

Revision to: Phase 2 report from the Payment by Results Social Impact Bond Pilot at HMP Peterborough

Please note that footnote 4, page 7, has been amended:

Previously it read: *"...In the United States, SIBs are being used to fund a programme in Boston that aims to put chronically homeless people who are high users of emergency services into housing..."*

It has been revised, and now reads: *"...In the United States, SIBs are being used to fund a programme in Massachusetts that aims to reduce reoffending by young people..."*

The original version of the report was incorrect in that the homelessness programme it referred to had not, at time of publication, been launched.

Any enquiries about this revision or about the report more generally should be directed to MoJAnalyticalServices@justice.gsi.gov.uk

16th June 2014



Ministry
of Justice

Phase 2 report from the payment by results Social Impact Bond pilot at HMP Peterborough

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The authors

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1. Summary

Background to the Peterborough payment by results pilot

In 2010 the world's first Social Impact Bond (SIB) was launched at Peterborough Prison, sponsored by the Ministry of Justice and the Big Lottery Fund. A SIB is a form of payment by results¹ where funding is raised from private, non-government investors and used to pay for interventions to improve social outcomes. If these interventions are effective, this could result in savings to Government and wider benefits to society. As part of a SIB the Government agrees to pay a proportion of these savings back to the investors as a return on their investment. If the outcomes do not improve, investors lose their investment.

The Peterborough payment by results pilot uses a SIB to fund interventions to reduce reoffending among male offenders released from HMP Peterborough having served short prison sentences (less than 12 months). The pilot is coordinated by Social Finance, a not-for-profit financial intermediary, who obtained investment funding from private individuals, trusts and foundations to finance the pilot.

This investment is used to fund an intervention called the One Service. This is a voluntary scheme offering through the gate support to reduce reoffending, meaning that contact is made with prisoners before release and continued in the community. The One Service is delivered by a mix of paid caseworkers and volunteers. There is no fixed intervention model or single theory of change articulated for the One Service. It was described by stakeholders as taking a pragmatic and client-led approach, in which the mix of activities for each offender is determined by caseworkers according to individual need. The intervention model has been modified during the pilot, for example by commissioning new providers, to ensure offenders' needs are met.

If the One Service is successful in reducing reconvictions the Ministry of Justice, supported by the Big Lottery Fund, will repay investors their capital and a return on their investment.

Aims of this report

This report is the second from the independent process evaluation of the Peterborough pilot, commissioned by the Ministry of Justice in 2010. The study addresses five research questions, which can be summarised as follows:

- How, if at all, did the pilot lead to better outcomes of reduced reoffending (including the role played by voluntary and community sector organisations and partner agencies)?

¹ Payment by results involves paying providers of public services based on their delivery of outputs or outcomes, rather than inputs or processes (Audit Commission, 2012; Dicker, 2011, p. 6).

- What wider costs and benefits, if any, do stakeholders feel were incurred through the implementation of the SIB?
- To what extent did stakeholders feel that the SIB led to greater innovation and/or efficiency?
- What were the strengths and weaknesses of the SIB contractual model as implemented?
- What key messages can be taken from the Peterborough pilot that offer useful learning points for future payment by results models and Social Impact Bonds?

The first evaluation report was published in May 2011. This report provides findings from the second phase of the evaluation of the pilot.

The policy context has changed considerably since the study was commissioned in 2010. Reforms to offender management proposed in the Transforming Rehabilitation consultation paper (Ministry of Justice, 2013a) form a relevant backdrop to this report, but were not in place when the Peterborough pilot was implemented. While the research questions have not changed as a result of the current reform proposals, the research team was asked to identify lessons from the Peterborough pilot which might inform the development of the Transforming Rehabilitation plans.

Research approach and limitations

This report is based upon interviews with 39 individuals involved in the design, implementation and ongoing operation of the Peterborough pilot. Interviewees were drawn from a range of stakeholders. The report does not include the perspective of service users. In places, it includes information generated by Social Finance from their case management database relating to the needs reported by offenders in the pilot and engagement rates.

At the time of writing final results are not yet available regarding the impact of the Peterborough pilot on reconviction rates. These will be published later this year. To provide an indication of progress to date, the Ministry of Justice has published quarterly interim reconviction figures since June 2013. These data show that the frequency of reconviction events among offenders released from Peterborough has declined by 11% over the period of the pilot while the equivalent national figures have risen by 10%. The bulletin presents the Ministry of Justice's best assessment of change at this point in time.

The statistical bulletin notes that care should be taken when interpreting the figures because they are not based on the methodology which will be used to assess the success of the Peterborough pilot. For the Peterborough pilot, success will be determined based on

comparison with a control group of comparable offenders from across the country, which is not available for these interim results.

Key findings

How, if at all, did the pilot lead to better outcomes of reduced reoffending (including the role played by voluntary and community organisations and partner agencies)?

The One Service, as described by interviewees, has some features which are in line with evidence about what works to reduce reoffending and encourage desistance. For example, the One Service aims to provide individualised support and to address offenders' practical problems such as those relating to accommodation. To facilitate this, a needs assessment was developed with providers and local specialist agencies.

The One Service does not have a fixed intervention model. Interviewees perceived that this allowed the Service to respond to individual need and address the particular problems presented by each offender in the pilot.

Steps have been taken to respond to challenges in accessing timely and accurate information needed to identify prisoners eligible for the pilot and to assess risk of reoffending and risk of harm. Bespoke arrangements were agreed under which this information was shared with the One Service, the prison, probation service and Integrated Offender Management team. As a result, the One Service has access to risk information for the majority of cohort members, although this was identified by Social Finance and One Service staff as an area for ongoing improvement.

The One Service is delivered by voluntary, community and private sector providers who are paid up-front for their services. In the Peterborough SIB, providers do not bear financial risk dependent on achieving outcomes; this risk is borne by the investors. Providers are paid for the services they deliver at the time of delivery. Investors reported that providing this up-front capital to voluntary and community sector providers was an important motivation for their investment in the Peterborough SIB.

The One Service involves a range of types of staff and volunteers, including some who are former offenders. Individuals with personal experience of offending can play a useful role in engaging offenders, and lay volunteers from a range of backgrounds brought useful skills and knowledge to the pilot. Steps were taken to ensure both kinds of volunteers were supported and were able to undertake the role of supporting and helping offenders.

Cooperation and support from HMP Peterborough was widely acknowledged and was perceived to have facilitated the through the gate elements of the One Service. Important roles undertaken by the prison include providing information which allows cohort members to

be identified, sharing information about risk of reoffending and harm, providing access to prisoners and coordinating interventions and activities within the prison to prepare cohort members for opportunities to work with the One Service on release.

Stakeholders were of the view that strong, local management has been central to the perceived success of the One Service. Social Finance identified implementation risk as an important challenge facing this and other payment by results or SIB pilots. This risk was mitigated by appointing a One Service Director whose role includes monitoring providers, assessing whether services are meeting the needs of cohort members, building partnerships and making decisions about the use of SIB funds for co-funding, commissioning and spot purchasing.

No evidence was identified of ‘cherry picking’ and ‘parking’. A risk identified in payment by results programmes is that providers are incentivised to maximise the chance of achieving an outcome payment by prioritising service users who are easiest to help (cherry picking). Conversely, there could be incentives to neglect those whose needs are more difficult to address (parking). The research team found no evidence of this during this research. The outcome metrics in this pilot are designed to discourage such practices.

Investors reported that SIBs designed in a ‘bottom-up’ way, like the Peterborough pilot, are more likely to attract social investment. Investors were motivated by the desire to fund interventions to address identified needs of service users. The Peterborough SIB was perceived by investors to respond to a locally defined problem and to have been developed in collaboration with local agencies taking local context into account.

To what extent did stakeholders feel that the SIB led to greater innovation and/or efficiency?

A case management database, designed by MegaNexus and developed by Social Finance, provided a source of information about cohort members that was not previously available. Interviewees reported that this information was used for mapping the needs of cohort members against available services in order to identify gaps in provision, and monitoring and providing feedback to providers. Some providers reported that this had enabled them to identify and implement improvements to their services.

The intervention model has been modified during the pilot to ensure services are available to meet the needs of cohort members. Examples of this include commissioning Ormiston Children and Families Trust to deliver services to the families of cohort members, and later modifying this role to include working inside the prison with offenders as well as in the community with offenders’ families.

SIB funding was perceived to be more flexible than traditional sources. Interviewees reported that decisions about spending SIB funds could be made quickly and with fewer restrictions than traditional funding for similar interventions. There are, for example, fewer procurement restrictions and no requirements for SIB funds to be spent within a specified time frame (such as a financial year).

The One Service coordinated support from a range of agencies and filled gaps in existing services. The hands-on support offered by One Service staff was reported to help cohort members get the best of available services. This support, and using SIB funds for co-commissioning, was said to have filled gaps between existing services. Good partnerships between the One Service and the local authority, police, the probation service and HMP Peterborough were reported, both at strategic and operational levels.

What wider costs and benefits, if any, do stakeholders feel were incurred through the implementation of the SIB?

Interviewees from the prison reported direct and indirect benefits as a result of the pilot. For example, drawing on good practice in the One Service, HMP Peterborough has put in place a service to provide support on the day of release for prisoners not eligible for the One Service.

SIB funds may be used to pilot ideas which are then taken up by other commissioners. While the research team did not identify any specific examples of this, an interviewee from a local agency felt that the experience of working with the prison to provide through the gate support under the One Service had offered beneficial learning opportunities for other local agencies.

What were the strengths and weaknesses of the SIB contractual model as implemented?

A perceived strength was that contracts with providers generally do not closely specify the intervention model. Interviewees reported that this enabled a flexible and individualised service to be delivered to cohort members. Oversight of providers' activities and work with offenders was largely conducted through detailed monitoring by the One Service Director.

There have been two amendments to the contract between the Social Impact Partnership² and the Ministry of Justice - one to clarify the definition of eligibility for the cohort, and another to clarify an aspect of the payment mechanism. This indicates a degree of flexibility in the contract. However, this has had to be balanced against the need to ensure that amendments do not alter the agreed outcomes and payment terms signed off at the start of the pilot.

² The limited partnership set up by Social Finance which is the contracting entity in the SIB. The partnership is owned by the partners (investors).

There is no contract between the Social Impact Partnership and HMP Peterborough and this was perceived to have had advantages and disadvantages. Such a contract might have set out, at the beginning of the pilot, the obligations on each party to collect and provide data allowing the parties to anticipate the time and resource commitments required. On the other hand, the prison Director was of the view that not having specified contractual obligations had encouraged innovation and joint working.

What key messages can be taken from the Peterborough pilot that offer useful learning points for future payment by results models and Social Impact Bonds?

The findings set out in this report offer a range of learning points that future SIBs and payment by results schemes might wish to consider, including:

- learning from the systems in place within HMP Peterborough to facilitate through the gate services in the pilot, and from steps taken by Social Finance to develop and sustain partnership working with other local statutory and voluntary agencies;
- looking for opportunities to share learning from the SIB with local agencies and organisations;
- considering, at the design stage, how information about the risk of reoffending will be collected and shared with private, voluntary and community sector providers;
- drawing on the pilot as an example of delivering up front funding to providers, which was important to investors in SIBs and was central to the original objectives of the Peterborough SIB;
- taking learning points from the Peterborough pilot regarding the use and careful management of volunteers, including those from a range of professional backgrounds and those who had experience of offending;
- considering appointing a performance manager with some experience in the field and knowledge and understanding of the local area;
- developing a case management database which could be used in monitoring providers and identifying potential improvements to services.

2. Introduction

This report sets out mid-term findings from an ongoing study of the Peterborough payment by results Social Impact Bond (SIB) pilot. This chapter describes the pilot and the policy context for this research.

2.1 Social Impact Bonds

The Peterborough pilot is funded through a Social Impact Bond (SIB), which is a form of payment by results.³ Like other results-dependent funding mechanisms, Government payments are conditional on improvements in specified outcomes. However, unlike other payment by results approaches, SIBs do not rely on providers themselves, or the Government, covering the up-front cost of service provision. In a SIB, third party investors pay up-front for the provision of agreed services with the expectation that if the services succeed in improving outcomes by an agreed amount they will receive a return on their investment. If outcomes do not improve for those offered the services, investors risk losing all of their investment. If outcomes do improve, then return on investment is likely to be paid by the government departments and agencies that have incurred savings from the improvements resulting from the provision of services.

