Payment by results in supported housing
Demonstrating value for successful commissioning

Presented by Lemos&Crane
31 May 2012

Delegate Resource Pack
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Programme

9.15  Registration

10.00 Session 1: STRATEGIC OVERVIEW
- Amy Campbell, Supporting People, Communities and Local Government, on the government’s plans for payment by results in supported housing and how pilots with local authorities are testing a range of different approaches with different client groups
- Phil Saunders, independent consultant on housing, care and support, on the opportunities and challenges facing supported housing providers in preparing for payment by results and demonstrating value

11.25 Refreshments

11.45 Session 2: NEW APPROACHES TO COMMISSIONING
- Eileen McMullan, Supporting People Programme Manager, Islington Borough Council, on using Payment by Results to explore efficiencies and service improvement, working with providers of services for young homeless people, substance misusers and offenders
- Lee White, Supporting People Lead Officer at Southend-on-Sea Borough Council, on using Payment by Results with an outreach support service for those at risk of losing their tenancy in the Council’s general needs stock and sheltered services to further develop its focus on outcomes in a climate of reducing budgets.

1.00 Lunch

1.45 Session 3: LEARNING FROM EXPERIENCE ON PAYMENT BY RESULTS
- John Wade, Managing Director, Bromford Support, on its experience of delivering part of the Department for Work and Pensions work programme through Payment by Results

2.30 Session 4: PROVIDER PERSPECTIVES: DEMONSTRATING VALUE
- Tony Munton, Managing Director, theRTK, on how providers of support services can develop a robust case for demonstrating cost effectiveness to local authorities
- John Glenton, Head of Business and Innovation, Riverside ECHG on how the organisation is preparing for payment by results, building on existing approaches to:
  - Defining and measuring outcomes
  - Evaluation and evidence-gathering
  - Demonstrating the preventative value of services

4.15 Close
Biographies of Speakers

**Gerard Lemos** leads the research team at Lemos&Crane. He is the author of several books and reports about social policy and supporting vulnerable people. His publications include *The Communities We Have Lost and Can Regain* (co-authored with Michael Young), *The Meaning of Money: Why homeless and vulnerable people see money as a route to security, respect and freedom*, and his new book, *The End of the Chinese Dream: Why Chinese People fear the Future* which will be published in June 2012 by Yale University Press. He is Chairman of the Money Advice Service, appointed by the FSA and an independent director of the Payments Council. He is also Vice-President of the British Board of Film Classification. He chaired the Board of Trustees of the British Council from 2008 to 2010 having been a trustee since 1999 and Deputy Chair from 2005. He was a visiting Professor at Chongqing Technology and Business University between 2006 and 2010. Gerard has formerly been Chair of Akram Khan Dance Company, an Audit Commissioner, a Civil Service Commissioner and a non-executive director of Crown Prosecution Service. He received a CMG in the Queens' Birthday Honours List in 2001 for services to the British Council. His speech on money and happiness won a Cicero award for speech writing in 2011. His photographs have been published in *De Volkskrant* newspaper in the Netherlands and featured in a British Council exhibition in Cape Town.

**Amy Campbell** heads the Supporting People policy team within the Department for Communities and Local Government’s Homelessness and Support Division. She has worked in this area since 2008, and was previously responsible for policy around housing for older people. Since joining the Civil Service in 2004, Amy has worked on regional and housing policies and as private secretary to three different housing ministers.

**Phil Saunders** is Director of his own independent consultancy, Phil Saunders Associates Ltd, which was established in 2001. His recent projects have included re-configuration of a London Borough’s supported housing for people with mental health problems, a rent review for a national supported housing provider and research into tackling substance misuse in hostels. On behalf of Sitra, Phil was author of a major study for a group of Yorkshire & Humber councils - “Prevention & Personalisation – the case for Housing Related Support”. He has also carried out wide ranging strategic reviews for a Metropolitan Borough and a leading provider of homelessness services. For 10 years, Phil was Head of Supported Housing at the Housing Corporation (now the Homes and Communities Agency). He has considerable hands-on understanding of service delivery, having worked as Head of Supported Housing and Finance Manager for two housing associations.

