Payment for Inputs vs Payment for Outcomes

Options and Comparisons – evidence-based therapy services

June 2023

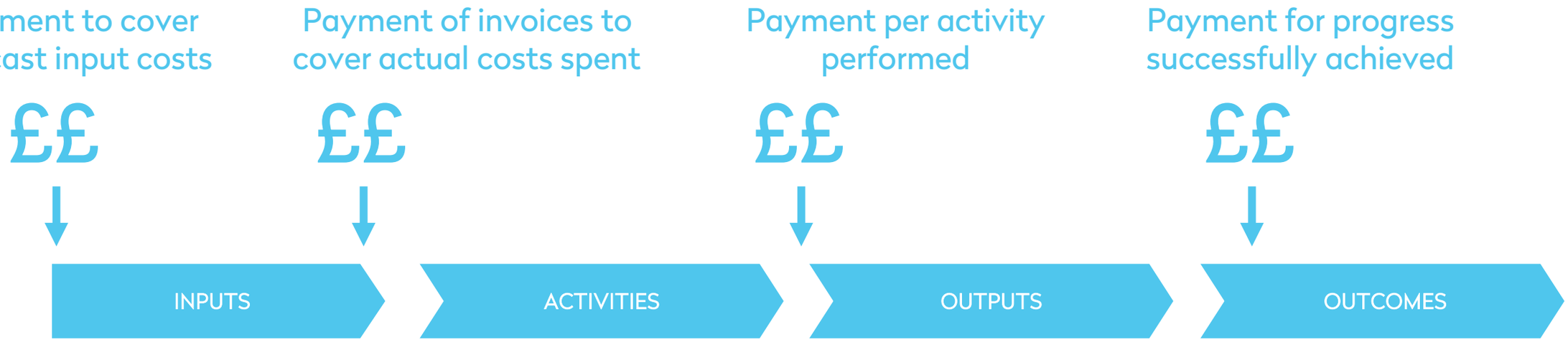
Agenda

- Payment options for public services
- Levers to improve impact of the service
- Innovations
- Results

Annex:

- Areas of public services where this approach shows promise

Four main payment approaches are used to buy public services



	INPUTS	ACTIVITIES	OUTPUTS	OUTCOMES
Examples	Block grants	Cost coverage arrangements	Payment per operation (NHS hospitals) Payment per treatment (GP practices)	Infrastructure investments Outcomes-based contracts
+	Simple and quick to implement	Ensures gov't pays only for what is actually spent	Incentivizes volume but not quality	Incentivizes both quality and volume
−	Creates an incentive to underspend against forecast	Does not incentivize either quality or volume	Increases risk and financing need for bidders	Further increases risk and financing need

These four approaches have all been used to buy family therapy services

Block payment to cover estimated input costs

Examples

Department for Education

Implementing boroughs

London Borough of Hounslow

BARNET LONDON BOROUGH

Harrow COUNCIL

Action for Children

Payment of invoices to cover actual costs spent

Northamptonshire County Council

NHS Northamptonshire Healthcare NHS Foundation Trust

Payment per family who starts the therapy

PETERBOROUGH CITY COUNCIL

CAMHS Child and Adolescent Mental Health Services

merton

Sutton

Central Bedfordshire

CAMBRIDGE CITY COUNCIL

Brandon Centre

NHS South West London and St George's Mental Health NHS Trust

Payment per family for outcomes following therapy

Sutton

merton

TOWER HAMLETS

LONDON BOROUGH OF BEXLEY

Newham

COMMUNITY FUND

Positive Families Partnership

FAMILY PSYCHOLOGY MUTUAL

family action Building stronger families

NHS South West London and St George's Mental Health NHS Trust

Methods of contracting and delivery: Each approach can use **either a grant or a contract.** Delivery can be by **parts of Government (e.g. NHS Trusts, Local Authorities, etc.)**, **registered charities** or **private companies.**

