

Cabinet Office investment into Outcomes Partnerships

OBJECTIVE: “Increased innovation in public service delivery through outcomes based commissioning”

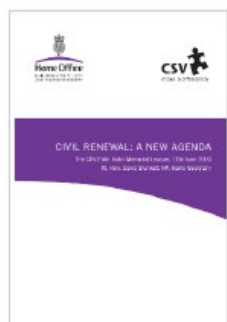


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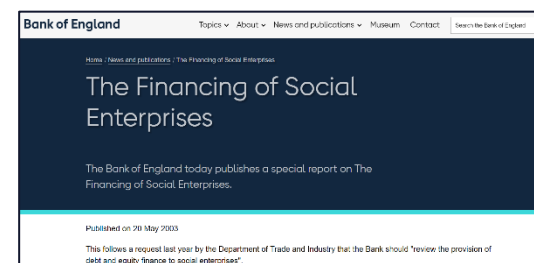
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Government wanted more innovation locally, and better accountability centrally

2002/3: HM Treasury offered much greater freedom over delivery specifics, in exchange for greater accountability for outcomes



2003/4: Home Office and Bank of England found that VCSE organisations could not access the right sorts of capital easily



VCSE* sector asked for more freedom to innovate than traditional contracting allowed, and was happy to be held accountable for better outcomes and better value per outcome

HM Treasury (2002) *Cross Cutting Review into the role of the voluntary and community sector in public service delivery*

DTI (2002) *Social Enterprise: a strategy for success*

Home Office (2003) *Civil Renewal: A New agenda*

Bank of England found inadequate financing options for VCSEs delivering complex public services. Home Office created a strategy to grow financing options for the sector.

Bank of England Domestic Finance Division (2003) *The Financing of social enterprises*

Civil Renewal Unit (2004) *Patient capital: a new approach to investing in the growth of community and social enterprise*

Cabinet Office thoughtfully catalysed a full ecosystem for better outcomes

>95 Government silos partnering on outcomes
Departments, Local Authorities, NHS bodies, etc



Social Outcomes Fund
Life Chances Fund



Re-think evaluations to understand **quality & value of outcomes actually achieved**, and useful learning from the series of innovations trialled in each project



Flexible, risk-taking capital for bidders, to **trial a series of innovations in each contract**, to aim for better outcomes and value for money



Cabinet Office offered flexible, risk-taking capital to VCSE delivery organisations

2008: Cabinet Office created £10m of investment; it invited Fund Managers to bid, and raise at least matching financing



Rationale for Government being an investor *pari passu* alongside other organisations*:

Enables Government to:

1. **set the terms of risk / reward**, to ensure the “financing gap” is addressed effectively;
2. **receive full transparent details of every investment**, and set the ongoing strategy of the funds via investors committee, etc; and
3. **share equally in the upside** of any investments which are financially successful.

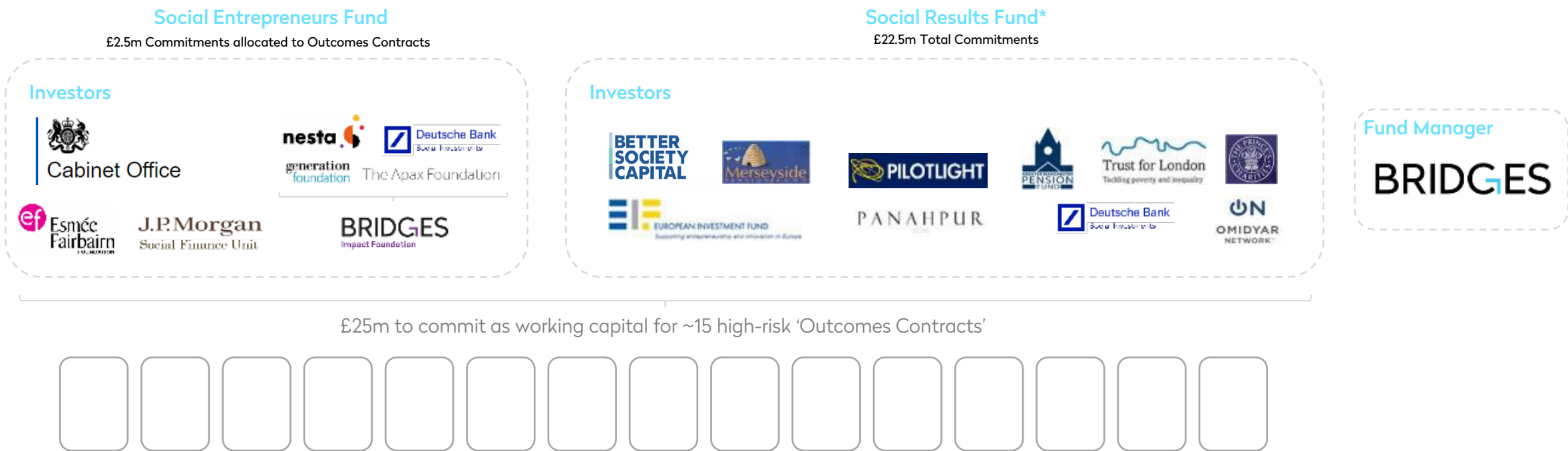
* HM Treasury subsequently used a similar method to catalyse investment into two specific infrastructure priorities in 2017: <https://www.gov.uk/guidance/infrastructure-investment-funds>

