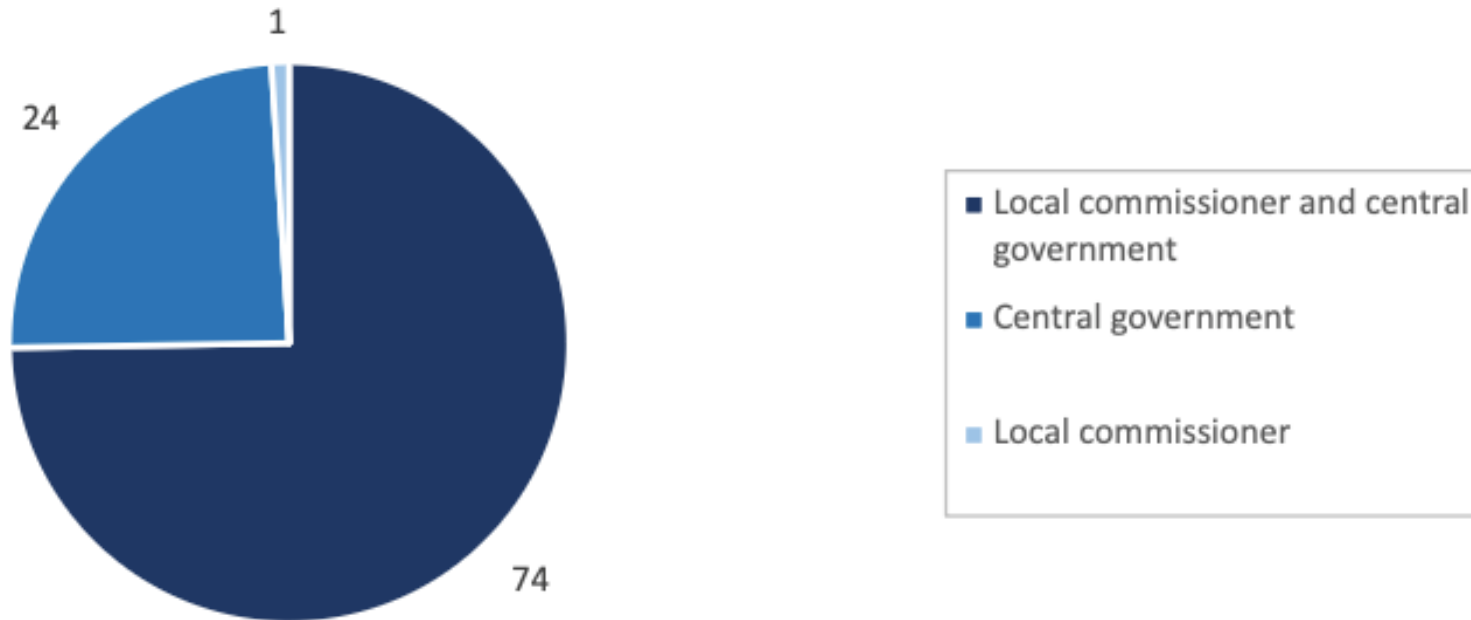
- Maximum potential outcome payments committed by local commissioners: £134,513,447

- Targeted number of unique service users or beneficiaries for projects with local commissioners as outcome payers: 101,249

- 123 local commissioners (38 of them have supported multiple projects)

