

Government Outcomes Lab evidence submission on social outcomes contracts in Irish sport

The Government Outcomes Lab (GO Lab) is a research and policy centre based in the Blavatnik School of Government, University of Oxford. Since 2016, we have been investigating how governments partner with the private and social sectors to improve social outcomes. As an applied research group, the Government Outcomes Lab has brought together rigorous academic research with on-the-ground insights from policy and practice in order to investigate the use of innovative partnership structures for public services which seek to address complex social problems. This has particularly focused on social outcomes contracts (SOCs), also known as social impact bonds (SIBs).

As a result, we have identified a number of key insights surrounding the use of SOC/SIBs more broadly. There are a number of potential benefits to the use of a social outcomes contracting model in particular circumstances, including collaboration, prevention, innovation and resilience. However, reaping these benefits requires careful design of the contract, which can be complex. Despite significant experimentation over the last decade, there remains limited good-quality data and evidence on the model.

At the time of writing, there is only one sports SOC out of 273 projects listed in our International Network for Data on Impact and Government Outcomes (INDIGO) impact bond dataset. This is Chances, a social impact bond which aims to use sport and physical activity to provide new opportunities and alternative life pathways for children and young people in disadvantaged areas whilst improving their health and wellbeing. It is co-commissioned by a number of local authorities in England and the UK Government's Life Chances Fund (LCF).¹

This evidence submission presents some of the GO Lab's research findings on key lessons and insights from social outcomes contracting more broadly, followed by some reflections on the use of SOC/SIBs in sport specifically.

¹ The Government Outcomes Lab are the official evaluation partner of the Life Chances Fund, and as such, we are conducting multiple, longitudinal evaluations across the portfolio of 30 projects offered funding by the LCF. For more information, see <https://golab.bsg.ox.ac.uk/about/outcomes-based-contracting/our-role-in-evaluating-the-life-chances-fund/>

Social Outcomes Contracting – key lessons and insights

At the GO Lab, we are investigating social outcomes contracting as a commissioning tool for a range of policy sectors and contexts. Social outcomes contracts are not a silver bullet that can solve all of the challenges of tackling complex social problems and improving social outcomes, and they will not be right for every context. However, through our extensive research on the model, we have identified a number of insights and key considerations.

Potential benefits – collaboration, prevention, innovation, and resilience

Social outcomes contracts have been accompanied by wide-ranging claims about their promise or risks since their inception. Public debate ranges from extraordinary expectations to passionate opposition and such a polarised debate can risk poor policy making. In 2018, the GO Lab undertook a review which identified three ways in which social outcomes contracts may help to overcome perennial challenges in the public sector: collaboration, prevention and innovation (Carter et al., 2018). In addition, evidence from the experience of Life Chances Fund projects during the COVID-19 pandemic suggests a fourth potential benefit: resilience (FitzGerald et al., 2021). While these are not conclusive and universal benefits of the SOC approach, they do indicate some potential benefits that policymakers may wish to consider.

Why use SIBs?



- **Collaboration** - Social service provision is often fragmented both across the complex provider landscape and amongst commissioners. Providers may struggle to align their services to meet complex needs. Commissioners may have overlapping and inter-

related responsibilities. By making collaboration the centrepiece of their contractual relationships through a shared focus on outcomes, SOCs can coordinate effort amongst multiple providers and/or commissioners. This can provide beneficiaries with more efficient and effective ‘joined-up’ care.

- **Prevention** – A key way to improve social outcomes is to prevent issues from arising at all or to stop existing problems from getting worse. Some form of prevention is of course central to many public services from public health initiatives to early-years education. As well as improving short-term outcomes, this approach is intended to generate savings by avoiding the need for costly remedial services at a later date. However, commissioners often face challenges in running preventive interventions alongside existing services. Resources are often fully committed to meeting current needs and reacting to crisis-point situations, which means that prevention is often the ‘Cinderella service’, coming last in the allocation of limited resources. SOCs can alleviate this budgetary pressure through ‘double-running’ of budgets: social investment can be used to fund a preventative intervention and, if successful, will decrease the reliance on further services in future. As time goes on, the expectation is that more core funding can be allocated to prevention
- **Innovation** – A frequently articulated rationale for SOCs is that they create room for innovation by transferring financial risk to the investor and away from both commissioner and service provider. ‘Innovation’ is a flexible term and we use it here to capture new methods and changed approaches which may operate by several mechanisms: innovation in provider selection, choice of intervention, and types of performance management.