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Cabinet Office catalysed £25m of flexible financing for outcomes contracts

The ~£3m seed investment from Cabinet Office was matched by over £20m from other social investors.

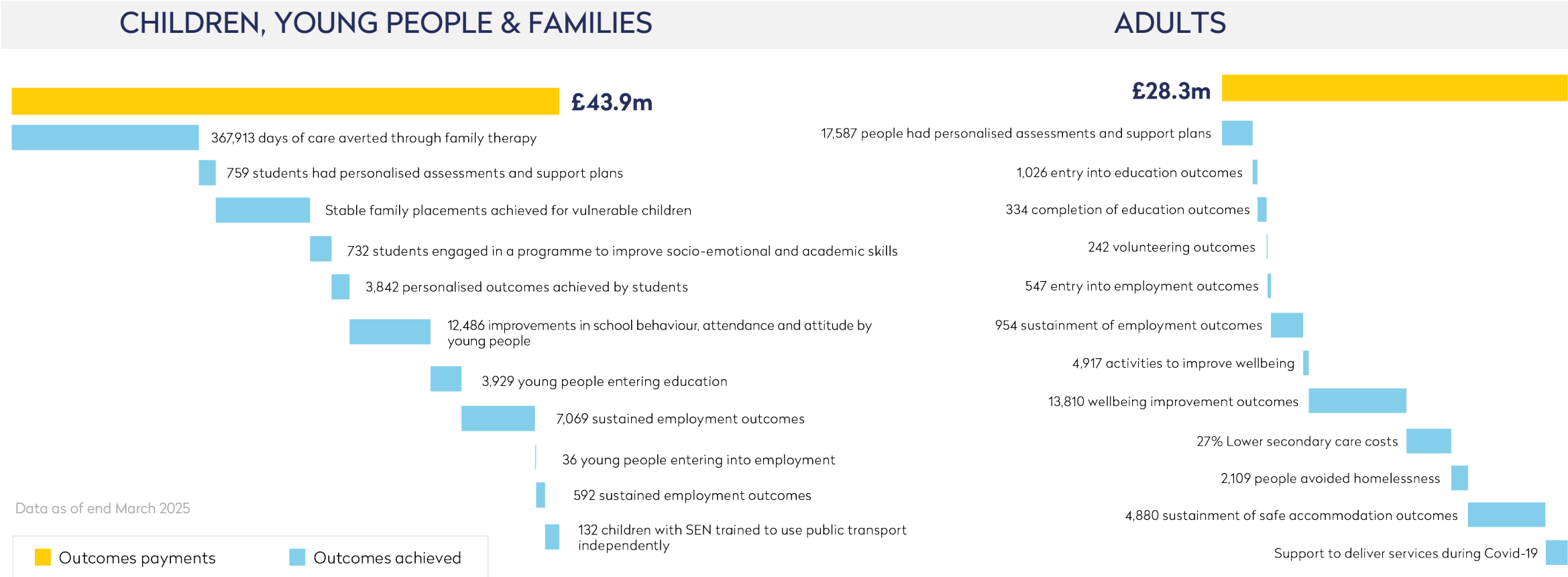


Bridges was selected (through open procurement) to manage the funds on a not-for profit basis.