SIBs are considered a potentially powerful instrument for incentivising and funding change and improvement in a range of policy areas, including reducing reoffending, improving outcomes for families and reducing homelessness, and have been used in countries other than the UK.⁴ There is, as yet, no research or evaluation of a completed SIB.⁵ However, as a form of payment by results a SIB could bring some potential benefits for different stakeholders including:

- **For government** a SIB moves the upfront costs of service delivery (and the risk of paying for services which prove to be ineffective) to private investors who lose their investment if interventions do not improve outcomes by an agreed amount.

³ Payment by results is an approach to commissioning and paying for services where providers are paid according to how well they achieve specified outcomes (Audit Commission, 2012) and is increasingly a feature in the commissioning of public services in England and Wales (Dicker, 2011; House of Commons Library, 2013).

⁴ For example, SIBs have been used in the UK to fund Multi Systemic Therapy for vulnerable adolescents and their families in Essex, and to support the homeless in London. In the United States, SIBs are being used to fund a programme in Massachusetts that aims to reduce reoffending by young people (the Massachusetts Juvenile Justice Pay for Success Initiative), and a programme at Rikers Island prison in New York which aims to reduce reoffending.

⁵ There are also few rigorous evaluations of payment by results mechanisms more broadly (Audit Commission, 2012).

- **Service providers** are not normally paid by results and do not bear risk in a SIB. Under a SIB, several providers can deliver services which aim to improve outcomes.⁶
- For **investors**, SIBs offer a new investment opportunity with a 'blended return'; investors receive some financial return if outcomes are improved, but also value the opportunity to use their financial capital to try to achieve positive social outcomes.⁷
- For wider **society and service users**, SIBs may improve outcomes and quality of life by funding service provision where previously there was none. As with other forms of payment by results, the Government is not prescriptive as to the way in which SIB-funded services are delivered, and it is hoped this may encourage innovation in service provision.

Alongside the possible benefits of SIBs there are some potential drawbacks, also as yet untested. Any form of payment by results introduces risks of 'cherry picking' clients, where providers selectively work with service users who are perceived as easier to help and more likely to achieve outcomes linked to payments, and avoid those who are more difficult to help and who are less likely to generate an outcome and a payment (sometimes referred to as 'parking')⁸.

Another risk is that payment by results might encourage an overly-narrow focus on the single outcome used to determine payment, rather than considering the wider scope of clients' needs which may be important to the service user and/or the wider community (Culley *et al.*, 2012). There are also challenges in defining and measuring outcomes, both in terms of selecting metrics and indicators to be measured, and in attributing changes in outcomes to the services provided within the payment by results scheme (Dicker, 2011; Disley *et al.*, 2011). Outcome measurement becomes more challenging as the number of payment by results schemes increases, as there is a risk of overlapping provision of services making it increasingly difficult to attribute any impact achieved to individual providers funded through a SIB or other forms of payment by results (Culley *et al.*, 2012). Another important but potentially problematic element of payment by results and SIBs is assigning monetary values to outcomes (deciding how much the government should pay for one extra person in

⁶ Both of these benefits can also be realised in some other payment by results models.

⁷ In the field of social investment the mix of financial and wider social outcomes is sometimes called a 'blended return on investment'. Social investment is a shift from traditional understandings of investment and models of funding, built on an expectation that there may be both a financial and a social return on the investment (in the form of some improvement in social, health or wider outcomes) (ACEVO, 2010). Aside from SIBs, other social investment vehicles include debt capital, equity capital, mezzanine capital and hybrid capital. See Social Investment Taskforce, 2011.

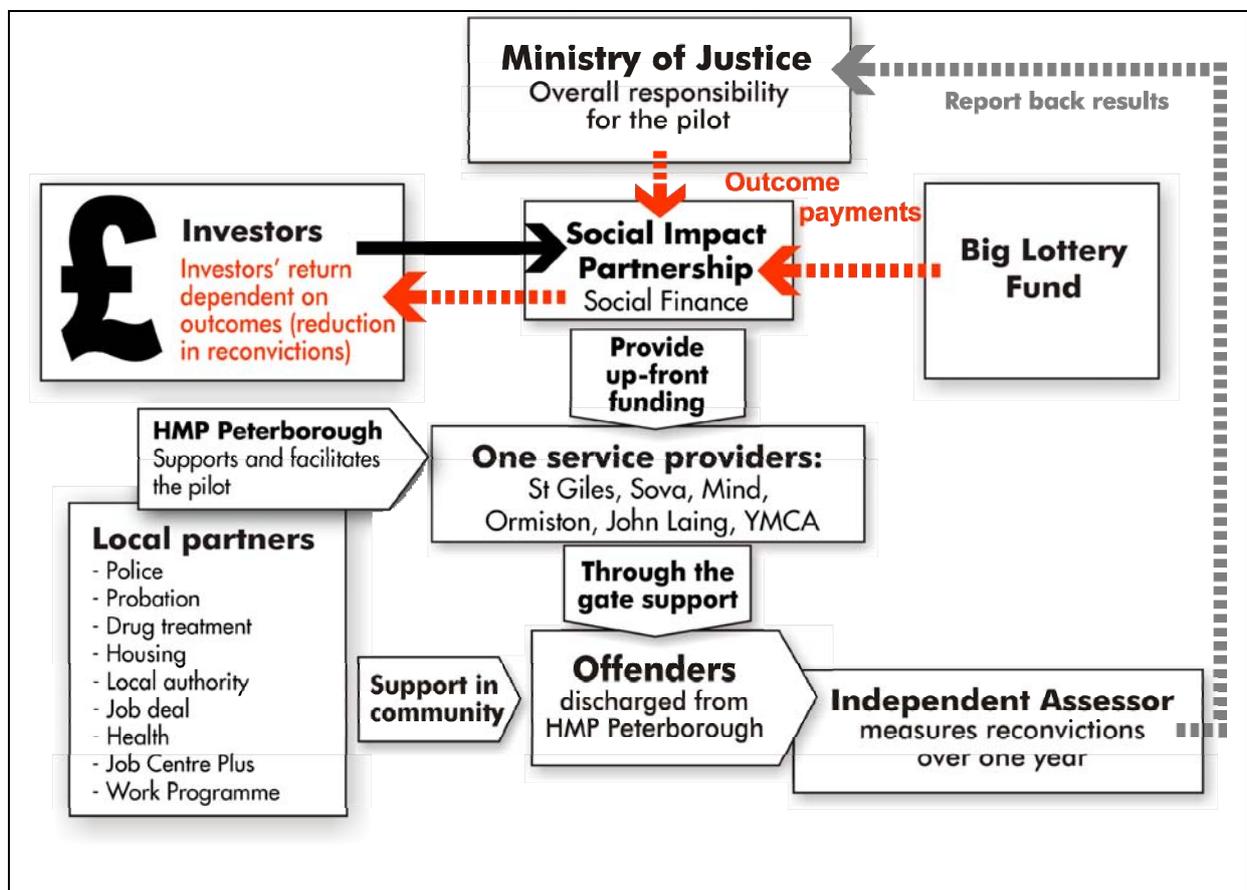
⁸ For discussion of these risks see Gash *et al.*, 2013.

employment, one person free from drugs or one person not re-offending) (Audit Commission, 2012)⁹

2.2 The Peterborough payment by results pilot

In September 2010 the Ministry of Justice entered into a payment by results scheme using a SIB mechanism to fund interventions for offenders released from HMP Peterborough having served a short prison sentence (less than 12 months). Peterborough is a Category B prison operated privately by Sodexo Justice Services¹⁰ which has both male and female wings (only the male wing is part of the pilot). Figure 2.1 summarises the main parties involved.¹¹

Figure 2.1: Overview of Peterborough SIB



⁹ The Cabinet Office Centre for Social Impact Bonds has developed a database of unit costs intended to be used by commissioners and providers interested in developing SIBs. See Cabinet Office, 2014.

¹⁰ Formerly Kalyx.

¹¹ For more information see the first report from the evaluation (Disley *et al.*, 2011).

Who is operating the pilot at Peterborough?

Social Finance, a financial intermediary, obtained approximately £5 million of investment funding from private individuals and charities. As described in more detail in the first report from the study (Disley *et al.*, 2011), Social Finance were responsible for bringing together investors, Government, providers and other parties. Social Finance is the general partner of the Social Impact Partnership and manages the One Service.

What interventions are provided?

The SIB is used to fund the One Service. This is a voluntary scheme which offers offenders support to address a range of needs and challenges to reduce reoffending. The Service is delivered by a mix of paid caseworkers and volunteers (from St Giles Trust), paid staff and volunteers (from Sova), paid specialist practitioners (from Ormiston Children and Families Trust), specialist trainers (from John Laing Training), recovery workers (from Mind) and gym volunteers (from YMCA). Staff contact offenders in prison to help them prepare for release and offer support for up to 12 months in the community following release. The One Service was described as taking a pragmatic and client-led approach, in which the mix of activities for each offender is determined according to individual need. A detailed description of the One Service is provided in Chapter 4.

Who are the target group?

Three cohorts of approximately 1,000 men each will be recruited over the life of the Peterborough pilot. Offenders in Cohort 1 were released between September 2010 and June 2012. Cohort 2 opened in July 2012. Cohort 3 will open once 1,000 people have been recruited to Cohort 2. Criteria for inclusion in the cohorts are that men have to be:

- at least 18 years of age at the time of sentencing;
- sentenced for a consecutive period of less than 12 months; and
- discharged from HMP Peterborough during the pilot after serving their sentence (or any part thereof)¹² at HMP Peterborough.

A prisoner meeting these criteria will be included in the pilot whether or not they engage with the SIB-funded services (take up of the service is voluntary). The inclusion (in the outcome measure) of those who choose not to engage in the intervention is designed to reduce the incentive for service providers to 'cherry-pick' the offenders who are most open to working with the pilot providers (Disley *et al.*, 2011, p. 35).

¹² An exception is prisoners who serve the whole of their sentence on remand and are discharged from Peterborough on the day they receive their sentence. They will not be included in the cohort.

What outcomes must be achieved and how will they be measured?

The outcome being measured is a reduction in the frequency of reconviction events – one measure of reoffending¹³. A reconviction event is defined as an occasion on which an offender is convicted in court for a new criminal offence or offences. The pilot outcome measure includes the number of reconviction events that relate to offences committed during the 12 months after a cohort member is first discharged from HMP Peterborough.

Using records from the Police National Computer (PNC) the frequency of reconviction events will be measured in each of the three cohorts of offenders. The mean number of reconviction events in each cohort will be compared to the mean number of reconviction events in a matched comparison group. The mean number of reconviction events in the Peterborough group is then subtracted from the mean number of reconviction events in the matched, non-SIB group, to calculate the difference.¹⁴

The comparison groups will be drawn from all prisoners released from sentences of less than 12 months, within the same time period from other prisons nationally, and will be constructed using a propensity score-matching method (Cave *et al.*, 2012).¹⁵ The Ministry of Justice has appointed independent assessors to undertake this analysis.¹⁶

What targets must be achieved for outcome payments to be made?

There are two targets for reducing reconviction events which, if achieved, would result in an outcome payment to investors.

- A reduction of 10% in the frequency of reconviction events in each cohort of 1,000 prisoners (from the baseline generated by the matched comparison group).¹⁷

¹³ There are various ways in which reoffending can be measured. Most official measures underestimate the true level of reoffending because only a proportion of crime is reported, detected and/or sanctioned.

¹⁴ For further discussion about the way in which the outcome measures were selected please see the first report of the study (Disley *et al.*, 2011).

¹⁵ This method involves using logistic regression techniques to model group membership and identify suitable control group members based on a set of variables. Specifically in this context of the Peterborough SIB, explanatory variables include basic demographic data as well as detailed historic offence, conviction, sentence and disposal information. Only variables statistically significant at the $p < .20$ level between Peterborough and the other prisons will be selected for the model. Once the Cohort 1 period is complete the PSM analysis will match each member of the Cohort with up to ten controls; the Comparison Group will then be the aggregate of all controls.

