Determining, monitoring and evaluating the outcomes of Social Impact Bonds: lessons from the UK

How to implement Social Impact Bonds in Poland?

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An introduction to RAND Europe and our research into Social Impact Bonds and Social Investment

- Independent, not-for-profit research organisation

- Undertake research and analysis to inform public policy and decision making

- Evaluated the worlds first Social Impact Bond (SIB) – implemented at a prison in Peterborough, UK

- Undertaken other evaluations of SIBs in the UK

- Research for European Commission into Social Investment

This presentation outlines five 'things to think about' in determining, evaluating and monitoring outcomes of SIBs

- Drawing on experience of SIBs in the UK aiming to:

    – Reduce reoffending

    – Reduce homelessness

    – Prevent young people going into care

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- Drawing on experience of SIBs in the UK on:

  - Reduce reoffending

  - Reduce homelessness

  - Prevent young people going into care

RAND Europe conducted evaluation of a SIB in Peterborough, England

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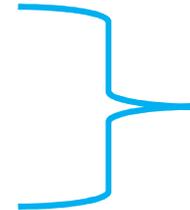
Ministry of Justice

The payment by results Social Impact Bond pilot at HMP Peterborough: final process evaluation report

Emma Disley, Chris Giacomantonio, Kristy Kruithof and Megan Sim
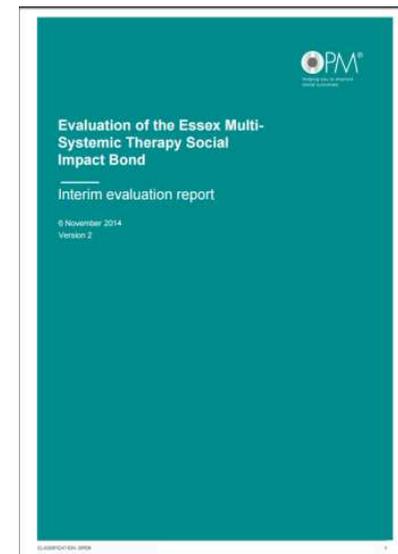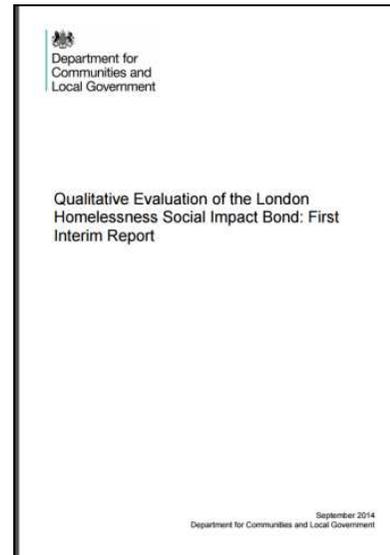RAND Europe

Ministry of Justice Analytical Series

2015

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- Drawing on experience of SIBs in the UK on:

    – Reduce reoffending

    – Reduce homelessness

    – Prevent young people going into care

Other researchers have conducted evaluations

Department for Communities and Local Government

Qualitative Evaluation of the London Homelessness Social Impact Bond: First Interim Report

September 2014
Department for Communities and Local Government

OPM

Evaluation of the Essex Multi-Systemic Therapy Social Impact Bond

Interim evaluation report

6 November 2014
Version 2

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- Drawing on experience of SIBs in the UK on:

    - Reduce reoffending

    - Reduce homelessness

    - Prevent young people going into care

- There is no 'right' way to monitor outcomes

- Evidence base is still developing

1. Select indicators of the outcome and identify a data source

SIB – outcome of interest	Indicator	Data source
Reduce reoffending	Number of convictions	Official UK National Police Database
Prevent young people going into care	Average number of days in care	Existing Local Authority case management records
Reduce homelessness	Reduction in the number of nights sleeping out and sustaining accommodation	Existing database about homeless people in London

Lessons?