* Name changed to 'Social Impact Bond Fund' following discussions with the Cabinet Office

Over £70m of social outcomes were achieved, verified by government, and paid

Total Outcomes Payments: £72.2m



Cabinet Office and other social investors set a range of metrics to track against

	Forecast	Actual	Learnings
Total Outcomes	£50m	£72m	Projects were able to achieve a higher ratio of outcomes per £ invested in each project than originally anticipated
# contracts	15	37	Some partnerships were able to form platforms which could bid for and win multiple contracts suitable for their expertise
# outcomes payers	9	89	Wider spread of local government commissioning (and non-governmental commissioning) than originally expected
# delivery partners	20-30	95	Consortia with diverse expertise and geographical reach proved more effective than single delivery organisations
Outcomes Value	£100m	£164m ¹ (fiscal value only)	£164m Fiscal Value; £224m Social Value; £444m Economic Value Total Value = £832m
# direct co-investors	20	22	The funds intentionally agreed to co-invest into projects alongside other like-minded organisations, to grow the investment market

¹ Calculated by independent consultants ATQ, using Green Book methodology and agreed with UK Government Analytical function, ATQ Consultants, 2025 updated analysis of the report [“The value created by social outcomes contracts in the UK”](#)

The projects supported cover a wide variety of policy areas, across the UK

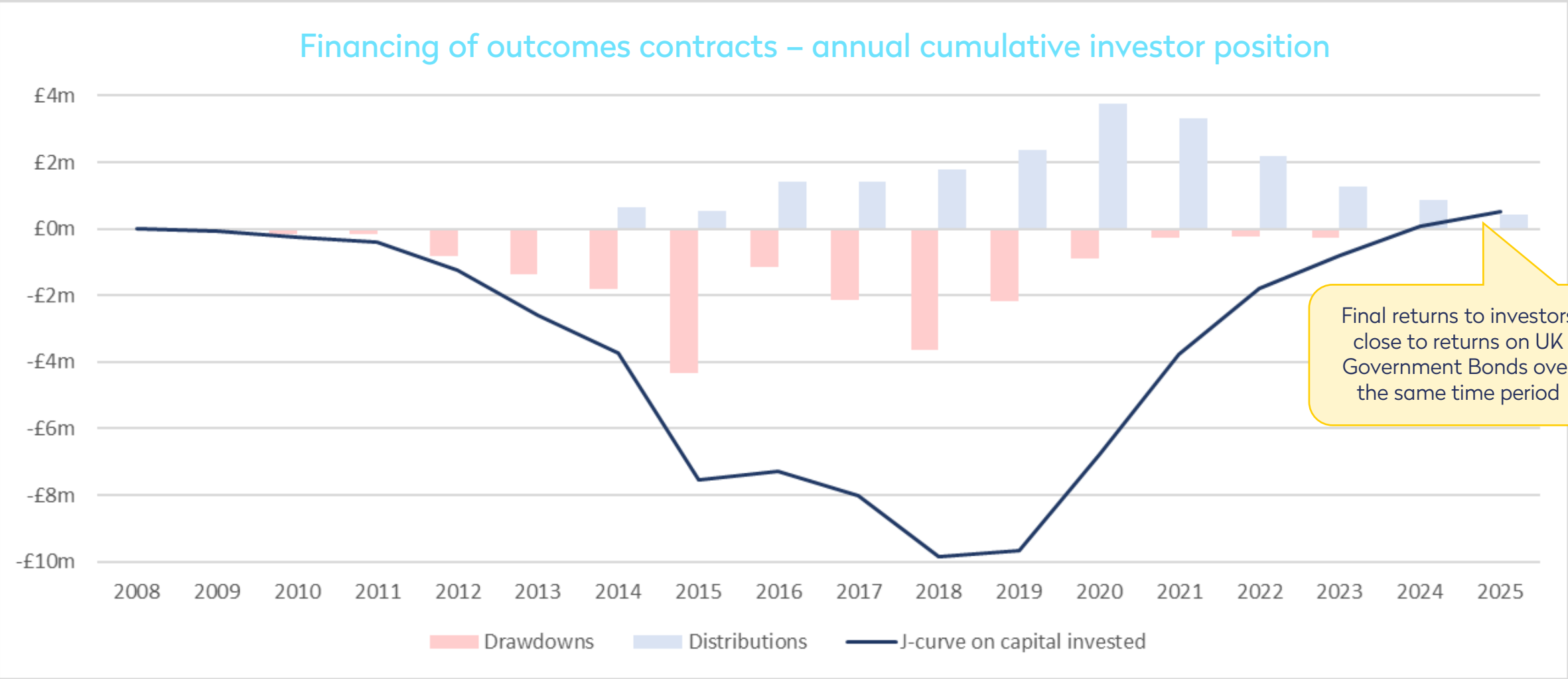
Working with children, young people and families