Paying for forecast inputs is simple, but may result in over-payment

Block payment to cover estimated input costs

Payment of invoices to cover actual costs spent

Payment per family who starts the therapy

Payment per family for outcomes following therapy

££

Examples

Implementing boroughs

Department for Education

London Borough of Hounslow

BARNET LONDON BOROUGH

Harrow COUNCIL

Action for Children

NHS Northamptonshire Healthcare NHS Foundation Trust

CAMBRIDGE CITY COUNCIL

Brandon Centre

NHS South West London and St George's Mental Health NHS Trust

Positive Families Partnership

Building stronger families

NHS South West London and St George's Mental Health NHS Trust

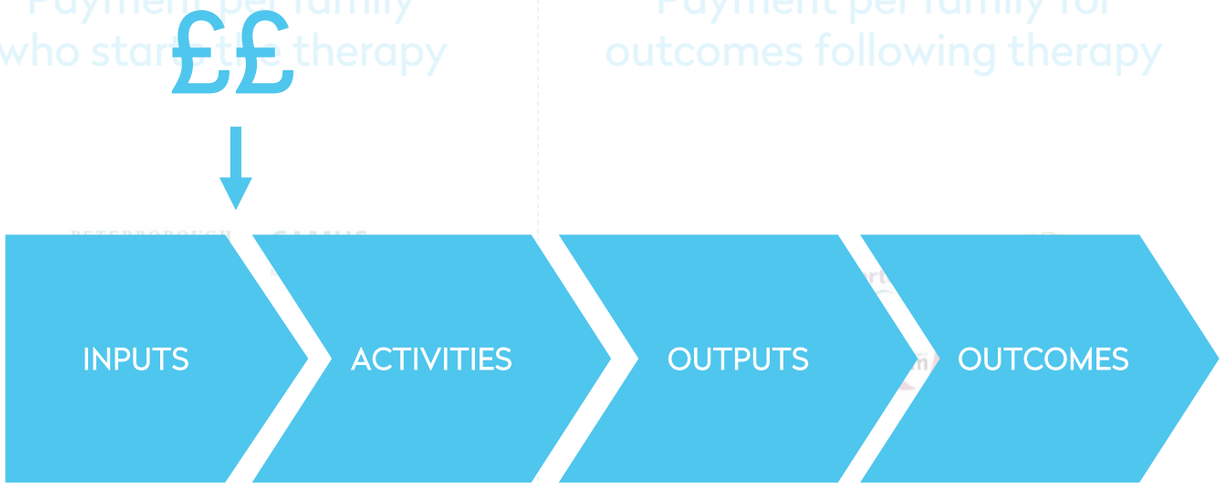
Paying for input spent can reduce cost, but doesn't incentivize innovation

Block payment to cover estimated input costs

Payment of invoices to cover actual costs spent

Payment per family who start the therapy

Payment per family for outcomes following therapy



Paying per start incentivizes productivity, but not quality

Block payment to cover estimated input costs

Payment of invoices to cover actual costs spent

Payment per family who starts the therapy

Payment per family for outcomes following therapy

££

Examples

Action for Children

Northamptonshire Healthcare NHS Foundation Trust

Peterborough City Council

CAMHS Child and Adolescent Mental Health Services

merton

Sutton

Central Bedfordshire

Cambridge City Council

Brandon Centre

South West London and St George's Mental Health NHS Trust

Sutton

merton

Tower Hamlets

London Borough of Bexley

Newham

Community Fund

Positive Families Partnership

Family Psychology Mutual

Building stronger families

South West London and St George's Mental Health NHS Trust

Paying for outcomes improves incentives, but increases supplier risk

Block payment to cover estimated input costs

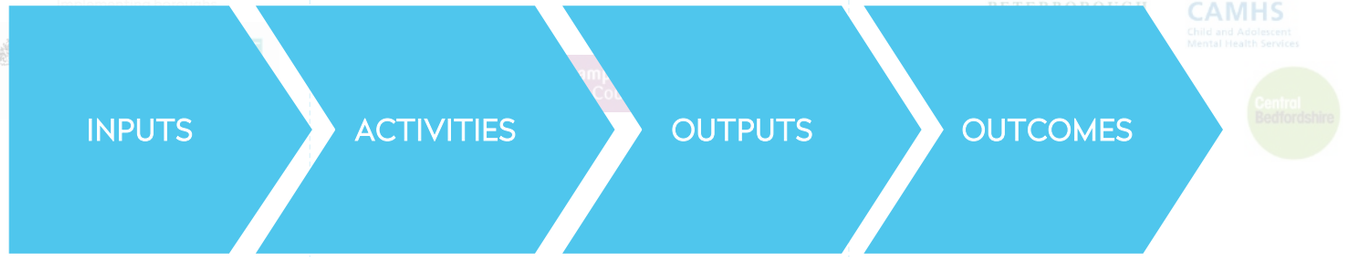
Payment of invoices to cover actual costs spent

