

# Cabinet Office investment into Outcomes Partnerships

*OBJECTIVE: “Increased innovation in public service delivery through outcomes-based commissioning”<sup>1</sup>*

<sup>1</sup>UK Cabinet Office, 2012



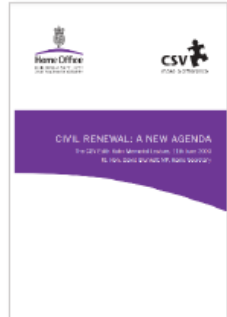
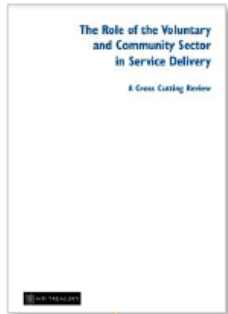
# Contents

---

- > **Background**
- > Impact and Financial Objectives
- > Learnings for 'Complex' public services
- > Worked Example – Family Therapy

# 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



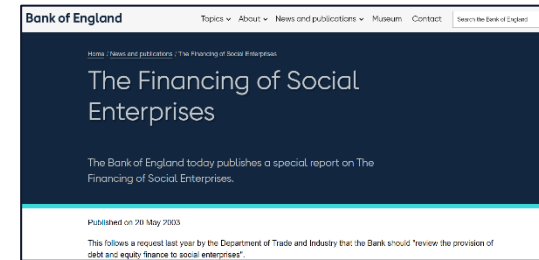
**VCSE\* sector asked for more freedom to innovate** than traditional contracting allowed, and was happy to be held accountable for better outcomes and better value per outcome

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*

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



**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

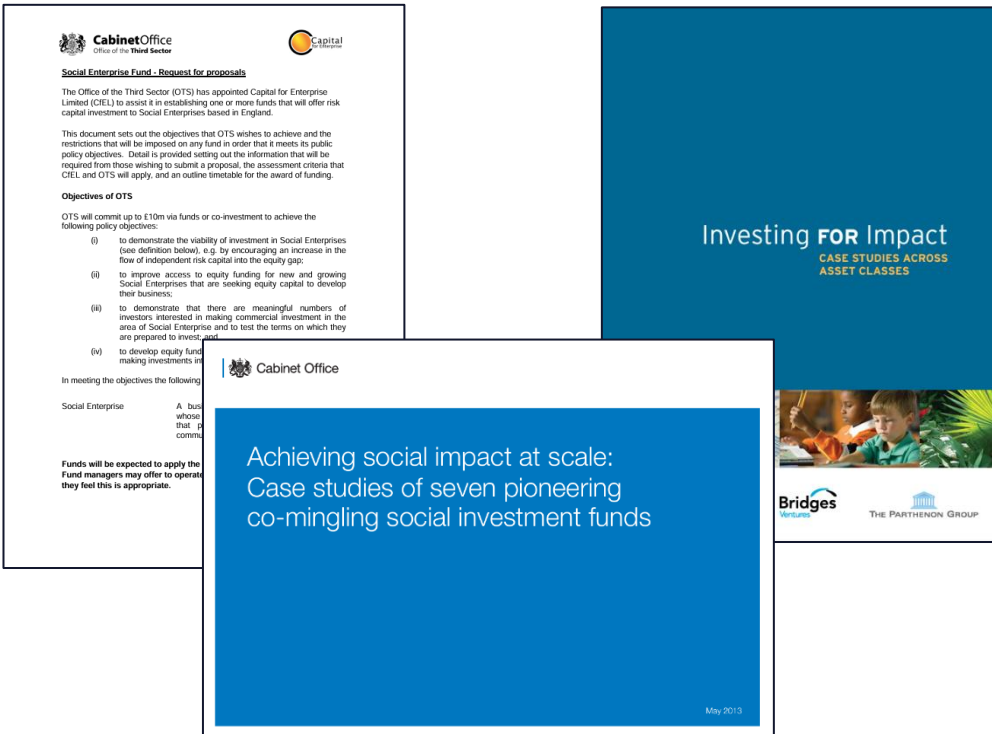


Flexible, risk-taking capital for bidders, to **trial a series of innovations in each contract**, to aim for better outcomes and value for money