**Eileen McMullan** has been Lead Commissioner for Supporting People in the London Borough of Islington for the last 4 years. She has worked in the housing care and support sector for many years as a provider of supported housing and housing support services, in a policy/representational role and as a commissioner. In her previous role Eileen was Head of Policy at SITRA, a national membership organisation working in the housing care and support sector and also spent a year on secondment to Central Government at the Department of Communities and Local Government working on Supporting People and on Social Exclusion (PSA16).

**Lee White** entered the arena of housing and care back in 1999 initially as a recruitment consultant after completing a degree in Environmental and Ecological Sciences. He left his post as a recruitment
consultant in 2001 to become a housing officer for a London Borough Adult Asylum Seekers Service before leaving to join a national supported housing provider where he became a service manager covering Lewisham, Bromley and then Essex. It was at this point he needed a break from front-line work and he left to work for 'The Other Side' in 2006, joining the Southend-on-Sea Supporting People Team initially as a Contracts Officer, before becoming Lead Officer in 2008.

**John Wade**'s career began working with the homeless in Stoke in the late 1980’s and he has worked in supported housing ever since (apart from a brief, and terrifying, period as a maths teacher!). He was developing and managing supported housing services in Staffordshire for the mental health charity Rethink when he first worked with Bromford’s supported housing team on a joint service with Cannock Community Mental Health Team. He had no hesitation in accepting Bromford's offer to come and lead their newly formed mental health team in 2000 and two years later he became Regional Head developing a range of new services across the south midlands. He is now the Managing Director of Bromford Support – Bromford Group’s supported housing, employment and enterprise business unit.

**Dr Tony Munton** is a Chartered Psychologist with more than 20 years’ experience of delivering policy research for central and local government. Following completion of his PhD at Leeds University, he worked at the Medical Research Council’s Social and Applied Psychology Unit at the University of Sheffield. From there he moved to the Institute of Education at the University of London where again he did policy research for government, including work for the Department for Health, Department for Education and Skills (DFES), the Scottish Office and the British Council. In 2001, Tony was seconded to the Department for Education and Skills to work on aspects of education policy, including the Sure Start programme. From there, he moved to become a permanent senior civil servant, working at the Home Office and then the Ministry of Justice as Assistant Director in the Research, Development and Statistics (RDS) Directorate. Whilst at the Home Office, he was responsible for delivering research and evaluation for the Communities Unit, covering areas including support for the sector, social enterprise, charity law and regulation, volunteering and giving and the sector’s role in public services. Tony joined the Matrix Knowledge Group in October 2008 to start up, as Managing Director, Matrix Evidence, growing the company to have a turnover of nearly £2m in four years. Over the last eighteen months, Tony and his team have been delivering work on Payment by Results in the health, criminal justice education and most recently, the housing sectors. Tony recently left the Matrix Knowledge Group to establish the RTK Ltd.

**John Glenton** heads up a number of teams at Riverside ECHG, including contracts and tendering, strategy and innovation and quality and performance. He has also spearheaded the drive to better record performance information in order to improve services. John has 25 years’ experience with Riverside and Riverside ECHG, starting out as a registered residential care worker. After being promoted to senior care worker, he was involved in a new project resettling people with mental health problems back into the community. He became support and resettlement manager at a hostel for young people, again concentrating on encouraging clients to achieve and maintain their independence. There he gained significant experience with people who had substance misuse issues. John went on to a project manager role, developing and running several specialist projects for clients with learning difficulties and mental health problems. John then took on the mantle of regional manager for the Hull and Newcastle area, in which role he secured “Places of Change” funding for the new-style hostels which incorporate education, training and fitness facilities. In 2010, John was put on secondment to lead Riverside’s national restructure, following its merger with ECHG.
Payments By Results
Housing Related Support
Amy Campbell
DCLG Homelessness & Support

Why Payment by Results for Housing Support Services?

- Open Public Services White Paper emphasised Payment by Results critical:
  - Competition
  - Empowering potential providers to propose new ways to deliver services,
  - Linking payment to results so that providers innovate and eliminate waste.
  - Good value for money for taxpayers
  - Localism – specific service outcomes locally determined based on identified needs for the locality as well as the needs of the individual
  - Better services for the end user – focused on what they need to achieve alongside some quality monitoring

- Scope to apply payment by results to commissioning housing support services through Supporting People?
How could SP deliver payment by results?