¹⁶ The independent assessors are QinetQ and the University of Greenwich. They were contracted through a competitive tendering process and with the approval of Social Finance. See Cave *et al.*, 2012.

¹⁷ This is the level of reduction likely to be required to produce a statistically significant difference from the control group. These calculations were undertaken by the Ministry of Justice before the implementation of the Peterborough pilot, based on historical data on the mean frequencies of reconviction events for short-sentenced prisoners discharged from HMP Peterborough, using a 90% level of statistical significance with a power of 80% and a 1:10 matched control group. A reduction of this magnitude with this sample size indicates that the Ministry of Justice can be reasonably confident that the reduction has not just been achieved by chance, and reduces the risk that the Ministry of Justice is paying for an outcome that may not have been caused by the SIB intervention.

Therefore there are three opportunities for an outcome payment to be made (one in each of three cohorts).

- If a 10% reduction in reconviction events is not detected for any of the three cohorts, at the end of the entire SIB period, the three cohorts will be evaluated together. If a reduction in conviction events of 7.5% or more is detected across all 3,000 offenders, when measured against a matched comparison group, investors will be paid an agreed fixed sum per reduced reconviction event.¹⁸

If reconviction events are reduced by the targets set out above, the Ministry of Justice and the Big Lottery Fund have undertaken to pay a return on investment to investors for this improved outcome¹⁹.

How much will be paid if targets are achieved?

The value of the outcome payment is determined by two elements:

- a value (undisclosed) for each reduced reconviction event – negotiated and agreed between Social Finance and the Ministry of Justice in advance of the inception of the pilot; and
- the number of reduced reconviction events – based on the difference in mean reconviction events between the Peterborough cohort and the comparison group.

The Ministry of Justice has placed a cap on the outcome payments to ensure that its liability is limited: once the reduction in reconviction events reaches the specified absolute financial cap, the outcome payment will not increase further even if reconviction events are further reduced.

Who has invested and what is the possible return on investment?

Social Finance raised £5 million from 17 investors (Social Finance, 2011). The majority of investors were charities or foundations, including the Barrow Cadbury Charitable Trust, Esmée Fairbairn Foundation, Friends Provident Foundation, The Henry Smith Charity, Johansson Family Foundation, LankellyChase Foundation, The Monument Trust, Panahpur Charitable Trust, Paul Hamlyn Foundation and the Tudor Trust (Social Finance, 2010).

Social Finance indicated that if reconviction events are reduced by 10% in one or more individual cohorts, investors can expect the equivalent of an annual internal rate of return of

¹⁸ The 7.5% was calculated as the level of reduction likely to be required to reach statistical significance for a total sample of 3,000 prisoners.

¹⁹ The implementation report from this evaluation provides more detail on the role of the Big Lottery Fund (see: Disley *et al.*, 2011).

around 7.5% (up to a maximum of around 13%, depending on the scale of the reduction in reconviction events). If there are no reductions in reconviction events investors do not get a return and lose their initial investment.

What do interim figures tell us about whether the pilot is reducing reoffending?

The Ministry of Justice published reconviction data comparing offenders recruited in cohort 1 i.e. the first 22 months of the Peterborough pilot with a national sample²⁰ of offenders released from prison sentences of less than 12 months (Ministry of Justice, 2014a).²¹ These data show that the frequency of reconviction events among offenders released from Peterborough has declined by 11% over the period of the pilot while the equivalent national figures have risen by 10%. The bulletin presents the Ministry of Justice's best assessment of change at this point in time.

The statistical bulletin notes that care should be taken when interpreting the figures because they are not based on the methodology which will be used to assess the success of the Peterborough pilot. For the Peterborough pilot, success will be determined based on comparison with a control group of comparable offenders from across the country, which is not available for these interim results.²²

2.3 Policy context

The policy context has changed considerably during the life of the Peterborough pilot and this study, both of which started in 2010. At the time of writing, 'Transforming Rehabilitation' reforms are the focus of attention of policymakers, practitioners and a range of stakeholders with an interest in offender management (Ministry of Justice 2013e). While the research questions for this study have not changed, the Ministry of Justice asked that lessons to inform the roll-out of Transforming Rehabilitation are identified where possible.

Transforming Rehabilitation will reform the probation service and the supervision of offenders. The reforms are primarily intended to reduce reoffending rates among offenders released from custodial sentences of less than 12 months, and include the following key elements:

²⁰ The data cover only offenders released between 9 September 2010 and 1 July 2012, i.e. the 22 months that comprise the cohort 1 period. The national sample consists of all other local prisons excluding HMP Doncaster, which is a site of another payment by results pilot.

²¹ Figures have previously been published and are periodically updated. See Ministry of Justice 2013c for previously published data.

²² The interim reconviction data do not control for other factors that might have affected reconviction rates among the Peterborough cohort. As discussed above, the 10% target in reoffending frequency reduction will be measured against a matched control group identified using a propensity score matching approach. This was not done for the purposes of the quarterly statistical bulletins published to date.

- **Opening up the market to a diverse range of providers of rehabilitation services.** This includes organisations from the public, voluntary and private sectors at the local as well as the national level.
- **New payment incentives for providers.** Providers of rehabilitation services will only be paid in full if they achieve reductions in reoffending. It is intended that they will have the flexibility to deliver services that they deem most likely to be effective²³.
- **Supervision on release from custody for every offender.** The Ministry of Justice has legislated to extend statutory supervision and rehabilitation to offenders sentenced to less than 12 months in custody.²⁴
- **A nationwide ‘through the prison gate’ resettlement service.** This will mean most offenders are given continuous support by one provider from custody into the community. It will be enabled by ensuring that most offenders are held in a prison close to their home for at least three months before release.
- **The creation of a new public sector National Probation Service.** This will have responsibility for risk assessment of all offenders and the management of those who pose a high risk.

This brief overview of the Transforming Rehabilitation reforms²⁵ is provided to highlight some of the areas of overlap with the Peterborough payment by results pilot to facilitate understanding of how findings from this study could be of relevance. In particular, it is worth highlighting that the Peterborough pilot targets offenders serving prison sentences of less than 12 months who are also a focus of the Transforming Rehabilitation reforms. The pilot involves payment based on agreed targets for reduced reoffending being met, which is an important part of the landscape of offender management under Transforming Rehabilitation. Finally, the Peterborough pilot uses private, voluntary and community sector organisations to deliver interventions to offenders, aligned with the trend towards a diversified market of service providers for the criminal justice system (Hucklesby and Worrall, 2007) and public service delivery as a whole (Gash *et al.*, 2013) over the last ten years, and which is also encouraged by Transforming Rehabilitation.

The Ministry of Justice and other government departments are engaged in a number of other pilots testing a variety of models for funding services in a range of policy areas. Several of these pilots are also being evaluated.²⁶ This report is therefore one part of a developing evidence base on SIBs and other funding mechanisms for an evolving public services landscape.

²³ Details of the contracts and payment mechanisms have been published (see Ministry of Justice (2014b).

²⁴ The Offender Rehabilitation Bill received Royal Assent and became an Act on 13 March 2014.

²⁵ More detailed discussion of the reforms is beyond the scope of this report, but can be found elsewhere (House of Commons Justice Committee, 2014; Senior, 2013).

²⁶ For descriptions and early findings from other pilots, see: Department for Work and Pensions, 2013; Murray *et al.*, 2012; Wong *et al.*, 2013.

2.4 Structure of this report

The content of the remaining chapters of this report, and the research questions addressed in each of them, are as follows:

- Chapter 3 sets out the aims of this research and the methods used for data collection and analysis.
- Chapter 4 describes the interventions delivered as part of the pilot, and provides evidence relevant to research question 1.
- Chapter 5 presents findings relevant to research question 2 about the wider benefits of the pilot, and to question 3 about innovation and efficiency.
- Chapter 6 looks at findings relevant to question 4, regarding the contractual and commissioning arrangements in the pilot.
- Chapter 7 draws together lessons for future payment by results programmes, responding to question 5.

3. Aims of this research

In 2010 the Ministry of Justice commissioned RAND Europe to conduct an independent process evaluation of the payment by results pilot at HMP Peterborough.²⁷ The research questions, specified by the Ministry of Justice, are set out in Box 3.1 below.

This report is the second output from the study. The aim of the first report (Disley *et al.*, 2011) was to identify initial lessons from setting up the Peterborough pilot to inform other payment by results schemes under consideration by the Ministry of Justice and other government departments at the time. This second report presents further findings in relation to each of the five research questions.

Box 3.1: Research questions

- 1) How, if at all, did the pilot lead to better outcomes of reduced reoffending?
 - a) How did the One Service operate as a third party provider within the prison and through the gate? What were the barriers/ facilitators?²⁸
 - b) How were mentors used in the One Service? Are there lessons for wider roll-out of the use of mentors for short-sentenced prisoners?
 - c) How have voluntary and community sector organisations been involved in the One Service? What, if anything, has been done to facilitate the involvement of such organisations, especially small organisations? What are the barriers to involvement?
 - d) What were the opportunities and challenges of local partnership working?
- 2) Aside from any financial payments made by the Ministry of Justice to the Social Impact Partnership, and aside from direct impacts from any reduced reoffending, what wider costs and benefits, if any, do stakeholders feel were incurred through the implementation of the SIB?
- 3) To what extent did stakeholders feel that the SIB led to greater innovation and/or efficiency?
- 4) What were the strengths and weaknesses of the SIB contractual model as implemented?
- 5) What key messages can be taken from the Peterborough pilot that offer useful learning points for future payment by results models and Social Impact Bonds?

3.1 Research approach and limitations

This report is primarily based on qualitative, semi-structured interviews with 39 stakeholders. An interview was conducted with at least one representative from each organisation, department and partner identified as playing a direct or indirect role in the Peterborough pilot. Interviews were conducted in person and by telephone between June and October 2013 (the interview protocol is provided in Appendix A and interviewees are listed in

²⁷ This study is conducted separately to the work of the independent assessor who is responsible for examining any reduction in reoffending achieved by the pilot.

²⁸ Note that the research questions have been revised slightly since publication of the first report in order to reflect the changed policy landscape.

Appendix B). All interviews were audio recorded and fully transcribed. Interviews were analysed by members of the research team using Nvivo²⁹.

Stakeholder interviews have strengths and limitations as an evidence base for this report. Those interviewed have specialist knowledge of the Peterborough pilot and can offer insight into its day-to-day delivery and management, but given their close involvement with the intervention they might not have an impartial perspective. This report does not include the perspective of service users.

Information from interviews has been supplemented in places with information from the One Service case management database, which was developed to record the needs of cohort members, the services with which they engage and interactions with staff from the One Service and other agencies. Although the research team has not been able to verify the information in the case management database, in interviews we sought to understand recording practices (information is entered primarily by One Service staff). While caseworkers and volunteers with whom we spoke indicated that they input detailed information about their interaction with cohort members, Social Finance reported that recording practices have improved over time, and pointed to the possibility that some kinds of offender needs and interactions were more likely to be recorded in the database than others. Therefore we include these as the best available information, but are cautious about drawing conclusions based on them.

The ability of this study to identify the impact of SIB funding for the Peterborough pilot is also limited. There is no comparison site implementing similar interventions using alternative funding models, and since the SIB funds new services in the area, it is not possible to compare SIB-funded services with those previously funded through other means. There is also the possibility that the fact that the Peterborough pilot was the first SIB and has attracted considerable attention may have an effect on both cohort members and staff who are particularly incentivised to ensure successful implementation and operation of the pilot, but which might not necessarily be the case in wider roll-out.

Finally, as is noted in Chapter 4, the One Service did not prescribe a specific intervention model or theory of change. This poses some challenges for evaluation.

²⁹ The approach to analysis was first to code transcripts looking for themes drawn from the research questions. We then returned to the interviews and identified ideas, issues, information and concerns, etc., which did not correspond to particular research questions but which interviewees raised as important and of interest for the research.