From Carter et al., 2018

- **Resilience** – In a study examining the responses of Life Chances Fund SOCs to COVID-19, we found evidence of both functional and structural resilience in LCF SIBs, though to differing extents. The majority of LCF SOCs displayed functional resilience. This was principally observed in projects already delivering services at the outset of the pandemic (18 of 19 already launched projects continued to provide services). In these projects, services were rapidly adapted to online and/or socially distanced delivery. In addition to adapting core service models, some projects also deployed additional support services to cater to emergent cohort needs. In the main, these service adaptations – evidence of functional resilience – were driven by resources and human

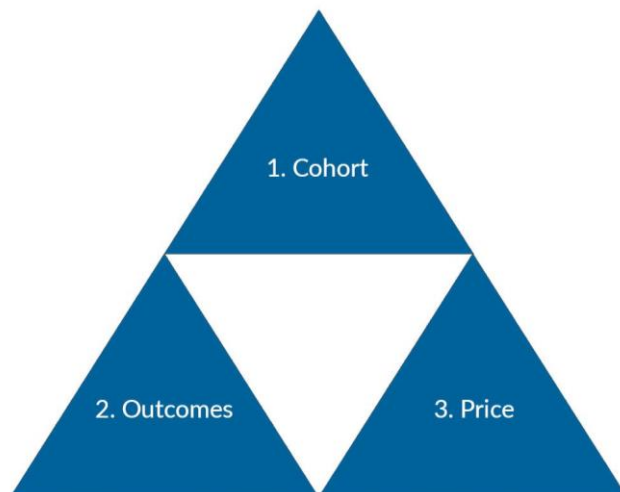
factors: a combination of embedded relationships amongst project partners and flexible, re-deployable financing facilitated information-sharing and enabled collective decision-making without requiring cumbersome administrative effort. Some LCF SOCs also displayed structural resilience. 10 of 31 projects either continued or launched on an outcomes-basis. In these cases, structural resilience was commonly driven by governance and resources: projects led by commissioners were more likely to stay on outcomes payments while projects with higher proportions of LCF funding were more likely to opt for grants-based payments.

From FitzGerald et al., 2021

Designing a robust contract - cohort, outcomes, price

In order to achieve some of these benefits, GO Lab research suggests a number of conditions must be in place. In particular, FitzGerald et al. (2019) suggest three aspects of a contract that should be tightly specified in order to have assurance a contract will deliver value: the cohort, the outcomes, and the price of the outcomes.

Designing a robust framework



1. Tightly defined eligible cohort

The cohort eligible for support under a SOC should be defined by clear, objective data. This should underpin an independent referral/identification system which recruits service users and offers a clear understanding of their distance from desired outcomes.

2. Alignment between payable outcomes and policy objectives

There should be a logical link between the activity, outputs and outcomes articulated in the theory of change of the SOC. In order to measure longer-term outcomes, there must be a way to tell if they have occurred, and an adequate period of time for tracking.

3. *Accurate price-setting of outcomes*

Finally, outcomes must be accurately priced. This includes a robust estimate of the likely level of benefit over and above what would have happened anyway, known as deadweight, and a way to get confidence that any outcomes are caused by the intervention (attribution).

Challenges –complex to develop, not always appropriate

While the above features may help to ensure a robust contract which minimises the risk of opportunism and helps to reap any potential benefits of a SOC approach, this must be weighed against the additional transaction costs of designing the contract (FitzGerald et al., 2019). Indeed, this is just one of the challenges associated with developing a social outcomes contract. These complex, multi-stakeholder partnerships are difficult to bring together, and the process from initial idea to service delivery is often a costly and time-consuming one.

While these challenges may be worth it in some circumstances, a SOC is certainly not appropriate in all cases. Stakeholders should be able to clearly articulate *why* they are pursuing a SOC approach over alternative commissioning mechanisms.

Limited evidence base, and the need to gather more and better data

Despite these insights, the overarching evidence base on the added value of a social outcomes contracting model over alternative commissioning approaches remains limited. We are attempting to contribute to addressing this through our evaluation of the Life Chances Fund, but more evidence, in different contexts, will be needed to develop a more comprehensive understanding of the extent to which the purported benefits and/or challenges of social outcomes contracting are realised. A key part of developing this understanding lies in improving the accessibility and quality of data. We are attempting to support this through our INDIGO (International Network for Data on Impact and Government Outcomes) initiative, which includes the flagship Impact Bond Dataset and SyROCCo Machine Learning tool.²

² <https://golab.bsg.ox.ac.uk/knowledge-bank/indigo/>

Social Outcomes Contracting in sport

To date, we have identified only one SOC in the sports sector. Chances is a social impact bond which aims to enhance social inclusion for young people living in the most disadvantaged neighbourhoods through participation in sport and physical activity. It is delivered in 15 locations across England, and is co-commissioned by local authorities in each of these areas alongside the UK Government Department for Digital, Culture, Media and Sport's Life Chances Fund. The SIB commenced in November 2020, and is expected to complete service provision in August 2024, with outcomes payments continuing until October 2024.

While we have not undertaken in-depth research on the project, we undertook a brief case study (Outes Velarde, 2022) which identifies key project insights. Substance, the intermediary coordinating the project, highlighted the importance of communication given the large number of stakeholders, balancing service flexibility and trust with ensuring providers are aligned with the contracted set of payable outcome metrics. They also noted that while the SOC model offers more flexibility in terms of service delivery, allowing providers to adapt their offering to best engage with disadvantaged young people, it is less flexible with respect to outcomes verification and evaluation. While services may generate additional positive outcomes that were not identified upfront, these are not payable under the SOC.

This submission was prepared by Michael Gibson (Research and Policy Associate), drawing on research and knowledge resources developed by the Government Outcomes Lab team.

References

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