- Outcomes, performance and quality frameworks mean system already in place that might be used as basis for PbR contracts
- Not mandatory, but a tool to support local authorities to manage efficiency. Personalisation another approach to efficiency and devolved power to individuals and communities
- Sector-led approach to develop PBR methodology, based on experience in developing approaches to outcomes based commission or quality based payment by results

SP pilots

- DCLG working with 10 pilot authorities over two years, each area developing own PbR approach, focusing on different client groups depending on local needs and priorities:
  - Birmingham: Homeless, domestic abuse, mental health and offenders
  - Cheshire West and Chester: Homelessness services
  - Derbyshire: Various – 53 short term contracts covering range of services and clients
  - Islington: Offenders, young people and substance abuse
  - Kent: To be confirmed
  - Sheffield: Re-settlement of ex-offenders, homelessness services
  - Southend: Tenancy outreach
  - Stockport: Various
  - Torbay: Ex-offenders, people at risk of offending
- Approximately 1,700 individuals/units within scope of the pilot services

Approaches vary:
- Core contract with performance uplift
- Core contract with performance uplift and reward
- Staff/team based performance reward not linked to contract
- Several began with virtual model only and moving to link to contracts

- Pilots at different stages of progress.
- Significant development and preparatory work undertaken across 10 pilot areas, involving close working between commissioners and providers.
- Contracts now live in 8 of the 10 pilot areas; with further contracts to begin during 2012/13.
- Pilots overall still early in process of establishing PbR.
Emerging findings

- DCLG has commissioned evaluation to examine pilots’ implementation, successes in achieving outcomes for clients and value for money.
- Evaluation to run for two years.
- Evaluation team consulting with commissioners, providers and sample of service users.
- Emerging evidence indicates PbR process challenging for both commissioners and providers, particularly in establishing frameworks which clearly link payments to verifiable outcomes.
- PbR models are leading to stronger focus by providers on outcome attainment and client progression.
- Hope evaluation will enable us to look more fully at influence of PbR on outcomes, and consider success and potential replicability of different PbR models.

Challenges

- Maintaining a stable market - need to ensure that approach doesn’t present so big a risk that good quality VCS providers withdraw from the market
- Perverse Incentives - risk of “gaming” reducing the incentives for providers to meet outcomes for some of the most difficult and at-risk people
- Local commissioner and provider engagement key to ensuring efficiency
- What will a good outcome look like – may be different for different client groups and in different localities
- Resource implications – burden of contract monitoring at local level - quality vs. outcome monitoring, service user monitoring, peer review.

Next Steps

- Continue to support pilots
- Evaluation move into next phase
- Opportunities for sharing lessons/challenges so far
- Make links with other PbR schemes – Troubled Families, Homelessness, & across Whitehall
- Continued localist approach
- Learning from experience
Payment by Results

A Strategic Overview

“I’m willing to tell yer, I’m wanting to tell yer, I’m waiting to tell yer”

An Overview of PBR

• The mood of the nation after Supporting People un ring-fencing
• Cons and Pros
• Alfred’s tip for the future
• Preparing for PBR
• Opportunities for providers
The Changing Mood

Cons of PBR
- De-personalisation/blame the service user
- Risk
- Gaming and Fraud
- Target Setting
- Technocracy (including “anti-gaming measures”)

PBR Technocracy
- Definitions
- Timing
- Duration
- Causation
- Scaling
- Ensuring Objectivity
- Evidence
Good targets, or bad?

- “no patient to wait more than 2 days for an appointment with their GP”
- “percentage of births delivered by caesarean section – monitored quarterly”
- “number of applications processed per month”
- “percentage of services users getting pregnant per annum – target 0%”

Pros of PBR

- Promotes service improvement
- Drives home the improvements achieved by target setting
- Relatively robust outcomes framework (SP)
- Values success – including prevention (or penalises non-prevention)

Alfred’s Tip

\[ t = (v^i) - (v^i*p) \]
\[ r = (v^i) - t \]
\[ E = s - ((a-t)/r)*s \]
\[ s = r*c \]
Alfred’s Tip Explained