Source: *INDIGO Global Impact Bond Dataset, June 2024*

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# Policy sector



Bar graph depicting the maximum potential outcome payments for locally commissioned projects by policy sector.
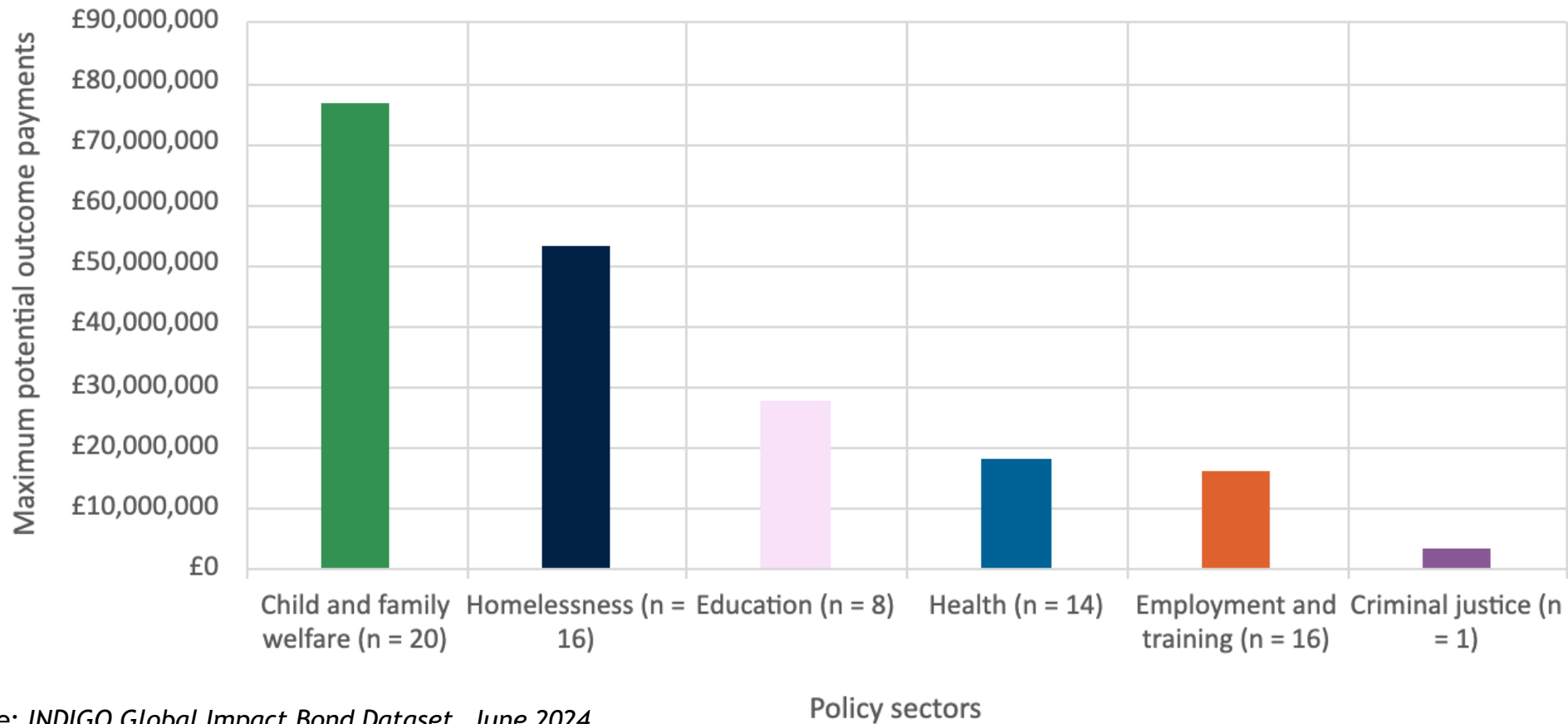
# Overcoming perennial challenges in public service delivery

| | Fragmented delivery and 'siloed' budgets | Short-term focus (political & financial) | Difficulty creating change |
|---|---|---|---|
| **Public service challenge** | Fragmented delivery and 'siloed' budgets | Short-term focus (political & financial) | Difficulty creating change |
| **Implications for services** | Fragmented public services: duplications, gaps, inadequate communication | Reactive public services responding to crises | Poor performing services go unchanged |
| **Implications for citizens** | Fragmented, reactive, stagnant services which fail to respond to the needs of citizens | | |
| **Implications for commissioners** | **COLLABORATION** Enable collaboration across multiple commissioners & within provider networks. Service activities 'wrap around' service users. | **PREVENTION** Enable 'invest-to-save'. Dual-running of services with (social) investors funding 'upstream' interventions. | **INNOVATION** Risk transfer enables innovation. New interventions. Enhanced performance management. Systematic learning. |