Some social outcomes are hard to measure

Risk that SIBs focus on what can be measured, rather than outcomes best for people?
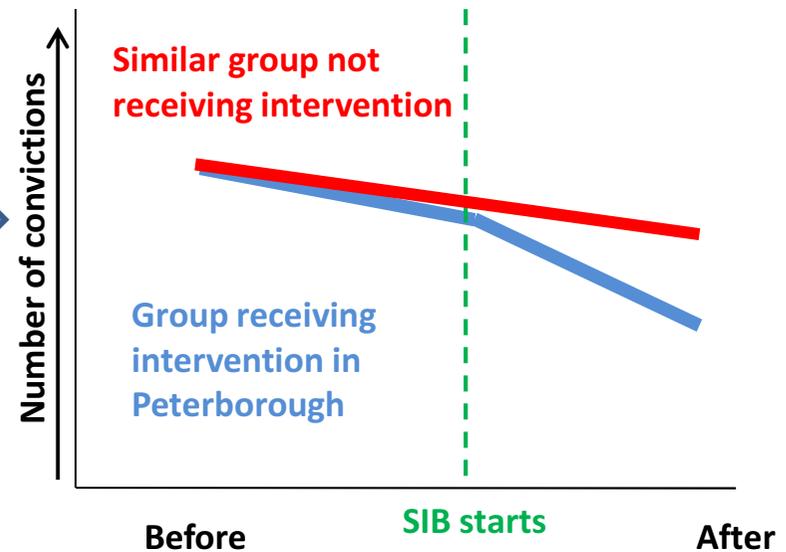
SIBs can measure more than one outcome

Advantages to using an existing dataset - collecting new data requires time and resources

Advantages to using data collected independently?

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2. Attribute the outcome to the intervention (establish a counterfactual)

- Attribution asks *"whether a change in the outcome measure was **due to** the SIB-funded intervention?"*

- Counterfactual asks *"what would have happened if the intervention had not taken place?"*

- Important to SIBs because funders do not want to 'pay' for an outcome that would have happened anyway.

- Approaches in the UK…
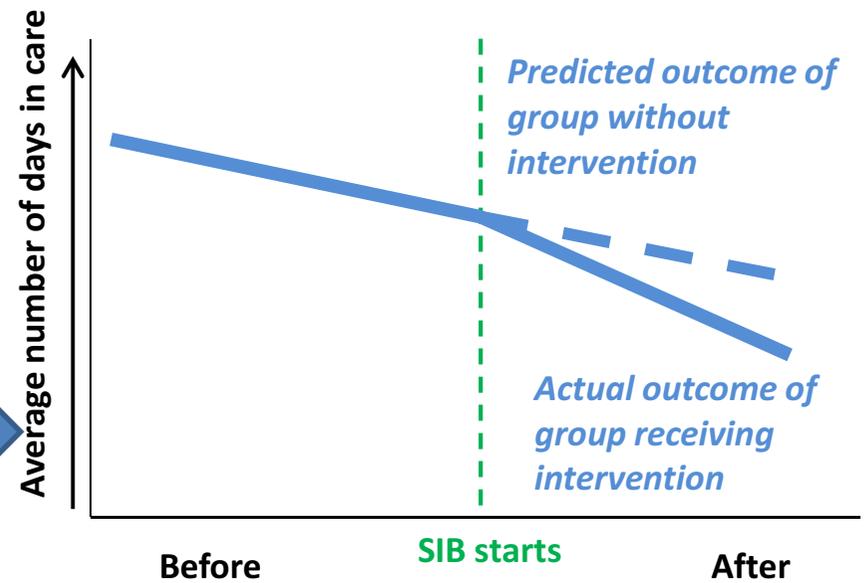
SIB	Attribution approach
Reduce reoffending	**Control group** (using current data)
Prevent young people going into care	**Control group** (using historical data)
Reduce homelessness	Compare to **expected** (using historical data)

Number of convictions

Similar group not receiving intervention

Group receiving intervention in Peterborough

SIB starts

Before   After

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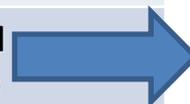
- Approaches in the UK…

SIB	Attribution approach
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Predicted outcome of group without intervention

Actual outcome of group receiving intervention

Average number of days in care

Before **SIB starts** **After**

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Lessons?