- Contract volume (v)
- Likely annual incidence of adverse event (i)
- Target rate of prevention (p)
- Performance range (r)
- Performance target (t)
- Cost of adverse event (c)
- Sum at stake (s)
- Actual incidence of adverse event within range (a)

A Pragmatic Approach - Example

- Contract Sum 20*£20,000= £400,000
- Admission to acute mental health ward = cost to public purse say £5,000
- Risk of admission (annual) = 50% = 10 events per year
- Target prevention rate (annual) = 60% = 4 events per annum

Example Continued

- PBR range: 10=0%, 4=100%
- >10= concern, <4= distinction
- 9=17%, 8=34%, 7=51%, 6=68%, 5=85%
- Sum at stake = 10-4 = 6*£5,000 = £30,000
- 7.5% of the contract sum
- Add another outcome?
- Adjust adverse event amount?
Challenges & Opportunities

• Get PBR in perspective – scale and risk
• Don’t just think about SP/Supported Housing
• Express unique selling points in the language of outcomes – new market niches
• Know the value of your preventative activities
• Start to build up your evidence base
• Service and Service User level
• Re-visit self-assessment, internal review etc.

Some Last Thoughts

• Engaging with the new infrastructure
• Responding to Commissioning/Procurement
• Pricing
• Keeping Service Users Involved

Contact Me

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Outcomes and payment by results
I want to talk about:
• The development and testing of outcomes based commissioning and payment by results for housing support providers.
• Focus of the Islington pilot
• Benefits and challenges

The Islington Pilot
• As part of Department for Communities and Local Government (DCLG) pilot, Islington is testing out a payment by results model for commissioning housing support services
• The pilot in Islington aims:
  – to test out a model of Outcomes Commissioning and explore whether payment by results is the best way of achieving the best possible outcomes for service users
  – to explore what efficiencies can be gained by such an approach and help us develop outcomes based commissioning.
  – to examine the benefits and challenges of adopting payment by results
• Our core aim is to focus on service improvement and impact
The model

• The model has been developed in partnership:
  – SP strategy group and commissioning body
  – with participating providers – One Support, Penrose and SHP

• We have developed:
  – An outcomes based service specification
  – A framework for contract monitoring that allows us to
    continue to measure quality but gives a much clearer
    emphasis on outcomes
  – A method of collecting information on service outcomes that
    can allocate a monetary value to performance on outcomes
    based on weighted targets for performance
  – A ‘flexible and core’ model which means that some core
    funding is paid in the usual way and the balance dependant
    on outcomes achieved

The outcomes

• Based on existing outcomes framework developed by DCLG
  FOR Supporting People services
  ➢ Economic Wellbeing
  ➢ Enjoy and Achieve
  ➢ Be Healthy
  ➢ Stay Safe
  ➢ Make a positive contribution

• Planned move on remains a critical measure of success
• Quality of service outcomes also taken into account

The measurement and payment calculation

• Targets have been set for specific outcomes based on past
  performance on the exit surveys collated by St Andrews and
  adapted to the needs of the type of project, client group and
  priorities for different areas.
• Target set for planned move on (NI141)
• Payment will be based on an average performance score
  against a range of outcome measures which are weighted
  according to the council’s priorities for the service.
• 80% of the contract price is paid in the usual way for activity and
  output
• Outcomes are weighted via a points system and targets set
• Depending on overall performance against the targets the
  additional payment of 10%, 15% or 20% can be made.
• This is calculated on number of points achieved
The measurement and payment calculation

The rationale for this payment mechanism is that:
– It spreads risk against a broader range of outcome measures
– Minimises the risk of creating perverse incentives to let performance slip for outcomes that are unlikely to reach target in year or focus on easy areas
– Will be relatively straightforward to administer and validate

Potential benefits and challenges

**Benefits**
- Improved accountability
- Some useful incentives
- Innovation and creativity in service delivery – staff get to do what they know works to achieve things with service users
- Opportunity to experiment, to personalise services and to work creatively with other services
- Innovation and incentive to work in ways that are effective and share practice
- Greater clarity for staff of job role and satisfaction of seeing measurable achievements for service users