££

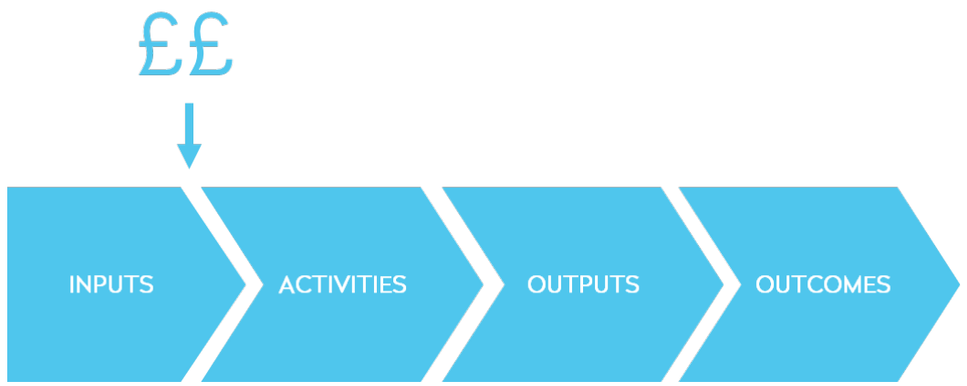
Payment per family who starts the therapy

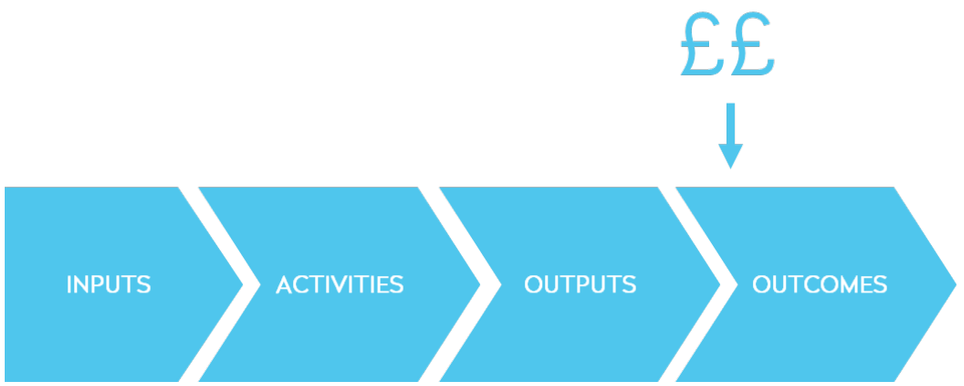
Payment per family for outcomes following therapy