# 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>

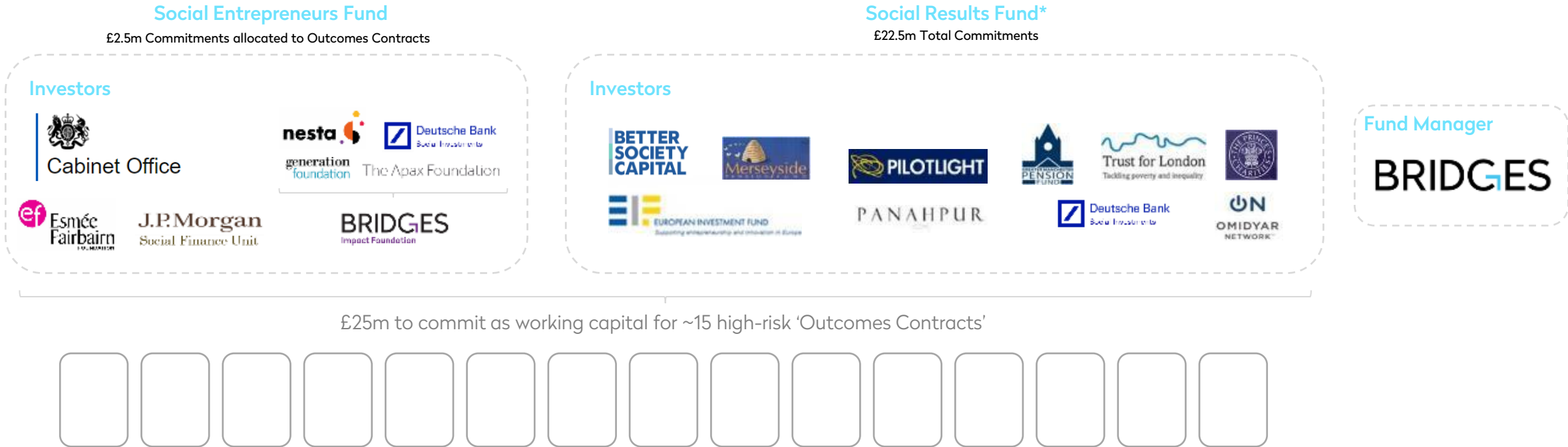
# Contents

---

- > Background
- > **Impact and Financial Objectives**
- > Learnings for 'Complex' public services
- > Worked Example – Family Therapy

# 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.



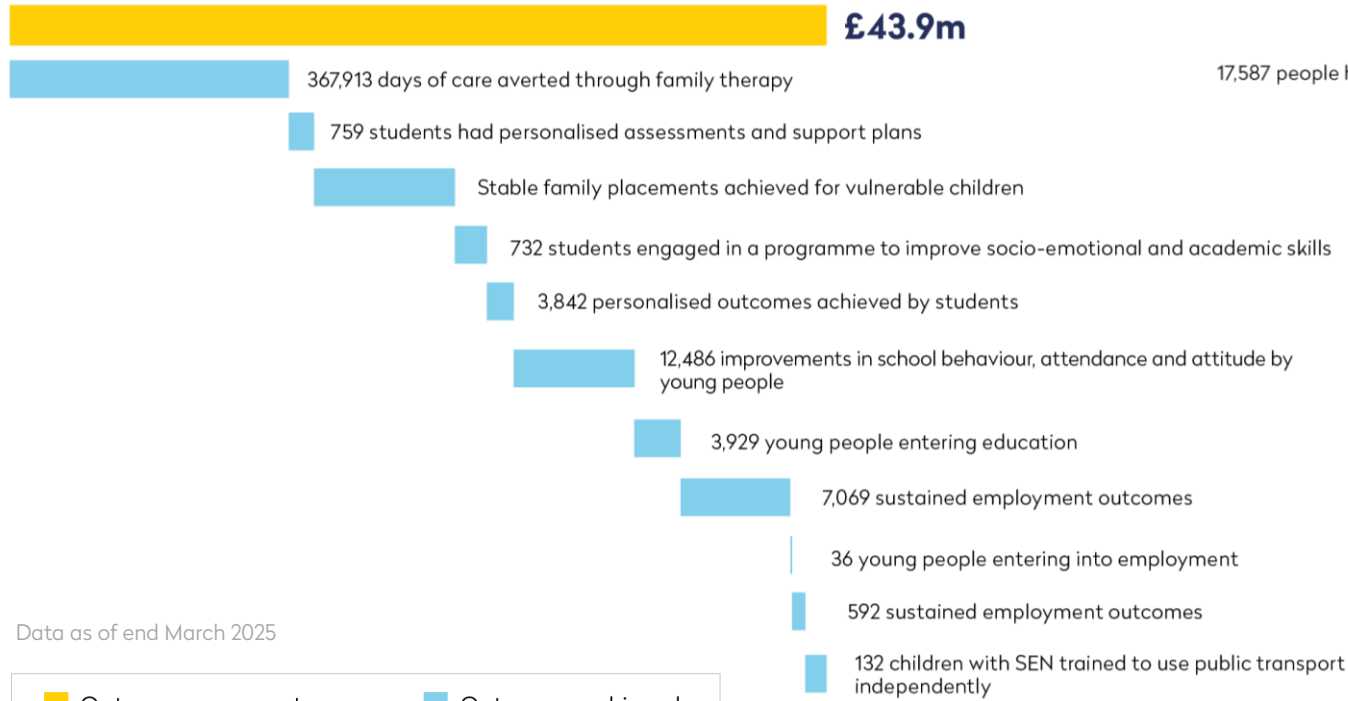
Bridges was selected (through open procurement) to manage the funds on a not-for profit basis.