POLICY AREA	COMMISSIONER(S) ¹	PARTNERSHIP COORDINATOR	DELIVERY PARTNER(S)
Youth Education & Employment East London	Department for Work & Pensions	Links 4 Life	community links, triodos
Youth Education & Employment Merseyside	Sefton Council, Department for Work & Pensions, Ministry of Justice, Wirral Council, Cabinet Office, Halton Borough Council, Liverpool City Council	Triodos New Horizons Unlocking Potential	Triodos, Fusion, Local Solutions, Business in the Community, Fostering Housing
Youth Education & Employment Greater Manchester	Department for Work & Pensions, Ministry of Justice, Cabinet Office	T&T Innovation T&T Youth Engagement Fund	tridos, SOCIAL FINANCE
School-based Support West London	Department for Education, Kensington and Chelsea, h&f, Brent Council, City of Westminster, Schools & philanthropy	ALLCHILD	40+ delivery partners including: Future men, Place, coram, Launch, Clemm Jones, Scarstok, and others
Family Therapy Essex	Essex County Council	Children's Support Services	Centre, SOCIAL FINANCE
Family Therapy North Somerset	North Somerset Council, COMMUNITY FUND	Outcomes for Children Part of the Care Assets Group	coreassets CHILDREN'S SERVICES
Family Therapy Pan-London	Merton, Sutton, Tower Hamlets, London Borough of Haringey, London Borough of Redbridge, London Borough of Westminster, Kingston upon Thames, Newham London	Positive Families Partnership	South West London and St George's Mental Health NHS Trust, NHS, Family Psychology Mutual, Centre, Family Futures, FFT
Intensive Foster Care Manchester	Manchester City Council, Cabinet Office	adoption for children	adoption for children, Fostering Foster Care Organisations
Intensive Foster Care Birmingham & Cheshire	Birmingham City Council, Cabinet Office, Cheshire West and Chester, COMMUNITY FUND	Outcomes for Children Part of the Care Assets Group	fca, fosteringpeople, ACS
SEN Travel Training Nationwide	Lambeth, Surrey, Norfolk County Council, COMMUNITY FUND	hctgroup	hctgroup
Family Finding for Adoption Nationwide	Bedford Borough Council, Northumberland County Council, Tower Hamlets, Derby City Council, Ealing, Bolton Council, North Somerset, Cabinet Office	iaam	adoption matters, PACT, after adoption, CaritasCare, Family Futures, South London and Maudsley NHS Foundation Trust