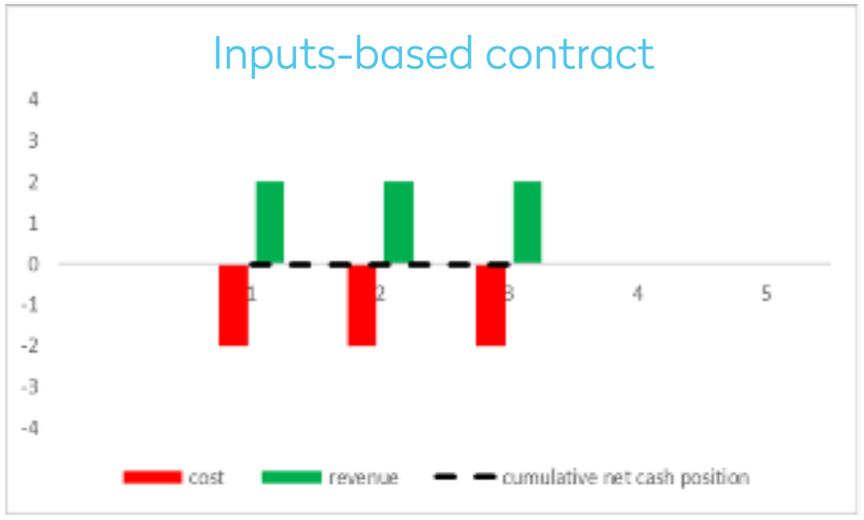
Examples

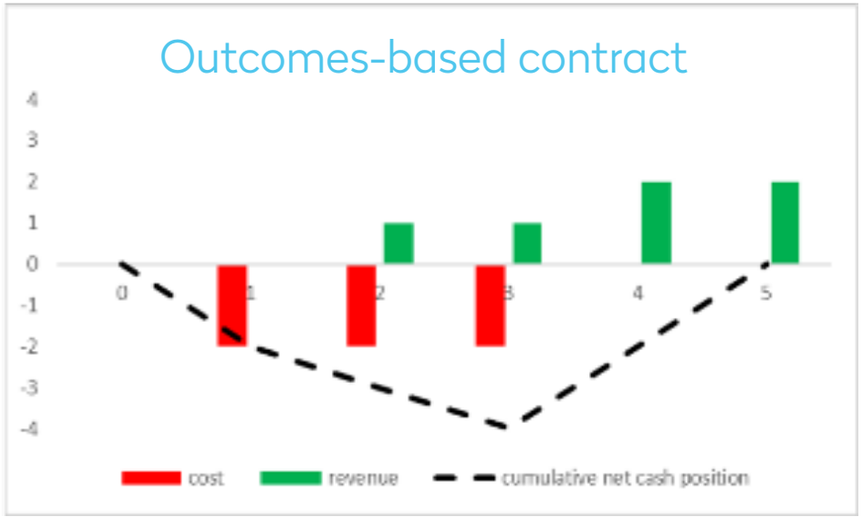


Delaying payment creates significant requirement for supplier financing …

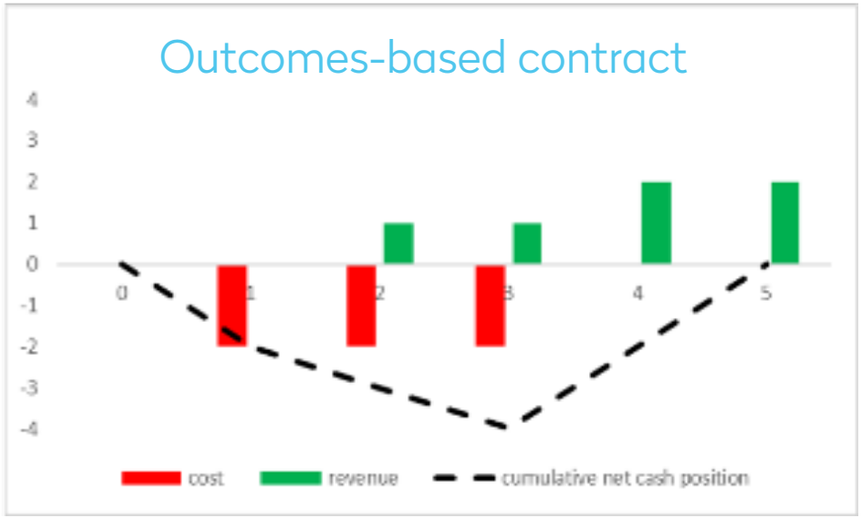


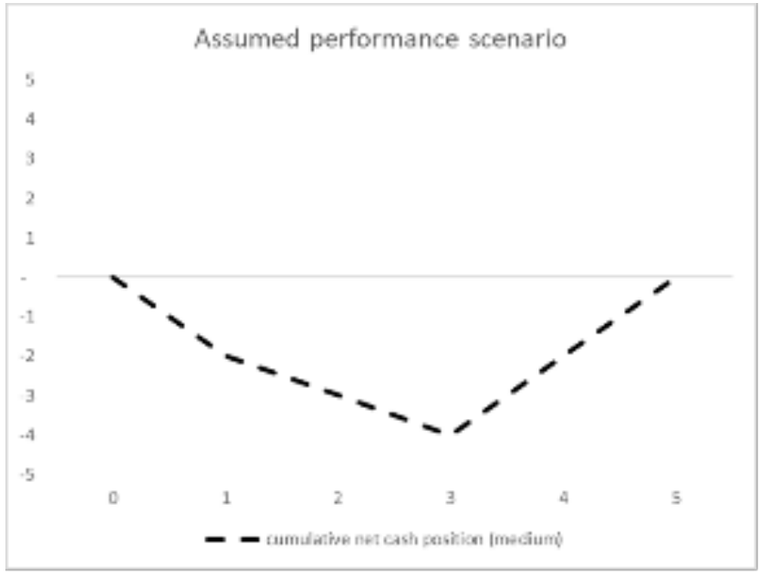


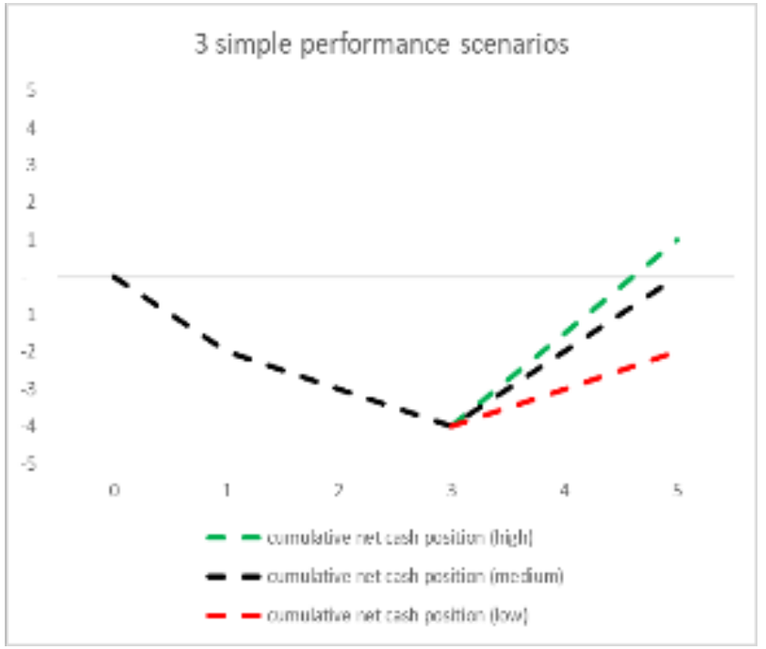