**Challenges**
- Financial risk for providers could lead to instability in market
- Complex issues that need to be solved around pricing, perverse incentives, attribution and “cherry-picking” in order to get PbR contracts right.
- Gaming behaviour by providers
- Incentive or penalty?
- Validation/measurement

Next steps

- We now have 6 months of data on performance for each service
- Some surprising results!
- Need to review and check whether outcomes measures and targets are accurate enough and incentivise good performance
- Validate performance
And finally……

- Need to ensure that PBR approach doesn’t present so big a risk that good providers withdraw from the market and smaller providers are unable to deliver services.
- An 80/20% split may work but 20% of a contract price remains a significant financial risk for providers.
- Explore other means of incentive – e.g. contract extension
- Resource implications re validation
- A need to ensure that we maintain good quality housing support services that also achieve good outcomes.
- Setting challenging but realistic targets. Our overall aim is to improve the impact of services
- It is early days so watch this space……

Presentation on Payment by Results in Southend on Sea

Lee White- SP Lead Officer
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01702 215474

Why Get Involved??

- 3 Audit Commission Inspections
- Opportunity to do something different
- Agreed through our Eastern Region Group
- Timing – Comprehensive Spending Review
- 12% SP Budget reduction in 2011/12
- The future for PBR
The Southend Model

- Commenced August 2011
- Tenancy Outreach service provided by South Essex Homes (re-modelling)
- Range of client groups
- Reduce the risk of homelessness (ASB, rent arrears, condition of the property)
- Secondary needs identified & supported

Team- 01702 215474

The Southend Model

- Security of tenure
- Cases supported across the year
- Eviction rates
- Arrears reduction
- Benefits to the Council through success
- Monitored via a joint IT system and files
- Learning as we go in Year 1

Team- 01702 215474

Results and Payments

4 Performance Measures

- % Introductory Tenancies to Secure (minimum & stretch)
- Number of individuals supported through the service per year (minimum and stretch)
- % of individuals evicted that have been supported by the service compared to % across the whole Council stock (met / not met)
- % change in arrears per head of those in the service compared to the whole Council stock (amended in 2012)

Team- 01702 215474
# Results and Payments

## Probability Tree

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End product decides whether S.E.H receive the full contract payment (14), 10% penalty (18) or 10% bonus payment (4)

*Bonus or penalty paid following year-end figures*

Team: 01702 215474

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**QUESTIONS??**
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Learning from Experience

John Wade

Should we... or shouldn’t we?

The Work Programme
So what happened?

Oct 2011 - appointed Manager
Nov 2011 - signed agreement with esg
Jan 2012 - first referral
May 2012 - 172 referrals and rising

1. Attachment fee
   £280 - £420

2. Job Outcome Fee
   £800 - £2,400

3. Sustainment Fee
   £1,500 - £6,700

Work Programme has many features Audit Commission recommends:
- a clear purpose
- a well designed payment system
- ‘black box’ approach = innovation
- not for the risk averse
- need deep pockets
Russell Webster
Call me now on 01708 448 343

A series of posts on Payment by Results
In addition to all the resources noted and updated below, blog regularly on a wide range of payment by results topics.

Thank You......
and let's connect

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Payment by Results in Supported Housing: Demonstrating Value for Successful Commissioning

For Lemos & Crane

Dr Tony Munton, Managing Director
31st May 2012

The Right to Know

• Provide performance analytics for public services;
• Work with local and national organizations;
• Deliver the right decision support to the right people at the right time.

Partnership with Sovereign Business Integration Group

• Sovereign – IT Services company established in 1994
  • Leading Independent Housing IT consultancy
  • Systems and data integration expertise
• Unique partnership in the industry – sector and systems knowledge with business analytics

Bringing together extensive knowledge and understanding of the housing and supporting housing industry from a business and technology perspective
Payment by results is not a contracting issue, it’s an information issue.

Improving the collection of consistent and accurate data is **essential** to assess the effectiveness and cost-effectiveness of services.