4. The intervention model: the One Service

Based on interviewees' accounts, this chapter describes the interventions for offenders which were funded by the Peterborough SIB, and provides information relevant to addressing the first research question relating to how the pilot could lead to better outcomes of reduced reoffending. In doing so, this chapter addresses the following questions:

- How did the One Service operate as a third party provider within the prison and through the gate?³⁰
- What were the opportunities and challenges of local partnership working?
- How were mentors used in the One Service? Are there lessons for wider roll-out of the use of mentors for short-sentenced prisoners?

Key findings

- *The intervention model:* The SIB is used to fund the One Service, a voluntary scheme offering through the gate support on release from HMP Peterborough. The One Service has some elements of evidence-based practice, addressing the range of problems faced by offenders and being responsive to individual need. It does not have a defined intervention model or theory of change. While this was perceived to facilitate individualised services, it poses some challenges for evaluation.
- *Assessment of risk:* Many cohort members had not previously been subject to the standard risk assessment (OASys) used by prison and probation services, as the length of their sentences meant they did not receive statutory supervision in the community. Arrangements were reported to be in place to enable the prison, partner agencies and the One Service to share available information on the risk of reoffending and risk of harm, but there was no single source of such information. Gaining information about risk in a more efficient and timely way was identified by Social Finance and One Service staff as an area for improvement.
- *Through the gate services:* The One Service operates through the gate and this was reported to be vital for building relationships between offenders and staff, fostering engagement and undertaking needs assessment. There was consensus among interviewees that HMP Peterborough is very supportive of the One Service.
- *Partnership working:* The One Service works in partnership to ensure cohort members can make use of available services, such as housing and drug treatment, to address their needs. The One Service involves 'more than signposting' cohort members to these other agencies. Caseworkers provide proactive, practical support in accessing existing services and overcoming problems. To this extent, the One Service was reported to have bridged gaps between existing local services.
- *Mix of staff in the One Service:* The One Service is delivered by voluntary, community and private sector organisations that provide paid staff (e.g. caseworkers, mental health workers, family support workers and those delivering employment-related training) as well as different types of volunteers. Lay volunteers bring a range of experiences that can be used to benefit and support cohort members; volunteers with previous experience of imprisonment or crime also play an important role, both in the prison and in the community, encouraging engagement and bringing useful knowledge of criminal justice processes and procedures. It is important to ensure that such volunteers are appropriately managed and supported.

³⁰ Note that these sub questions were added by the Ministry of Justice after the publication of the first report.

4.1 Overview of the One Service

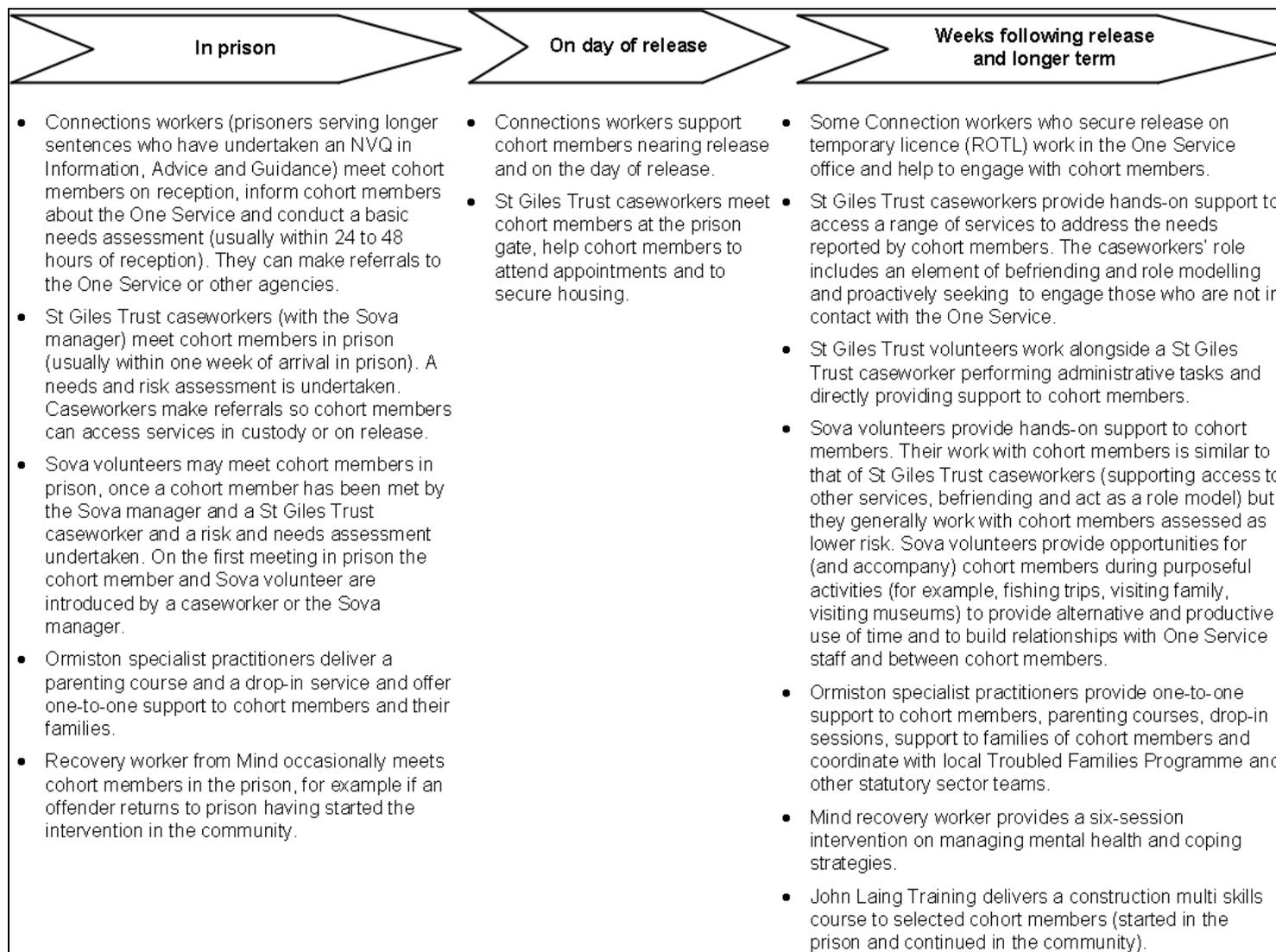
The One Service is a voluntary scheme for men serving sentences of less than 12 months in HMP Peterborough. It provides through the gate support, which means that the intervention begins with contact in prison and continues to provide support, after release, in the community. The One Service is funded by the SIB and solely supports those in the pilot cohort for 12 months post-release.

The One Service is described by Social Finance as a 'tailored, individual service aiming to address a range of needs' (Social Finance, 2011, pp 7-9). Key staff who deliver services to cohort members include:

- Six full-time caseworkers provided by St Giles Trust.
- Fifty lay volunteers recruited, trained and managed by Sova.
- Up to six St Giles Trust volunteers (individuals who may be currently on probation or have personal experience of the criminal justice system).
- Two, part-time family specialist practitioners from Ormiston Children and Families Trust.
- One part-time recovery worker from Mind.
- One trainer from John Laing Training who delivers a construction skills course.

Figure 4.1, below, provides an overview of the operation of the One Service and the role of the different providers and agencies involved at each stage, based on interviewee descriptions.

Figure 4.1: Overview of the One Service intervention model



4.2 Intervention model

Interviewees from all stakeholder groups described the One Service as addressing the wide range of needs and issues with which cohort members present. There is no fixed intervention model or single theory of change.³¹ The service was described as pragmatic and client-led with the mix of activities for each cohort member determined by caseworkers. Some interviewees thought that the approach taken by the One Service was in line with evidence-based practice in reducing reoffending and consisted of what one interviewee described as ‘tried and tested’ methods that find ‘pragmatic solutions’ to issues which are linked to offending.³²

Wider research suggests that interventions are more likely to be effective if they address several interlinked needs in a co-ordinated and holistic way (sometimes referred to as multimodal interventions) and take an individualised approach (tailored to the specific range of needs presented by each offender), which is what the One Service aims to achieve.³³

One Service staff members reported that cohort members who engage with the One Service typically receive very intense support during the first days and weeks following release. The level of contact tends to decrease over time. There is no prescribed number or length of meetings with clients and caseworkers described a flexible, responsive approach under which time spent with a cohort member is determined by their current level of need and motivation. It is common for the amount of contact needed to vary during the course of a cohort member’s involvement. Often, work immediately following release involves ensuring a cohort member has accommodation, benefits, drug treatment and other immediate needs met. This work is usually undertaken by a St Giles Trust caseworker (with the support of a St Giles Trust volunteer). However, depending on the level and nature of individual need, work with a cohort member might be led by a Sova volunteer immediately after release.

The investors interviewed were satisfied that, so far, SIB funds had been spent as planned, to deliver interventions to offenders. An investor reported greater willingness to invest in interventions such as the One Service that have been developed in a ‘bottom up’ way, responding to a locally recognised need and tailored to a particular target group and

³¹ A theory of change presents a series of fundamental assumptions about how and why an intervention will work and with what outcomes. This includes setting out the building blocks needed to deliver a programme’s goals, through a pathway of activities (Weiss, 1995).

³² While there is evidence that addressing risk factors is important in reducing reoffending, desistance research suggests that the factors promoting desistance are not always simply the reverse of those risk factors that have contributed to the onset of criminal activity. See Bottoms (2014) and Uggen and Piliavin (1998).

³³ There is also some evidence that ‘pre-release’ interventions to prepare prisoners for release can be effective in reducing reoffending (Seiter and Kadela, 2003).

geographical area. In the opinion of the investor, this was more likely to address identified social need and lead to stronger partnership working.³⁴

4.3 Assessment of need

An individualised approach to service provision must be based on an understanding of the needs of cohort members. The needs assessment used by the One Service was developed with providers and local specialist agencies, and has two parts. The first is a short screening instrument. The second part contains more detailed questions about identified areas of need. Information is self-reported by cohort members and entered electronically by One Service staff. As shown in Figure 4.1, initial needs assessment is conducted by a Connections Worker in the prison, within 24 to 48 hours of reception. This is followed by a more detailed needs assessment by a St. Giles Trust caseworker and the Sova manager (also conducted in custody and usually within a week of the cohort member arriving at HMP Peterborough). Table 4.1 shows the proportion of cohort members for whom these assessments were undertaken.³⁵

Table 4.1: Proportion of cohort members recorded as having a needs assessment in HMP Peterborough

Type of assessment	% of Cohort 1	% of Cohort 2
Initial assessment by Connections Worker	74%	86%
Fuller assessment by St Giles Trust caseworker and Sova manager*	50%	73%

* Only includes data from November 2011 onwards.

Source: Social Finance. These percentage figures were given to the research team by Social Finance from the One Service case management database as at September 2013. They cover all members of Cohort 1 released between September 2010 and June 2012 and those in Cohort 2 released between July 2012 and August 2013. Social Finance were not able to provide sample sizes for the Cohort 1 or Cohort 2 figures.

The table shows that 50% of Cohort 1 members had a full needs assessment completed before release. Social Finance believe that the number of assessments completed was under-reported by caseworkers in the early stages of Cohort 1, but improved as they became accustomed to recording requirements, although the research team cannot verify that this is the case. Interviews indicate that there are several reasons why a cohort member might not receive an initial assessment, including unwillingness to engage or that they were released before this could be undertaken.

³⁴ Both investors interviewed felt it was important that any future SIBs should be developed with investor aims in mind, in order that SIBs are seen as ‘mission-aligned’ investments by investors. A mission-aligned investment is an opportunity to invest in a programme or intervention which, in the view of an individual or institutional investor, is in alignment with the mission of a particular foundation or charity or the philanthropic interests of concerns of an individual.