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

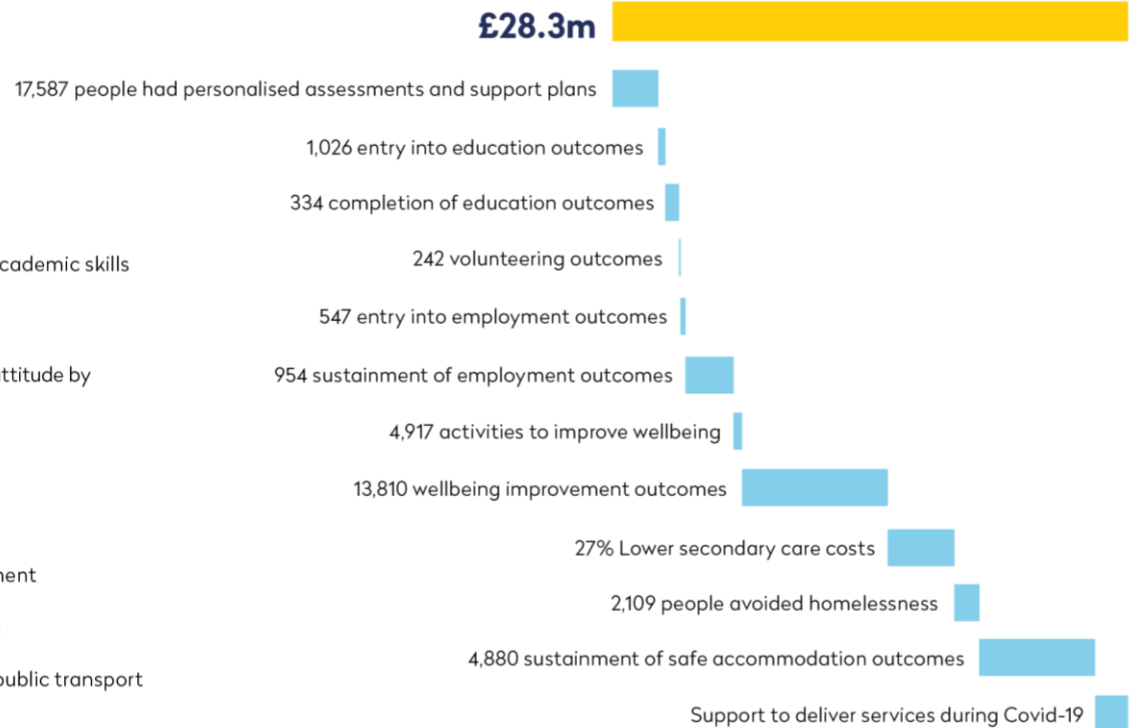
# Over £70m of social outcomes were achieved, verified by government, and paid