Deploying predictive analytics

- Data
- Service Delivery Intelligence
- Predictive Analytics
- Marketing
- Sales
- Economy
- Effectiveness
- Core Business Capacity (e.g. efficient delivery)
- Customers
Making a business case: A measurement framework

Context: Other External Influences

Making a business case: A measurement framework
Effective Performance Data

Focused on aims and objectives
Appropriate for users
Balanced to cover all areas of work
Robust enough to withstand change
Integrated into business processes
Cost effective to collect
Getting the data right gets you predictive analytics

Contact
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Payment by Results
John Glenton
Head of Business & Innovation
Riverside ECHG
Presentation Overview

Who are Riverside ECHG

Brief introductions to payment by results

Challenges to providers

Focus on outcomes

Research

Who are Riverside ECHG

What is Payment by Results

Services are commissioned on the basis that all, or a substantial part, of the payment is withheld until specific outcomes have been achieved.

This policy is a key element in the proposals for public service reform as set out in the government white paper “Open Public Services”. 
Payment by Results Pilots

Flexible and core payment methodology – 80/85% of contract for core services. 20/15% withheld until outcomes are achieved.

The pilot areas are: Kent, Lewisham, Islington, West Chester and Cheshire, Sheffield, Southend, Stockport, Derbyshire, Torbay,

Plus a consortium of providers in the east Midlands working with Birmingham Council.

Challenges of PbR

Agreeing the right outcome measures
Tailoring outcomes to different client groups and localities
Attribution
Time lags and interim measures
Finding evidence to prove outcomes
Gaming or cherry picking of clients
Resource implications

What is an outcome?
How do we define it?
**Improving CLG Outcomes**

In RECHG we realised that our CLG outcomes results were not matching the service we were providing.

Customers and our own internal audits were telling us how good the service was.

But our CLG outcomes did not evidence that.

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**SP Provider**

The SP Provider System was procured and implemented in 2008, providing RECHG with the tool to support vulnerable & elderly customers.

SP Provider is a web-based application with a SQL 2005 back-office database. The system is used across the majority if not all RECHG schemes.

This system allows us to record and evidence our CLG outcomes.

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**Investing in our People**

**Staff Training**

We have provided staff training:

- Team Leader system training
- National SP Provider road shows
- Individual event workshops for:
  - Area Managers
  - Team Leaders
  - Support Teams
  - Senior Manager

Supporting Outcomes Training to all front line staff. This includes Outcomes, Needs and Risk Assessment and Support Planning.
Investing in our People cont..

Social Enterprise in RECHG

The Veterans Artisan Bakery
Forces4Change Landscaping

Investing in our Systems

Steering Group
A steering group was formed with the users group forum, the IT department and the Quality & Performance Team to improve outcomes.
Investing in our Systems

National KPI
We have introduced 3 new Support KPIs
— An overall organisational target of 87.5% for successful outcomes.
— A 90% target of needs and support plan reviews completed within agreed timescales
— 30 GROW trainees in post
Q3b. Clients received support to better manage their mental health
Outcomes League Tables

- Economic Wellbeing
- Enjoy and Achieve
- Be Healthy
- Stay Safe
- Citizenship

August 2011 to February 2012
Spotlight

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Increase since August 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Wellbeing</td>
<td>15.9%</td>
</tr>
<tr>
<td>Enjoy and Achieve</td>
<td>14%</td>
</tr>
<tr>
<td>Be Healthy</td>
<td>15.5%</td>
</tr>
<tr>
<td>Stay Safe</td>
<td>15%</td>
</tr>
<tr>
<td>Citizenship</td>
<td>17.3%</td>
</tr>
</tbody>
</table>

Since we put the spotlight on outcomes, we have increased the benefits to our customers. This is just the beginning!

Research for longer term outcomes

To track long term trends and outcomes and to use outcome data to show statistical significance.

Dedicated Care and Support Research Support Officer

Research Projects

Homelessness within Ex-Armed Forces

The aim of this report was to highlight the work that Riverside ECHG undertakes with ex-Armed Forces Personnel across the country and evaluate the impact of these schemes.
Current Projects
Places of Change Project

Current Projects cont...
GROW & GOALs
Qualitative case studies highlighting personal journeys from homelessness into employment.
To Measure social return on investment – social value of the training

Research tools
- Questionnaires – pre and post intervention
- Interviews
- Tracking of outcomes
- Distance travelled star
- Social Return on Investment (SROI) – a framework for measuring and accounting for the social value of services.
Thank you!
Any Questions