³⁵ We note that there are some similarities between the One Service and other initiatives targeting those released from prison sentences of less than 12 months. For example, the Diamond Initiative in London, see Dawson and Stanko, 2011

Table 4.2 summarises needs self-reported by cohort members, as recorded by practitioners, based on the One Service needs assessment form.³⁶ It can be seen that the needs most commonly identified were accommodation needs, financial needs, and education, training and employment-related needs. Social Finance noted that there is a risk that not all needs are reported: more pressing needs (for example for accommodation) may be more likely to be reported than others, and some longer term needs and issues may not be identified before a cohort member disengages from the One Service. Social Finance suggested that increases in the prevalence of recorded needs amongst Cohort 2 may have been driven by a number of factors, including changes to assessment and recording processes; a redesign of the delivery model to focus upon pre-release work; improved partnerships within the prison to enable earlier identification of and access to cohort members; wider involvement of providers and other partner agencies; and staff training on issues such as finance, debt and benefit needs, and children and family needs. It should be noted that Cohort 2 is a partial cohort.

Table 4.2: Proportion of cohort members recorded as reporting a need

Category of need from One Service risk assessment form	% of Cohort 1 members reporting the need	% of Cohort 2 members reporting the need
Accommodation	45%	61%
Finance/Benefit/Debt	42%	53%
Education, Training and Employment	40%	47%
Addiction	37%	37%
Health and Wellbeing	33%	34%
Children and Families	23%	31%
Legal	20%	21%
Purposeful Activity	15%	17%
Attitudes/Thinking/Behaviour	12%	10%
Immigration	4%	4%
Information Technologies	2%	1%

Source: Social Finance. These percentage figures were given to the research team by Social Finance from the One Service case management database as at September 2013. They cover all members of Cohort 1 released between September 2010 and June 2012 and those in Cohort 2 released between July 2012 and August 2013. This is based on risk assessments undertaken by One Service staff, initially in custody, but the case management system is updated as additional needs are disclosed or identified.

³⁶ The research team was not able to verify the extent to which assessments were accurate or comprehensive.

4.4 Assessment of risk

Undertaking assessment of the risk of reoffending is the starting point of focusing resources on those most likely to reoffend, which is one of the core ‘what works’ principles (Ministry of Justice, 2013f). It is also important for those working with offenders to understand the risk of harm that a cohort member poses to himself and others, to ensure the safety of practitioners and in order to protect the public. There are three main challenges for the One Service in accessing detailed information about risk of reoffending and risk of harm in a timely way:

- Under existing arrangements, individuals serving a prison sentence of less than 12 months do not generally have an OASys assessment.³⁷
- Even if an OASys assessment was usually conducted in prison for this group of offenders, some cohort members serve very short periods (weeks or days) in HMP Peterborough before release, which limits the opportunity to conduct an assessment.
- Although One Service staff can be told about a cohort member’s previous convictions, they cannot view directly the previous convictions report produced by staff at HMP Peterborough who have access to the Police National Computer.

The One Service does not undertake a standard risk assessment. It was reported that each provider undertakes their own assessment³⁸ and that this is reviewed during the course of work with a cohort member. The One Service has put in place arrangements with HMP Peterborough, the probation service and the local Integrated Offender Management Team³⁹ to gain access to information about risk. Box 4.1 sets out these arrangements (as described by the One Service Director and interviewees from the prison, police and the probation service). Other agencies were also reported to share information relevant to risk assessment on an ad hoc basis.

The One Service Director described these arrangements for gathering information from a variety of sources as being adequate, but information about risk was noted as an area in which further improvements were needed to ensure that information was available to One

³⁷ OASys is a structured clinical tool used to assess and manage offenders in prison and in the community in England and Wales. Currently OASys is conducted for offenders over the age of 18 sentenced to more than 12 months in custody and those given a community sentence.

³⁸ For example: Sova also has a standard risk assessment pro forma; staff working for John Laing Training (the provider commissioned to deliver training to One Service cohort members) undertake a risk assessment when taking cohort members onto a course or work site (it was reported that this assessment is the same as that used by the probation service to assess risk in unpaid work placements).

³⁹ Integrated Offender Management is described as ‘an overarching framework for bringing together agencies in local areas to prioritise interventions with offenders who cause crime in their locality’ (Home Office and Ministry of Justice, 2010).

Service staff in a more timely way. At the time of writing, a new system was being trialled with the prison in order to address this.

Box 4.1: How the One Service accesses information about risk

Information from the prison

A member of prison staff reviews the previous convictions report for every cohort member and records the following in the One Service case management database: number of previous convictions; number of previous custodial sentences; and information about any previous offences which might indicate risk of harm to others (violent or sexual offences, for example). This process can be time consuming as the previous conviction reports can run to tens of pages. If a cohort member serves a very short period in prison, there are only a few days in which this information can be shared with the One Service before release.

The prison also shares their assessment of each cohort members' ability to share a cell and the risk assessment provided by the company who escorts sentenced offenders from court to prison.

Information from the local probation service

The One Service has in place arrangements to check overlap between the Cambridgeshire and Peterborough probation service caseload and the One Service cohort on a weekly basis. The probation service shares OASys data for offenders eligible for the One Service who are also on probation. As at the end of December 2012 there were 22 cohort members who were also subject to probation,⁴⁰ although this number has fluctuated over time.⁴¹

Information from the Integrated Offender Management Team

For cohort members who are part of the Integrated Offender Management caseload, information about risk is shared by the police and other agencies involved through case management meetings, which are attended by One Service staff.

4.5 Encouraging engagement by cohort members

It is not mandatory for cohort members to engage with the One Service. As shown by Table 4.1 above, 86% of Cohort 2 members eligible for the pilot (as at September 2013) had engaged with the One Service to the extent that they had agreed to participate in an initial needs assessment in custody.⁴² Another possible indicator of engagement rates is that 64% of Cohort 1 members and 86% of Cohort 2 members were met at the gate on the day of their release.⁴³ Other information from the case management database showed that 37% of

⁴⁰ This figure was shared with the research team by Social Finance.

⁴¹ In some cases overlaps between One Service and probation caseloads occur because a cohort member was previously subject to a community sentence and subsequently received a short prison sentence (at HMP Peterborough), for a different offence. Their community order continues on release, as well as being a member of the pilot cohort. In other cases, cohort members are sentenced to a community order after they have become eligible for the pilot cohort (having previously served a custodial sentence at HMP Peterborough). In all instances where a cohort member is on the probation service case load the probation service acts as the lead agency.

⁴² This includes Cohort 2 members released between July 2012 and August 2013. The first study report included an estimated initial sign-up rate of 70% among members of Cohort 1 recruited at that stage of the pilot (early 2011) (Disley *et al.*, 2011, p. 47). Social Finance reported that the final figure for all Cohort 1 members released between September 2010 and June 2012 was 74%.

⁴³ Source: Social Finance. This information is provided from the One Service case management database and covers the period from January 2011 onwards. The research team is not able to verify this information.

Cohort 1 members⁴⁴ and 50% of Cohort 2⁴⁵ members had engaged with the One Service for one month immediately after release.⁴⁶

The One Service Director reported that they would like to increase engagement rates but that they had little information about the reasons for non-engagement. For example, for some cohort members, non-engagement could be because they do not need the support of a St Giles Trust caseworker or Sova volunteer. Other cohort members, however, might choose not to engage with the One Service even though they could benefit from support. The One Service receives some data from the Police National Computer (supplied by the Ministry of Justice) to track whether engagers or non-engagers are currently offending, but there is a delay due to the time needed for information to be available from PNC.

Several agencies highlighted that because the One Service is voluntary, relationship building is central to the delivery model. Interviewees stated that this meant a very different relationship compared to that between an offender and a probation officer, which is based upon a legal requirement to engage.⁴⁷

Several interviewees from a range of partner agencies and providers involved in the One Service described the following techniques employed to increase engagement (interviewees did not comment on their relative effectiveness):

- **Proactively contacting cohort members** by phone or text message to remind them of upcoming appointments. For those who are not engaging, the One Service sends letters and will take steps to proactively find them (including physically locating cohort members) to invite them to take part in the Service and remind them of the support offered.
- **Providing services that meet need**, which acts as an incentive for cohort members to take part. One caseworker, a volunteer and a Mind manager said that it was essential to deliver what was promised to cohort members.

⁴⁴ All members of Cohort 1 released between September 2010 and June 2012.

⁴⁵ Members of Cohort 2 released between July 2012 and August 2013.

⁴⁶ The first report from the study did not include equivalent data. Social Finance undertook two steps to calculate engagement one month post-release. First, the month is divided into two equal time periods. Second, the client must complete at least one activity in each of those two periods to be considered to be engaged for one month post-release. For example, two contacts in the first half of the month and none in the second half would not count as engagement. It is possible that some offenders do not have contact in the first month, but subsequently engage with the One Service.

⁴⁷ The possible advantage of service providers being non-statutory and independent from government in securing engagement with service users has been raised elsewhere (see Centre for Social Justice, 2013, pp. 8-9). For discussion of working with involuntary clients see Trotter (1999).

- **Building a relationship between cohort members and caseworkers** to motivate and encourage engagement.
- **Persistence even where a cohort member reoffends or does not engage.** One Service staff repeatedly attempt to engage with the most challenging offenders, noting the importance of not ‘scaring a client off’ by contacting them too frequently.
- **Running drop-in sessions and providing opportunities for purposeful activities.** Drop-in sessions are provided by Mind and other services at the One Service office so that cohort members can attend without appointments or the need to travel. Caseworkers try to identify ways for cohort members to fill their days to keep them occupied, out of ‘trouble’ and to encourage engagement.
- **Adopting a multi-agency approach to encourage engagement.** For example, members of the Safer Peterborough Partnership, including police and the probation service, encourage clients to engage if they know they are not in contact with the One Service.

4.6 Operating within the prison and through the gate

One of the aims of this research was to explore the extent to which the One Service operates through the gate. Since the implementation of the Peterborough pilot in 2010, the provision of services through the gate has been central to the One Service model. As shown in Figure 4.1, St Giles Trust caseworkers and Sova volunteers meet cohort members in the prison and at the gate on the day of release. Practically, making contact with a cohort member prior to release allows a needs assessment to be conducted, face-to-face, by One Service staff. Meeting in the prison was also reported by a wide range of interviewees to facilitate relationship-building with cohort members and to increase engagement on release. One interviewee commented that if a cohort member had met a caseworker previously, this could ‘ease the transition’ back into the community.

Meeting cohort members at the gate on the day of release was consistently emphasised by interviewees as an important part of the One Service. Caseworkers try to meet all cohort members, even if they have indicated they do not want to engage. As noted above, according to information from the case management database, 64% of Cohort 1 members and 86% of Cohort 2 members were met at the gate on their first release date.⁴⁸ Having accurate information about the precise time when a cohort member is to be released is

⁴⁸ Source: Social Finance. This information is provided from the One Service case management database and covers the period from January 2011 onwards. The research team is not able to verify this information.

essential for this to happen, and it was reported that the One Service generally does have access to this information. Occasionally, information was reported not to have been received, for example, because cohort members had been released earlier than expected.

Access to the prison

Physical access to the prison by One Service staff is an essential part of the 'through the gate' service. As with any person wishing to gain access to a prison, volunteers and caseworkers must apply for the appropriate checks and approvals, which can be time consuming. Volunteers and caseworkers are escorted to meetings with cohort members. An arrangement is in place with the prison for One Service staff to arrive at set points in the day, so that as many as possible can be escorted efficiently. This is a necessary part of working in a prison setting, albeit a sometimes inconvenient one for volunteers. As described further below, the prison was reported to be accessible to One Service staff.

Support from HMP Peterborough

There was a consensus among interviewees from a range of stakeholder groups (The One Service Director, Social Finance, Mind, Ormiston Children and Families Trust, Sova and St Giles Trust) that the management at HMP Peterborough had played a central role in facilitating the One Service to deliver a through the gate service. For example, Ormiston Children and Families Trust depended on HMP Peterborough to ensure cohort members attended the course and drop-in sessions they ran in the prison.

Staff at the prison spend a considerable amount of time identifying offenders who are eligible for the One Service. This is vital to the pilot, as it allows the One Service to identify those individuals whose outcomes will be assessed to determine outcome payments.