Working with adults

POLICY AREA	COMMISSIONER(S) ¹	PARTNERSHIP COORDINATOR	DELIVERY PARTNER(S)
Youth Homelessness West Midlands	Department for Communities and Local Government, Cabinet Office	Fair Chance Rewriting Futures	St Basils, SOCIAL FINANCE
Youth Homelessness Manchester & Greenwich		Fair Chance Your Chance	DEPAUL, SOCIAL FINANCE
Youth Homelessness West Yorkshire		Fusion Fair Chance Partnership	FAMILY PSYCHOLOGY MUTUAL, NUMBERS FOR GOOD
Youth Homelessness Northamptonshire	NHS Northamptonshire Healthcare NHS Foundation Trust, University of Northampton, COMMUNITY FUND, Northamptonshire County Council	HOMELESSNESS SUPPORT	MAYDAY TRUST
Care Leavers Independence Bristol	Department for Education, Bristol City Council, North Somerset Council, Bath & North East Somerset Council, South Gloucestershire Council	REBOOT	REBOOT
Care Leavers Independence South East London	Department for Education, Greenwich Council, London Borough of Bromley	I-Aspire	DEPAUL
Single Homeless Prevention Greater London	Brent	SHPS London Single Homeless Prevention Service	crisis
Rough Sleeping Greater Manchester	Department for Communities and Local Government, GMCA Greater Manchester Combined Authority	GH HOMES PROTECTED-UP	Shelter, great places, THE BRICK
Social Prescribing Newcastle	Cabinet Office, COMMUNITY FUND, Newcastle Gateshead Clinical Commissioning Group	Ways to Wellness	First Contact Clinical, Healthworks, CHANGING LIVES, SPINAL CONNECTION
Social Prescribing NE Lincolnshire	NHS North East Lincolnshire Clinical Commissioning Group, COMMUNITY FUND	thrive.net	GREEN FUTURES, CPO, Centre
Diabetes Prevention Devon	Devon County Council, COMMUNITY FUND	Healthier Living Partnership	HEALTHIER LIVING PARTNERSHIP

Cost of capital was similar to HM Treasury's cost of financing, as originally forecast



The Funds were given a target to help build their own competition

The Bridges Funds shared deals with 22 other social investment organisations, spreading direct experience across the market. Many have now expanded their own options for VCSEs bidding to deliver these contracts.

Examples of asset owners and fund managers investing directly into Outcomes Partnerships, alongside direct investments from the 2x Bridges-managed Funds:

**Stratford
Development
Partnership**



montpelier
foundation



the
Tudor trust



Outcomes Partnerships can enable three crucial improvements for complex public services:



Read in more detail in 'People-Powered Partnerships', our anchor learning document.

Collaborative Design

From: Programmes designed centrally – often in isolation from other parts of government – and implemented in a top-down way



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

Flexible Delivery

Fixed-specification contracts, delivered to rigid budgets, for groups of people with identical “needs” or “problems”



Flexible, personalised services that **constantly evolve** and improve as they learn

Clear Accountability

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



High quality, secure, **objective data**, with deep independent research into **what is and isn't working**

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Contracting for outcomes should enable **better outcomes** and **better value for money**

Many public services under-perform expectations. They achieve fewer outcomes than hoped; thus the **cost per outcome is higher**.

If Government contracts for the outcomes directly, this **ensures lower total spend if the service under-performs**.

However, this approach can also create the conditions for **investment in innovation, to catalyse over-performance**.

Pay for inputs example	Payment for inputs costs	# people treated	Success rate	# outcomes achieved	Cost per outcome
Design	£10m	1000	60%	600	£17k
Actual	£10m	800	40%	320	£31k

Pay for outcomes example	Cost per outcome	# people treated	Success rate	# outcomes achieved	Total payment made
Design	£17k	1000	60%	600	£10m
Actual	£17k	800	40%	320	£5m

Pay for outcomes example	Cost per outcome	# people treated	Success rate	# outcomes achieved	Total payment made
Design	£17k	1000	60%	600	£10m
Actual	£15k	1200	72%	860	£13m

Example: Family Therapy for Greater London boroughs (3x teams for 3 years)



	Costs	# families treated	Quality score (out of 6)	Cost per family	Cost per borough	
Contracted therapy delivery	£4.5m	225	3.5	£20k	£0.9m	
Innovations	£1.8m					
Total project expenditure	£6.3m					
Cost of financing	£0.3m					
Total cost to government	£6.6m	410	4.5	£16k	£0.7m	Expanded from 5 to 10 boroughs

Under traditional pay-for-inputs contracting, normal therapy teams serve ~25 families per year, with quality scores of ~3.5 out of 6