**Total Outcomes Payments: £72.2m**

## CHILDREN, YOUNG PEOPLE & FAMILIES



## ADULTS



Data as of end March 2025



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

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

## Working with children, young people and families

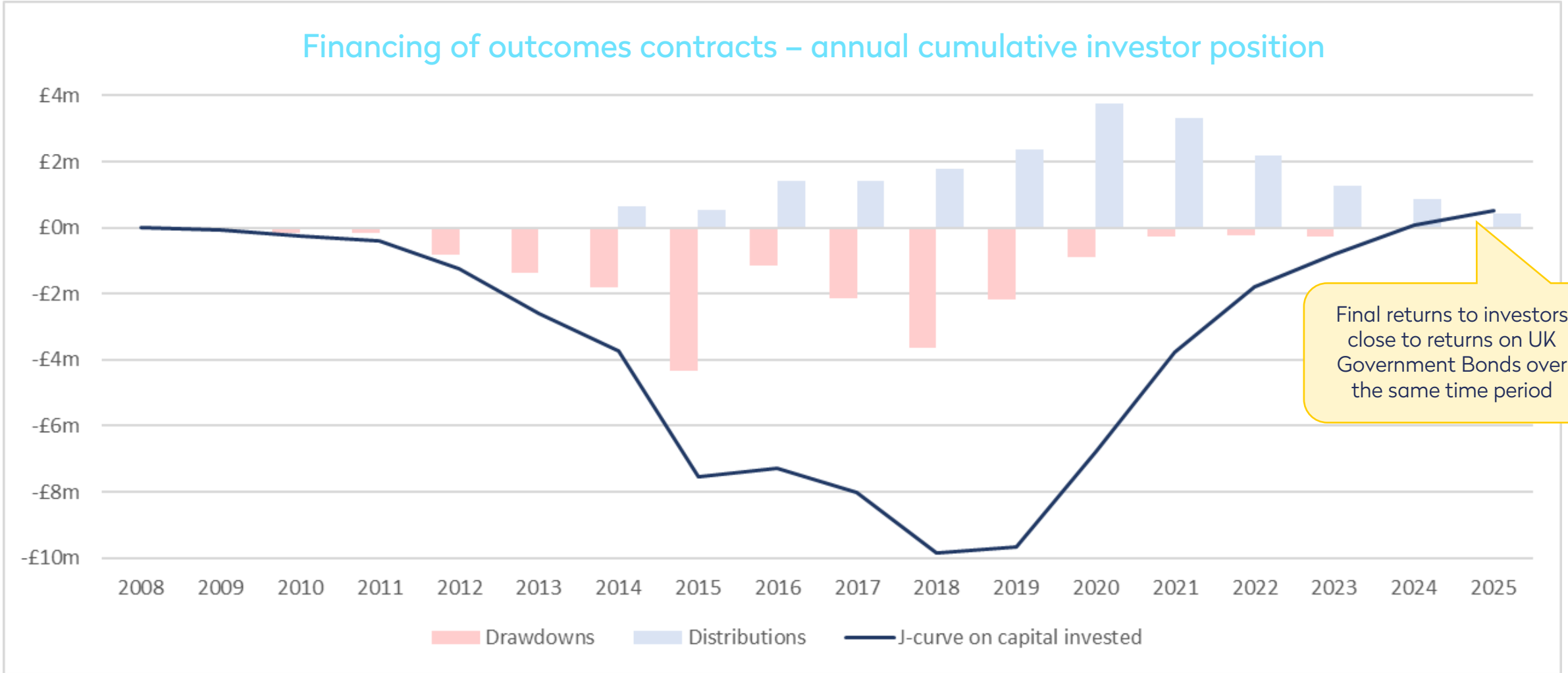
POLICY AREA	COMMISSIONER(S) <sup>1</sup>	PARTNERSHIP COORDINATOR	DELIVERY PARTNER(S)
Youth Education & Employment East London	Department for Work & Pensions	Links 4 Life	community links, 10000 links
Youth Education & Employment Merseyside	Sefton Council, Department for Work & Pensions, Ministry of Justice, Cabinet Office, St Helens Council, Wirral Council, Halton Council, Liverpool City Council	Triodos New Horizons Unlocking Potential	Triodos, Fusion, Local Solutions, Business & Community, Family Housing
Youth Education & Employment Greater Manchester	Department for Work & Pensions, Ministry of Justice, Cabinet Office	T&T Innovation T&T Youth Engagement Fund	10000 links, Social Finance
School-based Support West London	Department for Education, Kensington and Chelsea, Brent Council, City of Westminster, Schools & philanthropy	ALLCHILD	40+ delivery partners including: Launch, Future Men, Place, Coram, Beanstalk, Clemis, 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	COVAssets CHILDREN'S SERVICES
Family Therapy Pan-London	Merton Council, Sutton Council, Tower Hamlets Council, Haringey Council, London Borough of Haringey, Kingston Council, Newham Council, Brent Council, Bexley Council	Positive Families Partnership	South West London and St George's Mental Health Trust, NHS, Family Psychology Mutual, Centre, Building stronger families, FFT
Intensive Foster Care Manchester	Manchester City Council, Cabinet Office	Outcomes for Children Part of the Care Assets Group	10000 links, Intensive Foster Care Organisations
Intensive Foster Care Birmingham & Cheshire	Birmingham City Council, Cheshire West and Chester, Cabinet Office, Community Fund	Outcomes for Children Part of the Care Assets Group	fca, fosteringpeople, ACS
SEN Travel Training Nationwide	Lambeth Council, Surrey Council, Norfolk County Council, Community Fund	hctgroup	hctgroup
Family Finding for Adoption Nationwide	Bedford Borough Council, Northumberland County Council, Tower Hamlets Council, Derby City Council, Ealing Council, Maudsley Hospital, Bolton Council, North Somerset Council, 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) <sup>1</sup>	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, Northamptonshire County Council, Community Fund	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, Lambeth Council, Bromley Council	I-Aspire	DEPAUL
Single Homeless Prevention Greater London	Brent Council	SHPS London Single Homeless Prevention Service	CRISIS
Rough Sleeping Greater Manchester	Department for Communities and Local Government, GMCA Greater Manchester Combined Authority	GH HOMES	Shelter, great places, THE BRICK
Social Prescribing Newcastle	Cabinet Office, Community Fund, Newcastle Gateshead Clinical Commissioning Group	Ways to Wellness	First Contact Clinical, Healthwatch, CHANGING LIVES, NHS
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