There is no contract between the Social Impact Partnership and HMP Peterborough,⁴⁹ but interviewees from Social Finance and the prison felt that the development of a contract at the outset of the pilot may have had some advantages, including better outlining the obligations for each party to collect and provide data. Another potential advantage of a contract between the prison and the Social Impact Partnership identified by this research is that it would reduce the extent to which the ability of the One Service to operate through the gate is dependent on the support of a particular prison Director.

⁴⁹ Both have a contract with the Ministry of Justice. As explained in the first report from the process evaluation of the Peterborough pilot (Disley *et al.*, 2011) there is a contract between the Ministry of Justice and the prison operator (now Sodexo). At the start of the Peterborough pilot there was an amendment to this contract to ensure that providers under the SIB could enter the prison, use prison premises and access prisoners in order to deliver interventions.

However, the Director of the prison reported that the lack of a contract had not had a significant impact on the pilot, and could even have helped and encouraged innovation and joint working with Social Finance.

The role of Connections workers

Connections workers are individuals serving longer sentences in HMP Peterborough whose role is to provide information to all prisoners about the range of support services available. Between three and seven Connections workers are assigned to the One Service. There were Connections workers in the prison before the One Service, but now all Connections workers on the male side of HMP Peterborough undertake an NVQ in Information, Advice and Guidance as a result of the pilot. Connections workers provide information about the One Service during reception, encourage engagement with the Service during the prisoner's time in prison and meet cohort members before release.

Interviewees from Social Finance and HMP Peterborough reported that Connections workers play a very important role in encouraging cohort members to engage with the One Service. An interviewee from the prison attributed some of the perceived effectiveness of Connections workers to the fact that they were peers of cohort members, could speak from experience and were in close proximity to cohort members within the prison, thus able to visit them more easily than caseworkers or volunteers from outside.⁵⁰

4.7 Local partnership working

Research question 1(d) seeks to understand local partnership working surrounding the Peterborough pilot. Partnership working in the pilot can be separated into partnerships with external agencies and services, and partnership working between providers commissioned as part of the One Service.

Partnership with local agencies and services

An important part of the One Service is helping cohort members to access existing services, such as housing, benefits, healthcare and drug treatment provided by partner agencies (further details about partnerships with specific agencies are outlined in Appendix D). This aspect of the One Service was variously described by interviewees as brokering, advocacy, coordinating, challenging other agencies, 'joining the dots' and 'more than signposting'. One Service staff do more than just make referrals or advise cohort members where they can get

⁵⁰ These interviewees' views are supported by a 2011 report by Her Majesty's Inspectorate of Prisons (HMIP) on HMP Peterborough, which stated that connections workers provided an 'efficient reception and referral service' and particularly commented that 'men involved in the Social Impact Bond project got very good support including from well-trained peer support workers' (HMIP, 2011).

help. They support cohort members to overcome practical barriers to using existing services, sometimes physically transporting and accompanying cohort members to appointments.

To coordinate a plethora of services to address a wide range of needs, partnership working was described by interviewees from all stakeholder groups as being crucial to the operation of the One Service. Interviewees from Mind, Sova, St Giles Trust, the police and the probation service were of the view that the One Service communicated well and worked closely with local partner agencies. An interviewee from a provider organisation reported that cohort members receive a 'rounded' service as a result of the multi-agency approach, and another felt that the One Service had 'pulled together' agencies who were delivering services to cohort members and filled in voids between services.

Interviewees from St Giles Trust and Social Finance commented that the One Service added value to all agencies by providing better integration of services and possibly making their delivery more effective and 'the whole more than the sum of its parts'. An interviewee from the police cited an instance when St Giles Trust had been able to find accommodation for some cohort members, something which had been challenging for the Integrated Offender Management Team in the past. An interviewee from another local agency similarly commented that the One Service had particularly worked on the issue of securing accommodation on release.

A number of interviewees who had worked in Peterborough before the One Service was implemented reported that there was a history of good partnership working in Peterborough. Interviewees described how Social Finance and staff from providers commissioned to deliver the One Service had, in the first year, worked to develop partnerships with other agencies - for example, by regularly attending local multi-agency partnership meetings, spending time agreeing how the One Service might cooperate with other agencies and strengthening connections with agencies who had not previously been as involved in local partnerships. It was also important for providers who were new to the area to spend time familiarising themselves with local agencies and issues.

Analysis suggested that four factors contributed to effective partnership working in the Peterborough pilot:

- Building strategic links and integrating locally:** As well as developing links with individual agencies, the One Service Director sits on the Local Criminal Justice Board,⁵¹ Community Safety Partnership⁵² and the Greater Peterborough Forum and City Leaders Innovation Group. The picture that emerged of the One Service from interviewees' descriptions was of a local service whose management seeks to engage and 'integrate' with local partners. For example, one interviewee from the probation service cited the integration of the One Service with the Troubled Families' Initiative⁵³, with staff from Ormiston working both for the One Service and on the Peterborough Troubled Families Programme. Interviewees from partner agencies reported that Social Finance and the One Service Director had communicated well with partner agencies, adopting a collaborative approach. In the early stages of the pilot, interviewees reflected that it had been important for Social Finance and providers who were new to the area to spend time building relationships and developing processes and procedures for cooperation and coordination.
- The length of the Peterborough pilot:** Social Finance reported that the length of the pilot incentivises and allows time for local relationship-building. It had allowed the pilot to become 'embedded' in local partnerships.
- Management of the One Service:** An important part of the role of the One Service Director is building and maintaining relationships. In this respect, the Director plays an important role, independent of any single agency, able to dedicate time not only to building bilateral relationships but to facilitating multilateral cooperation (this was mentioned by interviewees from the prison, local housing services and the probation service).
- The use of case management data to identify needs which could be met by other agencies:** Information from the case management system provides evidence of unmet needs and might identify typical pathways through which cohort members use existing services (for example, using Accident and Emergency services rather than visiting a GP). Such information was reported to have formed the basis for discussion with local statutory and non-statutory services about how all agencies could contribute to meeting

⁵¹ Local Criminal Justice Boards were established in each of the 42 Criminal Justice Areas in 2003. Membership includes chief officers from the Police, Crown Prosecution Service, Her Majesty's Court Service, the probation service, the prison service and a representative from youth offending services. The remit of criminal justice boards is to improve cooperation between criminal justice agencies and better deliver criminal justice locally.

⁵² Known as the Safer Peterborough Partnership, Community Safety Partnerships are statutory partnerships between the police, local authorities, probation service, health service, voluntary sector, local residents and businesses which aim to reduce crime and disorder. They were first established under the Crime and Disorder Act 1998.

⁵³ The Troubled Families Programme aims to work with 120,000 families in England, with local teams delivering support to identified families (Department for Communities and Local Government, 2012).

these needs. For example, evidence relating to mental health needs was used in discussion with local health commissioners about how existing services could be expanded or adapted.

Partnership between providers commissioned by the One Service

The other aspect of partnership working in the pilot is between commissioned providers (St Giles Trust, Ormiston Children and Families Trust, Sova, Mind and John Lang Training). Interviewees from these agencies reported that, on the whole, they work well together. Staff are co-located at the One Service office and it was reported that staff from these organisations regularly call on each other for information and advice, and in doing so, benefit from their different backgrounds and experiences.

One interviewee commented that there is scope for further coordination between these different providers, so they are more aware of each other's targets, and could ensure they are contributing to the same goals. Facilitating partnership between a range of providers was attractive to investors in the SIB interested in fostering collaboration between voluntary and community sector organisations.

4.8 Lessons from the use of different kinds of staff in the One Service

This research sought to identify lessons from the use of mentors in the Peterborough pilot. The One Service does not use any staff who are officially described as 'mentors', but the data collected provides some insight into the use of lay volunteers, provided by Sova, and volunteers who had previous experience of being in the criminal justice system, provided by St. Giles Trust.⁵⁴ An interviewee from St Giles reported that the volunteer programme was intended to provide an opportunity for ex-offenders to develop their skills in caseworking so they could apply for caseworker roles, both within the One Service and elsewhere. St Giles Trust volunteers were assigned to work alongside a caseworker to support cohort members.

Perceived advantages of involving volunteers with experience of offending and being in the criminal justice system included their ability to build relationships with cohort members and their knowledge of systems such as housing, benefits and the criminal justice system. An interviewee from the police felt that the use of volunteers who have experience of reoffending was new to the Peterborough area and enabled the One Service to build trust with cohort

⁵⁴ Some of the St Giles Trust caseworkers had previously been through the criminal justice system themselves, but had not primarily have been recruited on that basis. At the time of writing the St Giles Trust volunteers completed no formal training, but it was reported that they would have the opportunity to undertake the Level 3 NVQ in Information, Advice and Guidance delivered to the Connections workers within HMP Peterborough.

members. There could also be benefits to the volunteer such as confidence building, skill development and improving job-readiness. At the same time, it was felt to be important to manage risks by ensuring that volunteers were at a suitable stage of their own desistance process to take on the role of supporting cohort members, and by providing them with careful supervision and management support.⁵⁵

Lay volunteers, managed and trained⁵⁶ by Sova, were an important resource and were viewed positively by a range of interviewees. They provided staff capacity by working with lower risk cases, allowing caseworkers to focus on more complex cases. Some volunteers also brought specialist skills, for example, legal expertise or knowledge of debt and finance. Managers from Sova reported no particular problems in recruiting volunteers, although they stressed the importance of monitoring the pool of volunteers and proactively recruiting to fill gaps, for example, to ensure sufficient numbers of male and female volunteers and volunteers of different ages are available.

⁵⁵ For further discussion of the role of volunteers see Corcoran and Hucklesby, 2013.

⁵⁶ All Sova volunteers undertake training before being matched with a cohort member and have the option of undertaking accredited training to gain a qualification in volunteering skills.

5. Innovation and wider benefits from the Peterborough pilot

This chapter presents participants' perceptions of areas of good practice in the Peterborough pilot and the extent to which it was innovative. Section 5.5 then presents findings on the wider costs and benefits perceived to have been incurred through the implementation of the SIB.

Key findings

Flexibility of funding in the Peterborough pilot was widely considered to be innovative and central to the delivery model. Traditional sources of funding for interventions tend not to be as flexible due to, for example, procurement rules and processes or the need to spend funds within a given time period.

Local management of the implementation and operation of the One Service was considered by providers and local partners (including the police, city council and investors) to be innovative. Social Finance appointed a full time One Service Director to manage the pilot.

Frequently reviewing services available and adapting the intervention model was considered innovative. Throughout the pilot, needs reported by cohort members have been mapped against services, and steps taken to fill gaps where the needs of the cohort were not being met, for example, by commissioning new services.

The collection and use of management information collated in a specially developed database was reported by interviewees to enable several aspects of the pilot, including monitoring early indications of success, supporting caseworkers in their day-to-day work and monitoring providers. The case management database was used by caseworkers and staff in partner agencies to record interactions with and the needs of cohort members.

5.1 Flexibility of funding

Funding for the One Service provided by the SIB was widely perceived to be more flexible than other, more typical funding sources: there was no necessity to spend it within a particular financial year, it was not earmarked for any particular kind of intervention, and there were fewer procurement rules than would apply to local or central government funds.

This flexibility allowed decisions about commissioning, spot-purchasing and co-funding to be made quickly and in a way which was highly responsive to need. A St Giles Trust interviewee noted that there was a 'freedom to spend funds which people wouldn't necessarily get in the statutory sector'. This interviewee and an interviewee from another local partner agency both mentioned that the ability of the One Service to fund deposits to secure accommodation for cohort members was valuable. Another caseworker mentioned buying a wheelchair for a cohort member using SIB funds, and reflected that without SIB funding it would have been necessary to make applications to different agencies which would have taken more time and possibly resulted in delays to receiving the chair.

This flexibility was also used to jointly fund services with local partners. For example, the One Service, Serco and the Safer Peterborough Partnership co-funded a full-time trainer from John Laing Training to deliver a construction multi skills course in the community.⁵⁷

Social Finance reported that they would not generally spend funds raised by the SIB on services which were or should be provided to cohort members by statutory services. One reason was that doing so might create dependencies on SIB funding for core services, which would then give rise to gaps when the Peterborough pilot ends. Another reason was that the SIB was supposed to bring additional funds to address unmet need. An example of where this issue was reported to have arisen was in relation to mental health services. The One Service had commissioned Mind to provide support to cohort members with low-level mental health needs. However, for cohort members with higher levels of needs, the One Service Director reported holding constructive discussions with commissioners of mental health services about the possibility of extending existing statutory provision.