… it also creates uncertainty about level of total eventual payment







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- Payment options for public services
- **Levers to improve impact of the service**
- Innovations
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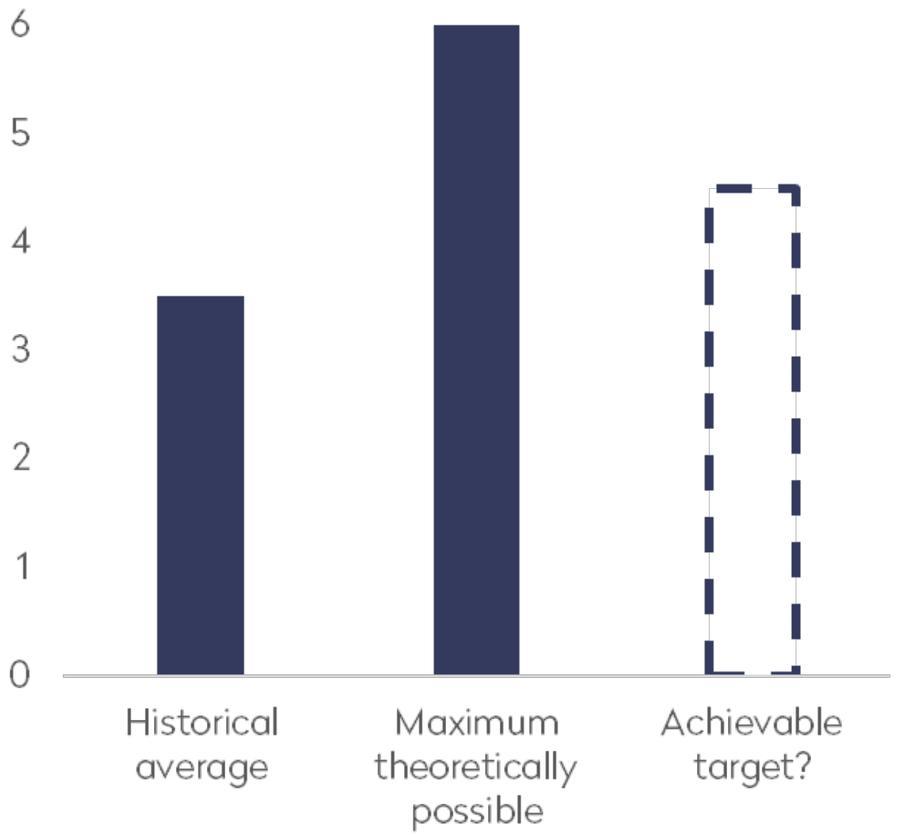
Annex:

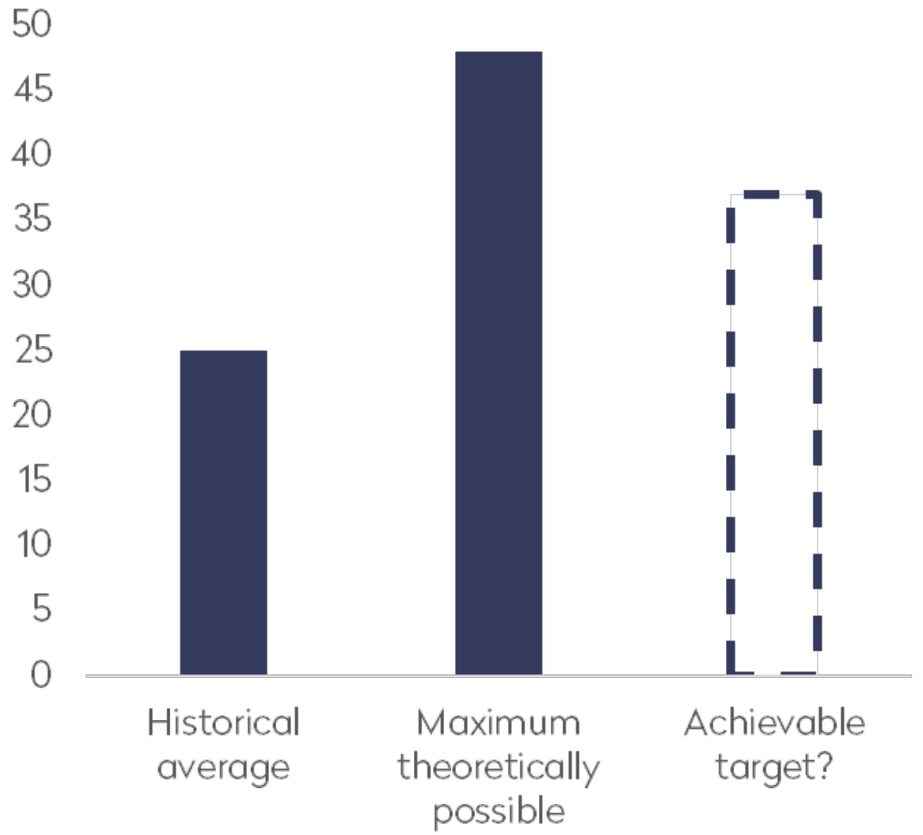
- Areas of public services where this approach shows promise

Previous therapy teams have regularly under-performed their potential

Family satisfaction with therapy delivered by each team



Number of families who receive therapy per team each year



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PFP was designed to aim for more consistent higher quality of therapy

A series of Design Features were planned from the outset

Design Features	Objective	Estimated cost
Integrating 3 delivery organisations and both therapies	Combine different skillsets to bring the best expertise, and ensuring appropriate referrals to each therapy type and ensuring advantages of each distinct therapy made available to families	£150k
Referral information, processes and panels (avoid last minute decisions)	Proactively engage with social workers & referral panels to ensure everyone is aware of the service and knows which families could benefit	£100k
Retention bonuses	Ensure therapists are able to stay until the end of the service	£130k
Integration with schools, CAMHS mental health services, 'Education, Health and Care' panels and the local youth justice board	Proactively link with local services to ensure young person and family are getting the best decisions for their welfare	£100k
Enhanced clinical supervision across 3 teams	Provide superior clinical expertise to ensure best therapists are recruited, and that they are given the best ongoing support, training and supervision	£100k
Data-enhanced decision-making	Investing into high quality data analysis and directly capturing the voice of the young people and carers (inc clinical questionnaires) for all families	£200k

A series of Delivery Pilots were developed during the delivery period

Additional innovations were designed and launched during delivery

Delivery Pilots	Objective	Estimated cost
Better T&Cs	Offer improve conditions of employment to therapists to attract and retain the very best clinical experts	£200k
Booster sessions	Identify families who might benefit from additional therapy and offer extra sessions to them (at no additional cost to the boroughs)	£100k
Expansion to 5 new boroughs	Reach out to extra boroughs across London, offer therapy options to them; set up contracting and mobilise into 5 additional boroughs	£150k
Moving programme online for COVID	Investment to convert the therapies to online options for families	£50k
Extra supervisor with lower span of control	Additional investment to bring FFT up to the right quality level across al London boroughs	£200k
Expedited training	Fly therapists to New York to ensure they get trained quicker and families don't miss out on therapy	£20k
Extra therapists	Proactively recruit therapists above budget to maintain full capacity	£300k

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The families referred were more complex, and referred later than normal