## Financing of outcomes contracts – annual cumulative investor position



Final returns to investors close to returns on UK Government Bonds over the same time period

# 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:



# Contents

---

- > Background
- > Impact and Financial Objectives
- > **Learnings for 'Complex' public services**
- > Worked Example – Family Therapy

# 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**

# Collaborative Design

## Projects that are **collaboratively designed**, and **designed to be collaborative**

1) Bring local community organisations together around a **shared vision of success** (via a central coordinating body)



For a detailed look at this in practice, read about [school-based support in West London](#)

2) Are co-created with the **real experts** (by bringing front line teams and people who might access the service into the design process)



For a detailed look at this in practice, read about [new approaches to fostering & adoption](#)

3) Work in a joined-up way with **other local services** (via cross-Government co-payment funds)



For a detailed look at this in practice, read about [employment, education & training support for young people](#)

4) Operate as dynamic, **actively managed partnerships** (by changing the nature of the contractual relationship between Government and delivery organisations)



For a detailed look at this in practice, read about [new approaches to procurement & contract management in the U.S](#)

# Flexible Delivery

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

**5) Tailor their approach to people's situations and strengths**  
(by giving front-line teams the freedom to shape their services around individuals)



For a detailed look at this in practice, read about [housing & employment in Northamptonshire & West Yorkshire](#)

**6) Invest properly in people**  
(by taking a more flexible approach to resourcing costs)



For a detailed look at this in practice, read about [family support in London and the East of England](#)

**7) Embrace continuous improvement**  
(by creating a mechanism that allows the service to be redesigned and 'relaunched' on a regular basis)



For a detailed look at this in practice, read about [community health & diabetes prevention in North-East Lincolnshire & Devon](#)

**8) Tackle systemic barriers to progress**  
(by encouraging other parts of the system to be more flexible)



For a detailed look at this in practice, read about [helping people experiencing long-term homelessness across Greater Manchester](#)

# Clear Accountability

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

## 9) Be transparent about progress

(by sharing regular updates against objective, clearly defined milestones)



For a detailed look at this in practice, read about [new approaches to tackle homelessness across England](#)



## 10) Be accountable to those who access the service

(by asking them carefully whether it improved their lives)



For a detailed look at this in practice, read about [support for informal carers in Norfolk](#)

## 11) Consider the broader, longer-term impact of the service

(by finding light-touch ways to link into or compare with other Government data)



For a detailed look at this in practice, read about [asset-based community health in Newcastle & Northamptonshire](#)

## 12) Assess & share lessons learned to benefit future services

(by investing in more sophisticated evaluations that tease out relative benefits of project features)



For a detailed look at this in practice, read about [new approaches to evaluation for dynamically managed delivery in Manchester](#)