5.2 Addressing implementation risk through local management

Interviewees from Social Finance identified 'implementation risk' as one challenge facing Peterborough and other payment by results pilots; i.e. ensuring that the intervention operated as planned, providers worked effectively, and partnerships were productive. Social Finance mitigated implementation risks by appointing a full time One Service Director. The Director's role included building partnerships, monitoring providers and being responsible for ensuring cohort members' needs were met by available services. A range of stakeholders reported that strong, local management was central to the perceived successful implementation and operation of the One Service. The investors interviewed were of the view that Social Finance had managed the pilot and implemented the interventions well.

5.3 Willingness to adapt the service model

The One Service model has changed over time to ensure that the needs reported by cohort members could be addressed by the range of services available. Examples of this included commissioning Mind to deliver mental health interventions and commissioning Ormiston Children and Families Trust, first to provide support to the families of offenders in the community, then later to provide a drop-in service and to deliver a 'Maintaining Family Ties' course in the prison. This latter intervention was introduced in order to increase the number of cohort and family members who had contact with Ormiston.

⁵⁷ Serco funding was for cohort members eligible for Job Deal (which aims to provide offenders with the support and skills to find work after the end of their sentence), and the Safer Peterborough Partnership funding was for cohort members with drug misuse problems or who were Integrated Offender Management clients.

Another modification to the intervention model entailed altering the roles played by caseworkers and volunteers. The original model for the One Service included a clear distinction between the roles of St Giles Trust caseworkers and Sova volunteers, with clients initially assigned to the former and then handed over to the latter after a given period of time. A change was made to this about a year into the pilot so that Sova volunteers could first meet cohort members within HMP Peterborough. Both Sova and St Giles Trust staff are now involved in cases in the prison and immediately following release, depending upon the needs and situation of the particular cohort member. This change was reported to have been made in order to enable caseworkers to focus their time on higher risk cases and offenders with more complex needs, and to facilitate relationship building between Sova volunteers and cohort members.

This process of constantly reviewing the model was reported by a range of interviewees to be innovative and beneficial. One interviewee from a provider organisation felt that the ability of the service to 'evolve' was one of its strengths. Another from a local partner agency valued the flexibility of the One Service to try new ideas.

5.4 Collection and use of case management information

The collection and use of case management information was widely reported as innovative.

Ways in which such information is used include:

- **Mapping cohort needs and informing negotiation and dialogue with other local agencies:** information had been used to identify needs which were not being met by existing services. This allowed the One Service to commission new services. For example, Mind was commissioned to deliver interventions to cohort members reporting mental health problems. It also allowed the One Service to work in partnership with other agencies to address these needs. For example, Social Finance said they used this evidence in discussions with other agencies regarding extending statutory services to address cohort members' needs. Aggregate information about cohort needs was reported to be shared with the Community Safety Partnership, Criminal Justice Board, Job Centre, HMP Peterborough, and local probation, police and health services, although we were not told of any specific actions or developments arising from this. Individual level data was reportedly shared, when relevant, with partner agencies, for example, to identify overlaps between caseloads.
- **Monitoring early indications of success:** Social Finance described using management information to look for correlations between interventions and reoffending, providing a way of measuring their progress and learning. They

acknowledged that this information could not be used to show causal relationships between particular interventions and client outcomes.

- **Supporting caseworkers:** On a day to day basis, caseworkers reported using the management database to keep track of their actions and activities on a particular case, and to review records of cohort members' interactions with other One Service staff and other agencies.
- **Monitoring the activities of providers:** Management information is used to review how St Giles Trust, Ormiston, and other providers are operating. This information is collated by Social Finance into monthly reports for providers, which give an overview of their activities and are discussed at monthly meetings with the One Service Director.
- **Reporting to investors:** Case management information is relayed back to investors. Reporting on activities provides a form of accountability and keeps investors informed about challenges encountered and how they are overcome.

These perceived benefits were realised as a result of the investment made by Social Finance in developing a case management database, and because a range of individuals involved in the One Service populated the database with detailed records of their contact with cohort members.

5.5 Wider perceived benefits of the pilot

This research also sought to identify wider costs and benefits incurred through implementation of the SIB. An interviewee from a local partner agency reported that the One Service had 'added value' to the area by 'experimenting' with new ideas and approaches and sharing learning about this. One example was in relation to finding work placements for offenders, and another related to improving the provision of accommodation for (all) prisoners on release. The interviewee reported that the One Service had provided a 'framework' for the Council to build a stronger relationship with the prison on this issue, and that an initiative focusing on the provision of housing in the area was being jointly undertaken by the One Service and the Council (and was ongoing at the time of the interview). The provision of accommodation on release had been a long-standing challenge in Peterborough, and the initiative aimed to find ways to increase the availability of housing.

The pilot also appears to have had wider benefits for the prison. Interviewees from HMP Peterborough reported indirect and knock-on benefits for prisoners who were not part of the pilot. Specific benefits mentioned were:

- **Commissioning similar services for non-cohort members.** Examples included rolling out training for Connections workers operating on the female side of the prison, commissioning Ormiston Children and Families Trust to deliver a course in the prison to non-One Service prisoners, and the opening of an 'outside links' centre which offers support from a building outside the prison walls on the day of release (Sodexo, 2013, p.48).
- **Training for Connections workers who work with non-cohort offenders.** An interviewee from the prison felt that this had made Connections workers more professional and better at directing and signposting prisoners.
- **Improved understanding of the needs of prisoners.** An interviewee from the prison commented that, in part as a result of the One Service, there was a better understanding of the needs of all prisoners, how those needs were being met, and gaps in services for offenders.
- **Prompting critical assessment of existing services and processes:** The One Service was described as a 'critical friend' by an interviewee from the prison, in that it had prompted the prison to review and consider procedures and processes relating to offender management and resettlement. However, interviewees from the prison noted that while the One Service had contributed to some of the recent changes and improvements in the prison, the One Service was not the only driver for change.

6. The contractual model

This research explored the strengths and weaknesses of the contractual model for the Peterborough SIB. In an earlier report, we outlined six separate contractual relationships involved in the Peterborough pilot (Disley *et al.*, 2011, p. 17). This current report focuses on two key contractual relationships: firstly, between the Social Impact Partnership and commissioned service providers, and secondly, between the Social Impact Partnership and the Ministry of Justice.

In discussing the contractual relationships with providers, this chapter also presents information on the role of voluntary and community sector organisations in the Peterborough pilot (relevant to research question 1c).

Key findings

Contracts with providers: The Social Impact Partnership, managed by Social Finance, holds contracts for service delivery with three voluntary and community sector providers who are paid up-front for their services and therefore do not bear financial risk dependent on outcomes. Contracts with three providers were for one year, but there was an expectation that they would be renewed. This expectation of on-going work was reported to facilitate the development of collaborative relationships between Social Finance and providers, and to allow providers to concentrate on improving delivery, rather than securing future funding.

Monitoring and oversight of provider contracts: It was reported that contracts with providers did not contain many performance metrics and targets regarding the intervention model, in order to ensure that providers were responsive to cohort members' individual needs. However, providers' delivery was closely monitored by the One Service Director using case management information.

Learning opportunities for providers: There was some evidence that the experience that providers gain from using management information to track whether cohort members' needs were being met, was serving as a form of capacity building and skills development for voluntary and community sector providers.

The contract between the Ministry of Justice and Social Finance: This has been subject to two contract amendments - one to clarify the definition of eligibility for the cohort, and another to clarify an aspect of the payment mechanism. Social Finance and the Ministry of Justice agreed that greater clarity in the contract would have been helpful in relation to identifying the cohort and the data systems from which this information would be extracted, and by whom.

6.1 Contracts and relationships with providers

The Social Impact Partnership has contracts with St. Giles Trust, Ormiston Children and Families Trust, and Sova, and pays them an agreed amount to deliver services to cohort members. From interviews, four features of these contracts were identified which may facilitate the involvement of voluntary and community sector organisations and in this way be considered strengths of the contractual model.

- **Up-front payment:** All providers are paid up-front for service delivery. Staff costs and other overheads are fixed under the contract.⁵⁸ Importantly, none of the providers bear financial risk dependent on outcomes. An interviewee from one provider reported that this had allowed them to invest resources into the project.
- **One year duration with the expectation of renewal.** The expectation that contracts would continue beyond one year may have been important in allowing providers to focus on delivery, rather than securing future funding and in encouraging both parties to invest in relationship building.
- **No detailed specification of the intervention model:** an interviewee from one provider agency reported that their contract specified very few quantitative performance targets. Having contracts which were not highly specified was perceived to be beneficial as it allowed an individualised service, and left scope to modify and improve the services provided.⁵⁹
- **Monthly, detailed monitoring of performance:** although the contracts were not highly specified in terms of the intervention model, providers were held to account through detailed monthly monitoring of these contracts by the One Service Director, based on information in the case management database. For example, the monitoring of the St Giles Trust contact included reviewing the proportion of cohort members assessed in the prison, met at the gate, and with whom St Giles had maintained contact for one month and four months. One interviewee noted that the level of oversight by the One Service Director sometimes extended to discussions about individual cases. This was more detailed management than would normally be expected in a commissioner-provider relationship which to some extent blurred the lines between these roles and might not be possible in a larger-scale intervention.

Mind and John Laing do not have up-front contracts with the Social Impact Partnership, but work on a fee for service basis: for example, Mind is paid for each appointment booked with a cohort member (regardless of whether the cohort member attends).

⁵⁸ There is a 'claw back' mechanism in the contract with St Giles Trust whereby Social Finance has the ability to reclaim funds not spent and recycle them during the remainder of the pilot.

⁵⁹ Sova contracts have some performance metrics related to the number of cohort members accessing a Sova volunteer, but does not specify the types of activities which volunteers should deliver to cohort members. St Giles Trust are required to undertake needs assessments and to meet at the gate, but other details of work with cohort members are not specified.

6.2 Barriers and facilitators to the involvement of voluntary and community sector organisations

Drawing on interview data the research team sought to identify perceived benefits and costs to organisations such as Mind, Ormiston Children and Families Trust, Sova and St Giles Trust from their involvement in the pilot, as well as facilitators and barriers to their participation.

Freedom from financial risk

One way in which a SIB can facilitate the involvement of voluntary and community sector organisations, as mentioned above, is through the provision of up-front capital and freedom from outcome risk. The investors interviewed reported satisfaction with their investment and the operation of the pilot so far, largely because it had provided up-front funding to civil society organisations to deliver interventions to offenders. However, one concern voiced by an investor was whether future payment by results initiatives would be designed and implemented in a way which would deliver up-front capital to civil society organisations, especially when private sector providers were also involved.

Capacity building

A second finding identified from analysis of interview data relates to the potential for involvement in the Peterborough pilot to provide learning and capacity-building opportunities for providers. Social Finance analysts produce monthly 'dashboards' of each provider's activities as well as reports throughout the month which are intended to help managers and caseworkers better understand the target group of offenders. It was reported that the content of these monthly reports had been refined to ensure information was useful and relevant. Two providers reported that this was the first time that such detailed information about their client group or the delivery of their services had been available to them. These two interviewees further reported that the analysis undertaken by Social Finance had provided useful insights into their practice. For example, one provider's estimates of engagement rates with their service proved to be quite different to engagement rates indicated by information from the case management database. This led them to examine what steps their staff were taking to keep in touch with cohort members. An interviewee from a partner agency reflected on the 'professionalism' which he thought was part of the One Service and from which the voluntary and community sector could learn.⁶⁰

⁶⁰ Similarly, a survey of voluntary sector organisations found that some might benefit from working with private sector organisations via enhanced IT, and sharing ideas about efficiency (Centre for Social Justice, 2013).