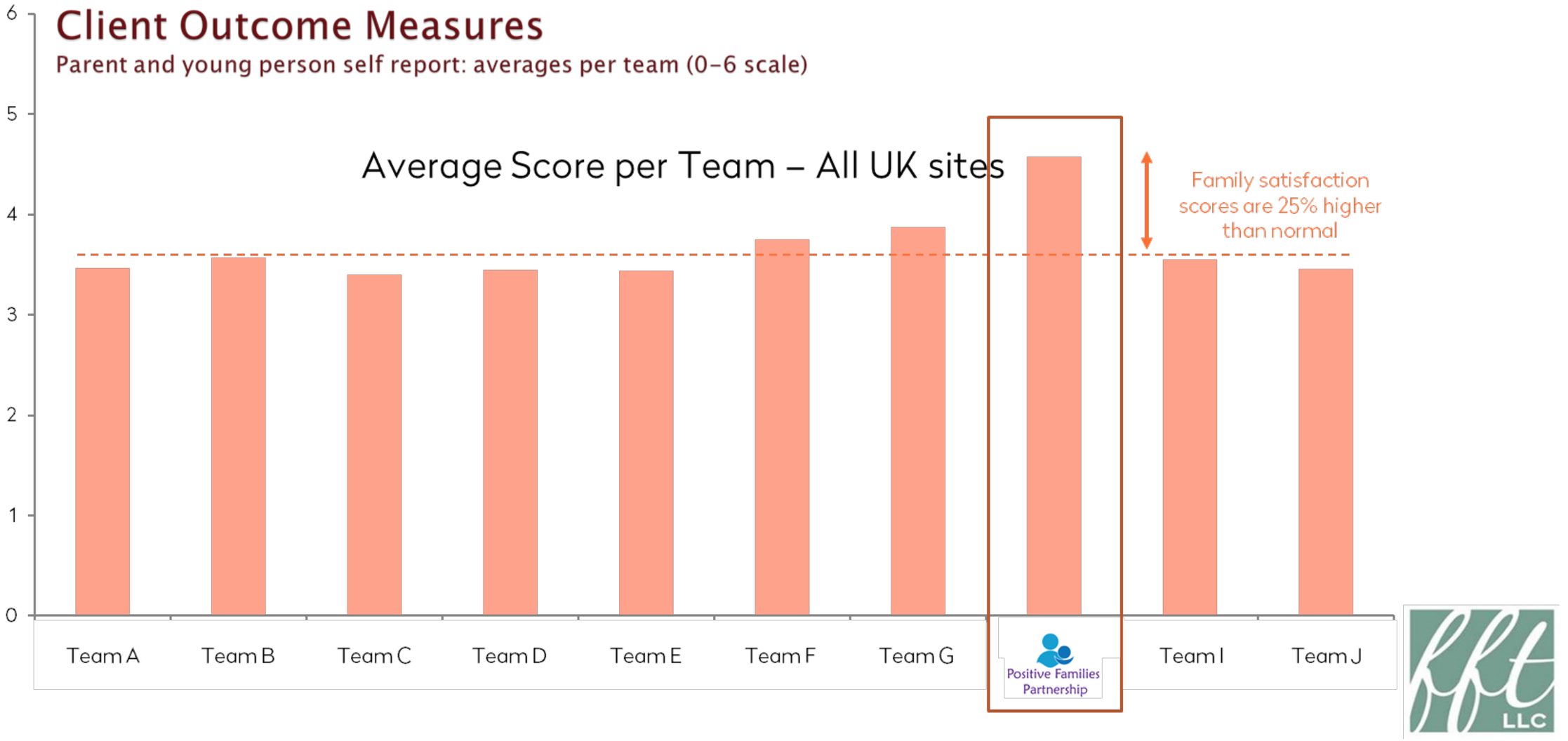
In Essex, the split was already more complex than 'normal' referral cohorts ...

Social Care Status	Before therapy
No active social care provision	9%
Some provision (not yet CiN)	7%
CiN (inc. CPP, PLO, CLA)	**84%**
- of which: CPP/PLO/CLA	*19%*

... in PFP the cases were more complex still, and referred much later than optimal

Social Care Status	Before therapy
No active social care provision	0%
Some provision (not yet CiN)	0%
CiN (inc. CPP, PLO, CLA)	**100%**
- of which: CPP/PLO/CLA	*25%*

PFP achieved better quality therapy than any other UK implementation



PFP helped 46 families per team each year over the project life

	Contractual minimum 'referral guarantee'	Actual # starts	Extra families	TOTAL
Tower Hamlets	72	84		84
Sutton	78	55		55
Newham	108	75		75
Merton	48	49		49
Bexley	78	65		65
Total	**384**	328		
Haringey			21	21
Hounslow			7	7
Barking & Dagenham			33	33
Richmond / Kingston			20	20
Waltham Forest			1	1
Total			82	410

= 46 starts per team per year

Total costs and results

PFP delivered significantly better quality therapy for >80% more families than a 'basic' implementation

	Costs	# families treated	Quality score (out of 6)	Cost per family
'Basic' therapy delivery	£4.5m	*225*	*3.5*	*£20k*
Innovations	£1.8m			
Total project expenditure	**£6.3m**			
Forecast eventual positive return to social investors	£0.3m			
Total forecast project cost to local councils + Lottery	**£6.6m**	410	4.5	£16k

Normal therapy teams serve ~25 families per year, with quality scores of 3.5 out of 6

PFP served 45 families per team per year, with quality scores of 4.5 out of 6

Comparison against other similar services locally

'Step Change' underperformed its original targets for impact, and value for money per family served

