



Social Bridging Finance

Evaluation

Initial Report

April 2020

The Robertson Trust

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Summary

Introduction

1. Iconic Consulting and Glasgow Caledonian University are evaluating the Social Bridging Finance (SBF) model on behalf of The Robertson Trust (TRT).
2. The SBF model aims to ensure the sustainability of public services, particularly those of a preventative nature. It involves the delivery of an evidence-based service by a third sector organisation which a public sector partner guarantees to sustain - via a legally binding contract - if mutually agreed success criteria are met by the end of an initial demonstration phase which is independently grant funded.
3. TRT is currently testing the SBF model and building understanding of how it works through three demonstration projects in East Renfrewshire, Dundee and South Ayrshire. TRT is actively encouraging other independent funders, public sector and third sector organisations to try the model and the Trust has developed SBF Guidance for interested parties.
4. Over the period April 2019 to June 2022, the formative evaluation seeks to understand the strength and challenges of implementing the SBF model, whether it achieves the intended outcomes, and, if so, what elements of the model enable these to happen.
5. This Initial Report sets out key findings and emerging learning from the first phase of the evaluation. A mixed methods approach was adopted including a comprehensive document review and consultation with key staff from TRT and the public and third sector partners in the three demonstration areas.

Project initiation

6. The starting point of the three demonstration projects has been different and this has been relevant to their subsequent development. Clarity of purpose appears to be an important factor and ideally should include identifiable benefits to the public sector as well as participants. Relationships are also important and mutual understanding, respect and trust can smooth the development process.
7. The East Renfrewshire Family Wellbeing Service evolved from discussions between senior management of the public and third sector partners and their mutual awareness of the challenges supporting young people experiencing emotional distress. The partners in East Renfrewshire had an existing strong working relationship. In Dundee, an earlier feasibility study had identified an issue – repeat cases of babies born to vulnerable women being taken into care – and a possible solution that could lead to benefits not only for participants but also for the public sector.
8. In South Ayrshire, the identification of a critical issue by the public sector partner does not appear to have been the main driver of the project to extent it was in Dundee and East Renfrewshire. Here, existing relationships between the potential funder (William Grant Foundation) and the public sector partner (South Ayrshire Council) and the availability of funding specifically for the Carrick area appear to have been key factors.

Funding

9. Overall, SBF was seen by consultees as markedly different to other funding models.

10. Consultees from both the public and the third sector identified the availability of substantial additional funding as a major benefit of the SBF model. However, they stressed the model had significant additional benefits as it provided the opportunity to implement a preventative service while retaining existing services, during which time it could hopefully prove its worth in order to be sustained by the public sector.
11. There was also a view that independent grant funding and the contract - key components of the SBF model - helped to create more equitable relationships between the third sector and public sector partners. In addition, longer-term funding available via the SBF model may help delivery organisations to attract higher quality staff.

Procurement

12. Public authorities in the demonstration projects are using different approaches to procurement.
13. The public sector partners in East Renfrewshire and South Ayrshire are making a financial contribution to the overall costs and have classified the services as 'research and development' on the basis that the service will be trialled and assessed over a number of years. Public sector procurement legislation allows public authorities to exempt research and development services, under a financial limit, from competitive tendering.
14. Dundee City Council has overseen a competitive tendering process on behalf of Pause and the external funders; the local authority is not making an initial financial contribution to the project but is providing significant support. A number of organisations were invited to bid on the basis of a positive and trusted relationship with TRT and significant previous experience in working with vulnerable women and working within a child care and protection context.
15. Procurement is understandably an important issue for public sector organisations considering the model and further guidance on this issue would aid the rollout of the model.

Contract

16. The emerging evidence suggests the process of agreeing and signing legally binding contracts to sustain the demonstration projects has been relatively straightforward. Leadership from senior managers from the public sector partner and the close involvement of key elected members has been important in securing agreement to sign the contracts. Based on experience to date, the contract appears to be an initial filter that applies during preliminary discussions regarding the potential use of the SBF model rather than a significant barrier that arises during subsequent, more detailed negotiations between partners to finalise the agreement.
17. The contract template is a fundamental element of the SBF model. The Trust is keen to avoid the use of lengthy contracts that require significant resources to draw up and their funding is dependent on use of the template.
18. Third sector partners are unlikely to use the contract to challenge a decision not to sustain a project that has met its success criteria on the grounds of cost and maintaining good relations with the public sector. Nonetheless the contract is significant because it appears to focus minds and force partners to discuss sustainability at the outset. It may also lead to public sector partners prioritising funding for the demonstration project. If necessary TRT would be prepared to ensure a public sector partner fulfilled its contractual obligations.