Collaboration with providers

A third potential factor that was felt to facilitate the involvement of voluntary and community organisations was that Social Finance appeared to work collaboratively with providers. Interviewees from Ormiston Children and Families Trust, Mind and Sova all described having scope to decide the content of the intervention, and interviewees from St Giles Trust and Ormiston reported that providers could put forward ideas based on their experience, which were usually well received and considered by Social Finance.⁶¹ This reflects the flexible design of the intervention model and the willingness of Social Finance to modify it in response to learning from practice.

6.3 The contract between the Ministry of Justice and the Social Impact Partnership

The contract between the Ministry of Justice and the Social Impact Partnership includes specification of: the criteria for a prisoner to be included in the pilot; arrangements for the appointment of an independent assessor to measure outcomes; the methodology to be employed by the independent assessor in determining whether the pilot reduced reconviction events; and arrangements for outcome payments.

The contract has been subject to two amendments: one to clarify the definition of eligibility for the cohort, and another to clarify an aspect of the payment mechanism. Three issues were identified from analysis of interview data regarding strengths and weaknesses of the contractual model: flexibility, cohort definition and information sharing.

Flexibility

There was discussion during interviews about the extent to which there was sufficient flexibility in the contractual model. The point was made by interviewees from the Ministry of Justice that too much flexibility could be a risk: it was important that there was scope for contract amendments, but that this should not alter the agreed outcomes and payment terms signed off at the start of the pilot.

Cohort identification

As mentioned above, criteria for inclusion in the Peterborough pilot are set out in the contract between the Social Impact Partnership and the Ministry of Justice.⁶² Interviewees from Social

⁶¹ Collaboration in determining the services to be delivered is not always evident in payment by results contracts (see Hunter and Breidenbach-Roe, 2013). The importance of flexibility in contracts with voluntary sector providers has been highlighted elsewhere (see Centre for Social Justice, 2013; Gash *et al.*, 2013).

⁶² The criteria are: at least 18 years of age at the time of sentencing; sentenced for a consecutive period of less than 12 months; discharged from HMP Peterborough during the pilot after serving their sentence (or any part thereof) at HMP Peterborough.

Finance and the Ministry of Justice reflected that, in hindsight, greater clarity in the contract would have been helpful in relation to the identification of the cohort, in particular, how and by whom information about offenders eligible for the pilot would be taken from the Prison National Offender Management Information System (p-NOMIS)⁶³ and shared with the One Service.

An interviewee from HMP Peterborough noted that lack of clarity regarding cohort identification and definition had meant that staff at the prison and Social Finance had spent considerable time identifying offenders in the prison who were eligible for the One Service. The interviewee reported that understanding in this area has improved over time but that there were still some areas of uncertainty about the eligibility of some prisoners.

It is important that the One Service can identify eligible prisoners at HMP Peterborough so that they can try to engage and work with all those who are in the cohort. Interviewees from Social Finance and the Ministry of Justice identified a number of lessons:

- Specific databases to be used to identify cohort members should be fully investigated at the outset by those in a position to assess their completeness and the time and skill that would be needed to extract the data.
- Where access to databases (such as p-NOMIS) is restricted, it should be made clear at the outset which party has responsibility for extracting the data from that database.
- All parties should be clear about the likely time and resource commitment necessary to extract and share data. This would allow these commitments to be secured and, if necessary, formalised, at the start of the pilot.

Sharing management information

Interviewees from the Ministry of Justice noted that the contract did not require Social Finance to share information about the operation of the pilot. However, Social Finance have provided quarterly updates at contract review meetings, hosted several visits from Ministers, practitioners and others interested in learning about the Peterborough pilot and have taken part in workshops organised by the Ministry of Justice to share learning from the pilot. Some information about the operation of the pilot and lessons for establishing other SIBs have been published by Social Finance (for example, Social Finance, 2011) and some information about the cohort has been provided to inform this report.

⁶³ This is a centralised system operated by the National Offender Management Service, which holds information about prisoners.

The research team notes that the availability of more detailed information about the mix of activities and interventions with each cohort member could support the development of the evidence base around effective interventions.

7. Conclusions and lessons for future payment by results and Social Impact Bond schemes

In this chapter we synthesise the research findings and identify lessons for future SIBs and payment by results programmes (including Transforming Rehabilitation). In interpreting these findings, the limitations of the research approach, set out in Chapter 3, should be borne in mind.

How, if at all, did the pilot lead to better outcomes of reduced reoffending?

Results indicating the effect of the Peterborough pilot on reconviction rates are yet to be published, but the following findings describe and highlight potential strengths and weaknesses of the intervention model.

A pragmatic intervention model

The Peterborough pilot maintains flexibility as to the services provided: no theory of change is articulated for the One Service, and contracts with providers do not specify the intervention model in detail. This was seen as an advantage by interviewees because it enabled the needs of each individual cohort member to be addressed. The One Service model is frequently reviewed and, if necessary, modified, to ensure services and interventions address cohort members' needs. To this extent, some features of the One Service were perceived by interviewees to be in line with the evidence base on offender management and reducing reoffending (taking an individualised approach, tailored to the needs of each cohort member). Possible disadvantages of this flexible approach are that it is challenging to evaluate whether elements of the One Service are effective – and if so, which elements – since the content of the intervention differs between cohort members and over time. Wider roll-out of the service may require a more detailed description of the intervention model.

Assessment of risk

Gaining access to information about cohort members' risk of reoffending and risk of harm posed some challenges in the Peterborough pilot. Arrangements are now in place to ensure that information about risk is shared with the One Service, but further improvements are planned to increase the efficiency of this process and to ensure that the One Service has access to timely and accurate information about risks posed by offenders serving short prison sentences. *Future SIB and payment by results schemes could consider at the design stage how information about risk of reoffending will be identified and shared with private, voluntary and community sector providers.*

Through the gate services

Strong cooperation from the prison, including the investment of staff time and resources, is necessary for the through the gate element of the Peterborough pilot. The prison enables physical access, publicises the pilot and plays a crucial role in sharing information regarding the identification of eligible prisoners and assessment of risk. *Future SIB and payment by results schemes could learn from the systems in place in the Peterborough pilot for cooperation between providers and the prison in delivering through the gate services.*

Partnership working

There is evidence of strong partnership working in the Peterborough pilot. This is important to a delivery model which relies, in part, on helping cohort member access statutory services. There is some evidence that the pilot integrated and thus enhanced the range of services available to individual cohort members. Partner agencies may benefit from the sharing of good practice by the pilot and the opportunity that the pilot provides to test ideas and interventions. *Future SIB and payment by results schemes could learn from factors which appeared to increase opportunities for effective partnership working in the Peterborough pilot, including: building strategic links with a range of agencies; ensuring the pilot is in place for sufficient time to incentivise and allow partnership and collaboration to develop; and appointing a director or manager whose role includes relationship building.*

Voluntary and community sector providers

As the Peterborough pilot is funded through a SIB, it is investors, rather than providers, who are paid by results and bear the financial risk of losing their investment if agreed reconviction outcomes are not achieved. Some providers involved in the Peterborough pilot are paid up-front for the services delivered to cohort members and others are paid on a fee-for-service basis, but none bear outcomes risk. Investors reported that removing risk from voluntary and community sector providers was important in their decision to invest. While findings from the pilot highlight the benefits of up-front funding for providers, a SIB represents just one way in which financial risks and incentives can be distributed between parties involved in payment by results funding mechanisms. In the absence of a comparison scheme that funds similar services in a different way, it is not possible to draw firm conclusions about the difference made, if any, by SIB funding compared to other forms of funding. *Future SIBs might draw on the Peterborough pilot as an example of delivering capital to providers, which was important to investors and was central to the original objectives of the Peterborough SIB.*

The use of volunteers in the One Service

The use of Connections workers within HMP Peterborough was considered by interviewees to play an important role in encouraging cohort members to engage in the One Service. During

the pilot, the One Service also involved volunteers on probation or released on temporary licence in supporting caseworkers and delivering support to cohort members. Perceived advantages of involving such volunteers included their ability to build relationships with cohort members and their knowledge of systems such as housing, benefits and the criminal justice system. There was a degree of turnover in volunteer positions and at times it proved challenging to retain this type of volunteer. Unpaid lay volunteers trained and managed by Sova increased the capacity of the One Service to engage with cohort members. Lay volunteers mainly worked with cohort members who did not have complex needs or posed a lower risk of harm, thus freeing up paid caseworkers to deal with more complex cases. Retention of volunteers can pose some challenges, but overall feedback about their role was positive. *Future SIB and payment by results schemes may take learning points from the Peterborough pilot regarding the advantages of different types of volunteers, and should note the importance of careful supervision and management of such volunteers. In relation to those with previous experience of reoffending, it is important to ensure that volunteers are at a suitable stage of the desistance process to take on the role of supporting cohort members.*

What wider costs and benefits, if any, do stakeholders feel were incurred through the implementation of the SIB?

Interviewees from HMP Peterborough reported that the benefits outweighed the costs of hosting the pilot due to indirect and knock-on benefits for other prisoners. The prison Director provided several examples of changes to offender management and resettlement practices at the prison as a result of learning from the pilot. An interviewee from a local agency also reported wider benefits from the pilot, including learning by other local agencies about the provision of through the gate services, and improving the provision of accommodation on release from prison. *Future SIB and payment by results schemes could look for similar opportunities for the diffusion of benefits and sharing learning with local agencies and organisations.*

To what extent did stakeholders feel that the SIB led to greater innovation and/or efficiency?

Flexibility of SIB funding

The absence of restrictions on how SIB funding could be spent was reported by interviewees to have facilitated the commissioning of new providers during the life of the pilot as well as joint funding of services with other local agencies. It is worth noting that, in principle, other funding mechanisms than SIBs could also benefit from this flexibility. *Future SIB and payment by results schemes could learn from the way in which funding for the Peterborough pilot was used to respond to the needs of service users in a timely way, through a combination of one-off purchasing, commission and co-funding.*

Local management

Implementation risk in the Peterborough pilot was mitigated by the appointment of a One Service Director, who led on building partnerships, commissioning services, monitoring providers and overseeing the delivery model. *Future SIB and payment by results schemes could consider the appointment of an independent service director with some experience in the field, and preferably knowledge of the local area.*

Collecting using and sharing information about the cohort and the pilot

The development of a customised case management database (holding information about cohort members' needs, risk levels and their interactions with other services) was reported to have many uses within the pilot, including monitoring providers, informing investors and identifying gaps in services. *Future SIB and payment by results schemes might want to consider the benefits of developing and utilising similar case management databases where there is no existing single repository for such information. It may be useful for staff from partner agencies to have access to this database. If information from such a database is to inform programme evaluation there must also be transparency in how data are recorded.*

What were the strengths and weaknesses of the SIB contractual model as implemented?

Contractual relationships with providers

There was some evidence from interviewees that providers might benefit from involvement in the Peterborough pilot through the experience of using case management data to analyse their practice. *Future SIB and payment by results schemes could identify scope for this kind of learning by provider organisations and other forms of capacity building, as well as opportunities to learn from the expertise and knowledge of staff working in such organisations.*

Relationship with the prison

A contract between HMP Peterborough and the Social Impact Partnership may have been useful in setting out, at the start of the pilot, the roles and responsibilities of both parties in the delivery of through the gate services and the provision of information. At the same time, not having a contract meant that the prison and Social Finance had scope to design and tailor ways of working together. *Future SIB and payment by results schemes operating 'through the gate' may wish to consider concluding a written agreement between the prison and providers or intermediaries, encompassing data sharing and the scope of the intervention.*

The contractual relationship with the Ministry of Justice

Experience of implementing the pilot highlighted ways in which the contract between the Ministry of Justice and the Social Impact Partnership could have been clearer as regards the criteria determining the eligibility of prisoners to be in the pilot, responsibility for identification and the data systems used. *Future SIB and payment by results schemes which target a specific group of service users may benefit from greater input of operational staff at the contract drafting stage to ensure greater clarity around establishing clear procedures for cohort identification, data collection and analysis, including which data systems will be used.*

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Appendices

Available as a separate document published with this report are:-

- Appendix A – Interview Protocol,
- Appendix B – List of interviewees,
- Appendix C – Ways in which the prison facilitated the One Service, and
- Appendix D – Examples of partnerships developed by the One Service