# Contents

---

- > Background
- > Impact and Financial Objectives
- > Learnings for 'Complex' public services
- > **Worked Example – Family Therapy**

# 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	<b>£20k</b>	£0.9m
Innovations	£1.8m				
<b>Total project expenditure</b>	<b>£6.3m</b>				
Cost of financing	£0.3m				
<b>Total cost to government</b>	<b>£6.6m</b>	<b>410</b>	<b>4.5</b>	<b>£16k</b>	£0.7m

*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*

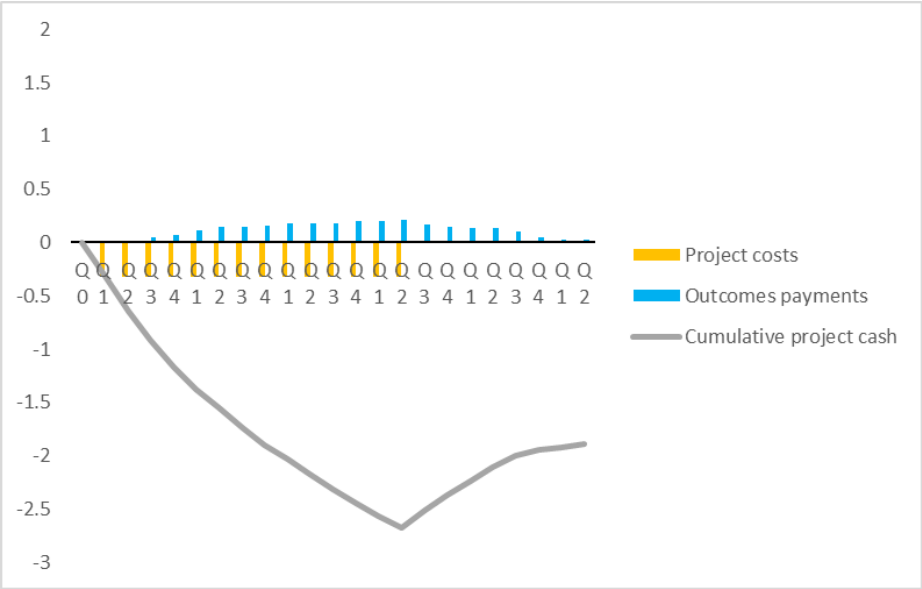
*The outcomes-focused approach in London offered a price of 20% less per outcome. But it offered freedom to invest into innovations, and expand*

Expanded from 5 to 10 boroughs

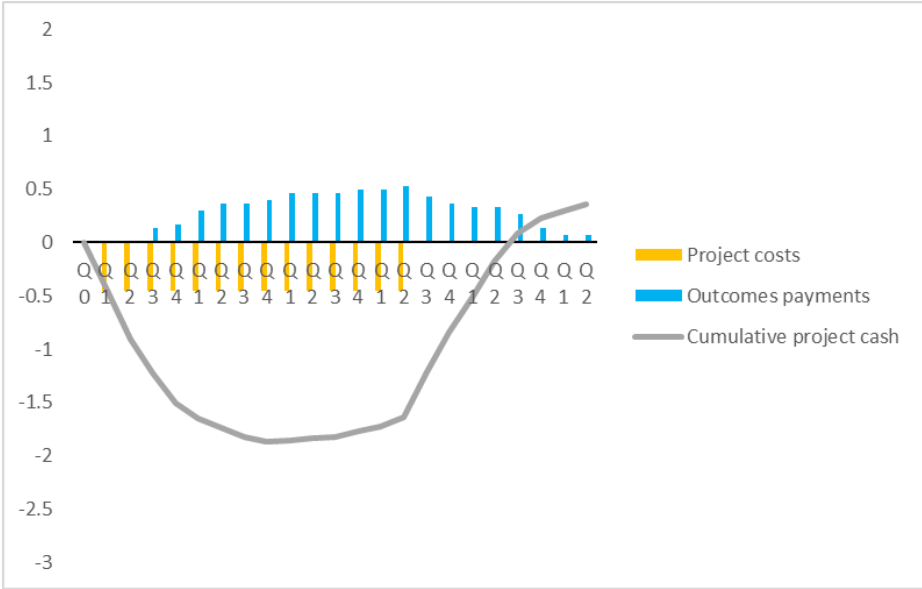


# If innovations succeed, the bidder can repay investment at the end of the project

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