	Costs	# families treated	Quality score (out of 6)	Cost per family
'Basic' therapy delivery	£4.5m	*225*	*3.5*	*£20k*
Innovations	£1.8m			
Total project expenditure	**£6.3m**			
Forecast eventual positive return to social investors	£0.3m			
Total forecast project cost to local councils + Lottery	**£6.6m**	410	4.5	£16k
London 'Step Change' target	*£3.3m*	*170*		*£19k*
London 'Step Change' actuals	*£3.3m*	*95**		*£35k*

* The evaluation records that 67 families started, with an additional 28 eligible families who *might* have started in the final months

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We have seen the UK approach used very effectively in two situations

A focus on outcomes can be used to test a series of design options, and/or to continuously improve implementation

A When existing evidence base is poor – no one knows what really works

Focus more on design innovations:
test ideas and build a new service

Examples:

- Rough Sleeping
- Homelessness Prevention
- Treatment of long-term health conditions
- Refugee integration
- Supporting unpaid carers
- Employment support

B Where promising services exist, but they consistently underperform their potential

Focus more on delivery innovations:
find ways to improve quality and scale

Examples:

- Family Therapy
- Pause
- SEN Travel Training

People-powered Partnerships

Our learnings and a different way to create and deliver human services

12 key success factors

BRIDGES OUTCOMES PARTNERSHIPS

» Collaborative Design

From:
Programmes designed by a central department – often in isolation from other departments – and implemented in a top-down way

To:
Projects that are collaboratively designed, and designed to be collaborative; they:

1. **Bring local community organisations together around a shared vision of success (via a central coordinating body)**
   - » School-based support in West London, p.5
2. **Are co-created with the real experts (by bringing front line teams and people who might access the service into the design process)**
   - » New approaches to fostering and adoption in Birmingham and across England, p.9
3. **Work in a joined-up way with other local services (via cross-Government co-payment funds)**
   - » Employment, education and training support for young people across England, p.13
4. **Operate as dynamic, actively managed partnerships (by changing the nature of the contractual relationship between Government and delivery organisations)**
   - » New approaches to procurement and contract management in the USA, p.17

» Flexible Delivery

From:
Fixed-specification contracts, delivered to rigid budgets, for groups of people with identical "needs" or "problems"

To:
Flexible, personalised services that:

5. **Tailor their approach to people's situations and strengths (by giving front-line teams the freedom to shape their services around individuals)**
   - » Housing and employment in Northamptonshire and West Yorkshire, p.21
6. **Invest properly in people (by taking a more flexible approach to resourcing costs)**
   - » Family support in London and the East of England, p.25
7. **Embrace continuous improvement (by creating a mechanism that allows the service to be redesigned and 'relaunched' on a regular basis)**
   - » Community health and diabetes prevention in North-East Lincolnshire and Devon, p.29
8. **Tackle systemic barriers to progress (by encouraging other parts of the system to be more flexible)**
   - » Helping people experiencing long-term homelessness across Greater Manchester, p.33

» Clear Accountability

From:
Arms-length contracts with limited visibility on progress, success, or key learnings

To:
Supportive partnerships where progress is constantly monitored (as a way to inform delivery) and all parties are accountable for the extent to which they actually improve people's lives. This requires us to:

9. **Be transparent about progress (by sharing regular updates against objective, clearly defined milestones)**
   - » New approaches to tackle homelessness across England, p.38
10. **Be accountable to those who access the service (by asking them carefully whether it improved their lives)**
    - » Support for informal carers in Norfolk and for vulnerable women across England, p.41
11. **Consider the broader, longer-term impact of the service (by finding light-touch ways to link into or compare with other Government data)**
    - » Asset based community health in Newcastle and Northamptonshire, p.45
12. **Assess & share lessons learned to benefit future services (by investing in more sophisticated evaluations that tease out relative benefits of project features)**
    - » New approaches to evaluation for dynamically managed delivery in Manchester, p.49

Outcomes Partnerships enable 3 crucial improvements in local public services

	Collaborative Design	Flexible Delivery	Clear Accountability
From:	Programmes designed centrally – often in isolation from other parts of government – and implemented in a top-down way	Fixed-specification contracts, delivered to rigid budgets, for groups of people with identical "needs" or "problems"	Arms-length contracts with limited visibility on progress, success, or key learnings
To:	Projects that are **collaboratively designed**, and **designed to be collaborative**	**Flexible, personalised** services that **constantly evolve** and improve as they learn	High quality, secure, **objective data**, with deep independent research into **what is and isn't working**