> **Most robust approaches are usually more complicated and costly to implement ... are they worth it?**

> **Stakeholders at Peterborough questioned whether attribution approach was too complicated**

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3. Decide the duration and frequency of measurement

SIB	Duration and frequency of measurement
Reduce reoffending	Reoffending over period of one year (two Cohorts)
Prevent young people going into care	Average days in care every 3 months, for 30 months
Reduce homelessness	Sustained accommodation for 12 and 18 months
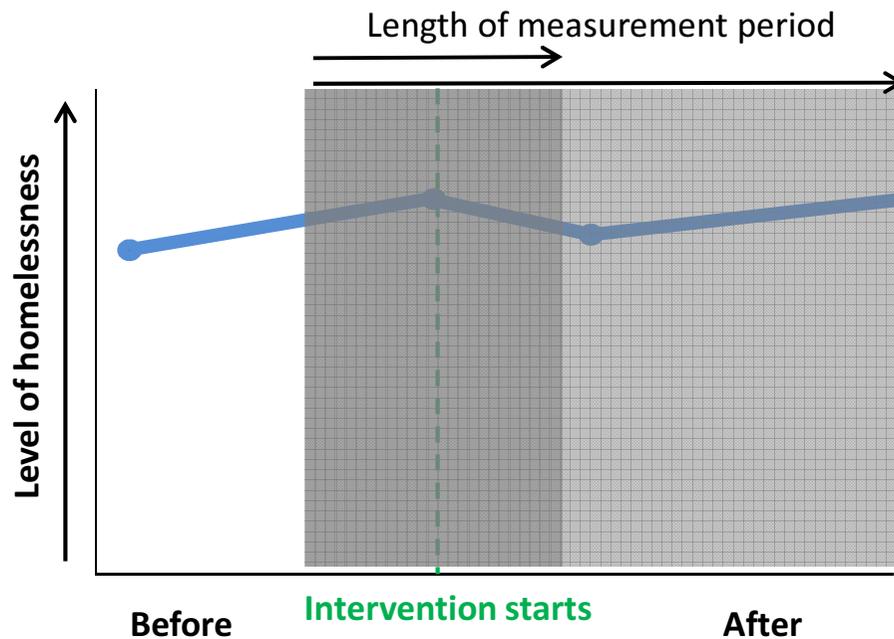
Lessons?

How long are investors willing to wait for an outcome and possible payment?

Payment each quarter reduces amount of investment needed and the length of time investors' money is tied up – reduces level of return necessary to attract investment …

… but risks paying for short-term effects?

Length of measurement period

Level of homelessness

Before   Intervention starts   After

4. Identify who should measure the outcomes

SIB	Who measures the outcome
Reduce reoffending	Independent Assessor (academic researcher)
Prevent young people going into care	Local Authority – the commissioner of the SIB
Reduce homelessness	National government and Local Authority in London – the commissioner of the SIB

Lessons?

Independent assessment is costly, but can bring expertise in (e.g.) statistics

Governance and verification arrangements can mitigate risks of lack of independence

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5. Prevent gaming and perverse incentives

- "Cherry-picking" – working with the easiest cases to achieve an outcome with minimum effort

- Perverse incentives – improvements in the outcome measure for the SIB lead to, overall, worse outcomes for people

SIB	How the approach to measurement prevents gaming
Reduce reoffending	Measuring reduction in <u>number</u> of convictions across whole cohort *rather than* number of cohort members with <u>no convictions</u> at all (frequency rather than binary measure)
Prevent young people going into care	Information on other outcomes also collected
Reduce homelessness	Number of days in care (rather than whether or not returned to care at all) Larger payments attached for long-term outcomes Information on other outcomes also collected

Lessons? **Selecting outcome measures carefully can reduce incentives for gaming**

Independent evaluation (<u>more than outcome monitoring</u>) can help detect gaming / perverse incentives

Summary

- **Five 'things to think about' in determining, evaluating and monitoring outcomes of SIBs**

  1. Select indicators of the outcome and identify a data source

  2. Attribute the outcome to the intervention (establish a counterfactual)

  3. Decide duration and frequency of measurement

  4. Identify who should measure the outcomes

  5. Prevent gaming and perverse incentives

- **Distinction between evaluation and monitoring is important**

  - Evaluation looks at how and why outcomes were achieved, and looks for unintended consequences

- **No 'right' way to measure SIB outcomes**

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