80% productivity increase

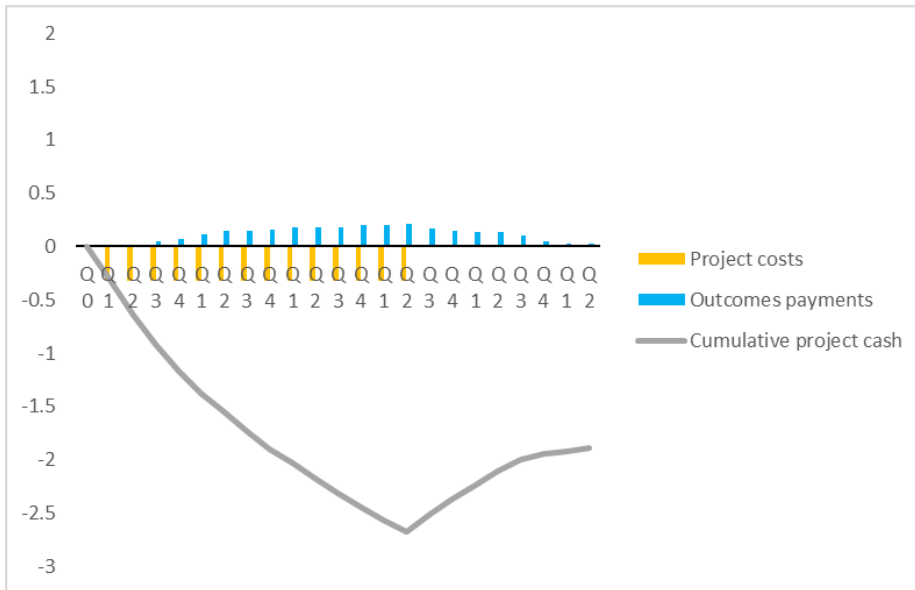
25% quality improvement

*London Boroughs paid avg. ~£12.5k per family
National Lottery contributed ~£3.5k per family*

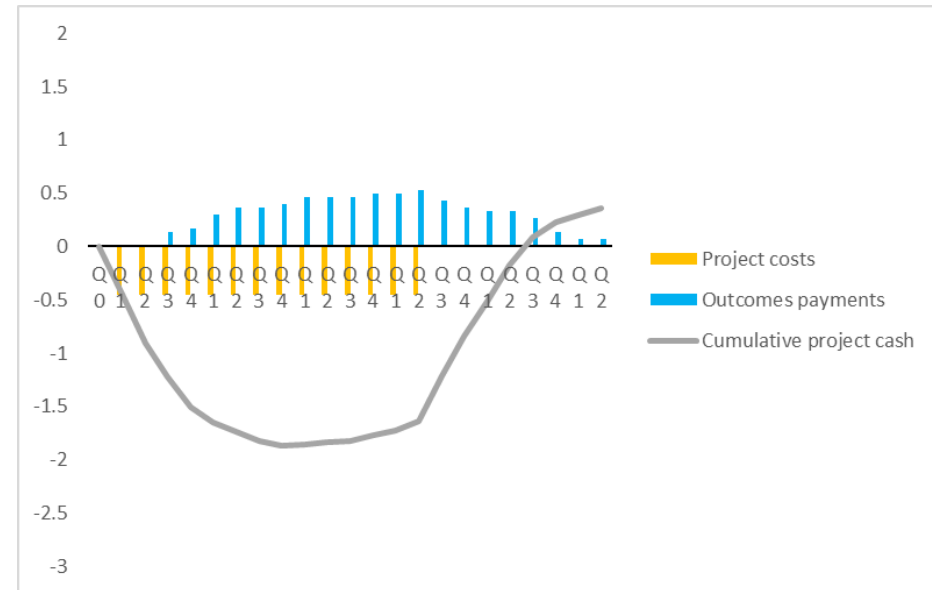
The outcomes-focused approach in London offered a price of 20% less per outcome. But it offered freedom to invest into innovations, and expand

If innovations succeed, the bidder can repay investment at the end of the project

Project cash profile if no additional money invested into improvements



£1.8m investment results in 20% better quality and 80% increased productivity





The bid drafted an initial series of ideas for how to improve outcomes

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



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



**BRIDGES
OUTCOMES
PARTNERSHIPS**