Success criteria

19. Development of the success criteria in the three demonstration projects has provided some useful learning for the SBF model as their experiences have been very different.
20. The process in Dundee appears to have been relatively straightforward, benefitting from Pause's experience of monitoring and evaluating delivery elsewhere in the UK. Although the process in East Renfrewshire was more time consuming all partners were co-operative throughout and, with support from the SBF audit/evaluation team, the process reached a successful conclusion.
21. The process in South Ayrshire has been challenging although credit is due to partners for the commitment shown to find a mutually agreeable solution. The challenges have revolved around agreeing both the indicators and the targets for the success criteria although there have been some mitigating circumstances which have complicated the process. Although progress has been made on the indicators, agreement on the targets has not been reached and partners have agreed that a pilot phase will be used to gather evidence and set appropriate targets. A Memorandum of Understanding will formalise the interim arrangements.
22. Learning from the three demonstration projects suggests clarity of purpose for the project helps with the setting of success criteria. It is also clear that the public sector partner need to take ownership of the success criteria - they are committing to sustain the projects at the end of the independent grant funding and they have to be absolutely clear at the outset about what they regard as success. The focus on evidence-based services that have successful track records of delivery elsewhere or on a smaller scale locally also aids the setting of success criteria.
23. External support from the funders and the audit/evaluation team was welcomed and beneficial to the development of success criteria. The support emphasised the importance of SMART - Specific, Measurable, Achievable, Relevant, and Time-bound - success criteria and experience to date demonstrated the need, in some cases, for substantial assistance with this task. This has implications for the roll-out of the SBF model.
24. To date, success criteria have included outcomes related to both the impact on participants and public services, as well as outputs relating to take up of the services.

Flexibility and boundaries of the model

25. Although the SBF model is generally quite prescriptive, experience in one area has shown that it can be applied with a degree of flexibility to suit local circumstances whilst retaining the core elements of the model. In East Renfrewshire, a codicil has been used to amend the success criteria included in the initial contract and a short lead-in period was included in the timescale to enable partners to establish the service.
26. The South Ayrshire experience has provided useful learning on the boundaries of the SBF model, specifically the circumstances required before it can be applied. Here a pilot period is planned to allow partners to gather evidence which will inform success criteria and suitable targets. The interim arrangements are set out in a Memorandum of Understanding and partners are committed in principle to using the SBF model in due course.

Partnership working

27. The strength of partnership working in the demonstration projects has been one of the most striking features to date. The projects have secured the involvement of key senior staff and elected members. The contract and the Project Boards appear to have been important contributors to this.
28. Based on the experiences from South Ayrshire, the benefits of the SBF model, outlined in this report, help maintain partner commitment when challenges arise.

Support from grant funders

29. Public and third sector partners welcomed the nature and extent of support provided by the independent grant funders during the development of their projects.
30. In addition to significant financial investment, the main funders (TRT and William Grant Foundation) have been hands-on throughout the process attending (and where necessary chairing) meetings, providing guidance and contract templates as well as feedback on proposals, and explanation and advice in-person or via email and telephone. TRT also ensured independent support was available to help set success criteria and learning is captured by the programme evaluation. The support and evaluation is generating valuable learning which will help shape the rollout of the model in the future.

Sustainability

31. TRT developed the SBF model with the aim of improving the sustainability of public services delivered by third sector organisations. The early evidence suggests that the model is building-in sustainability to the commissioning process and the inclusion of a legally binding contract has been key. The SBF model forces partners to address sustainability at the outset in a way that other funding models tend not to.
32. Some partners may seek to sustain the service before the end of the demonstration period if success is evidenced and funding is available.

Transferability

33. Support from TRT, and the audit/evaluation team, has helped application of the SBF model by another independent grant funder in South Ayrshire. This suggests the SBF model is transferable and could potentially be applied by other funders.
34. However, rollout by funders should be selective as factors such as clarity of purpose, strong partnership working and the involvement of senior managers and elected members appear to be particularly important in the model's successful application.

Political considerations

35. Political considerations are important in the development and implementation of services supported by the SBF model.
36. All three areas have secured elected members' support to sustain the projects in future years if the success criteria are met. This achievement should not be underestimated given the financial challenges facing the public sector and the complexities of local politics.
37. A separate political consideration arose in Dundee due to the sensitivity of the project and the publicity this generated. Local politicians have remained supportive and this has been important in establishing the project and committing to sustain it if success criteria are met.

Auditing and evaluation

38. The role of the independent auditor is crucial to the SBF model. The auditor is intended to verify that the third sector partner has achieved the measures of success agreed at the outset which would then enable the public sector partner to confirm future funding to sustain the service.
39. Discussions with partners from the three demonstration projects, particularly those in South Ayrshire, confirmed the importance of the auditor's role and also highlighted a need to clarify what exactly the auditing process will, and will not, involve. Clarification is provided in this report and we recommend SBF Guidance is updated to reflect this.

Implications

40. The emerging findings presented in this report provide The Robertson Trust with valuable learning regarding the SBF model. A number of recommendations have been made to integrate this learning into the SBF Guidance, of particular importance will be providing further guidance and clarification on:
 - The roles and expectations of all partners, including support from The Robertson Trust, and where relevant, other independent grant funders.
 - Public sector procurement options.
 - Setting SMART success criteria.
 - The auditing process.
41. The emerging findings also have implications for other independent grant funders considering use of the SBF model, particularly replicating the nature and extent of support provided to date. There is also valuable learning emerging for public and third sector organisations considering use of the model, as well as independent success criteria auditors.

Conclusions

42. Overall, the emerging evidence suggests the SBF model has potential to enhance the long-term sustainability of preventative services delivered by the third sector.