

# Marketization, collaboration and inter-organizational relations in SIBs in the UK and Japan

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Social Outcomes Conference 2019  
5<sup>th</sup> September 2019  
Blavatnik School of Government, University of Oxford

# INTRODUCTION : THE RESEARCH AGENDA AND OUR APPROACH

## Research Agenda:

To explore the potential of governance and management of multi-stakeholder collaboration beyond market and institutional pressure by examining SIB cases in the UK and Japan.

## Research Approach:

Comparative research involving semi-structured interviews with stakeholders involved in SIB in the field of preventative healthcare (Kobe City) and an earlier proto-SIB for learning support for children (Yokohama City) in Japan. Semi-structured interviews, observations and document review were conducted for two public health SIBs in South West region of England.

## Conceptual Frameworks:

Reconsider the **New Public Management (NPM)** framing around SIBs with its attendant focus on being “**business-like**”, “**individualistic**”, “**fiscal cost-effective**”, “**contractual relationship**”.

Explore using the framing device offered by **New Public Governance (NPG)** and **inter-organizational** theory.

## SIB DEVELOPMENT IN JAPAN: CHANGES OVER TIME

Early phase – 2015 to 2017:

- Some local governments and national government departments engaged in **pilot experiments (not proper SIBs)**, in **collaboration** with a few private charitable foundations, nonprofit and private sector providers.
- **Diverse policy areas:** preventative healthcare, work integration, adoption, local business development, learning support for children.
- **Nonprofit** sector organizations played significant role as service providers.

More recently – 2017 onwards:

- Investors and intermediaries seem to have lost interest in nonprofit organizations as service providers.
- Narrowing focus on healthcare, especially **preventative healthcare**; moving away from wider problems around social and economic disadvantage.
- Close connections between central government and a few charitable foundations such as Nippon Foundation and Social Impact Investment Foundation (SIIF) reinforce this alignment with political priorities.

## EXAMPLE OF 'EARLY PHASE' PROJECT. YOKOHAMA CITY SOCIAL IMPACT PROJECT (1)

Location	Yokohama City, Minami Ward, Hie Primary School District
Policy area and Intervention	
Policy area: Education	Comprehensive learning support for children with difficulties in family relation, social relation and school life.
Outcomes sought	Improvement of (1) Learning skill and academic achievement (2) Lifestyle and dietary habits (3) Family and social relations
Intervention	(1) Learning support (Teaching): three days per week (2) Providing opportunities for socializing at community salon "Osan" (3) Providing meals after school
Target Population	Around 30 primary school students with difficulties in family relation, social relation and school life (students whose parents are considered "in need", who have family roots in foreign countries, and suffering from learning disorder).

## EXAMPLE OF 'EARLY PHASE' PROJECT: YOKOHAMA CITY SOCIAL IMPACT PROJECT (2)

Stakeholders	
Government partner	Yokohama City
Contributor	Goldman Sachs Japan * Service provider also bears some part of operation cost.
Service provider	Social Welfare Corporation Tasukeai Yui
Intermediary	Public Management & Social Strategy Institute (PMSSI)
Independent evaluator	Meiji University Program evaluation Institute
Duration of partnership agreement	12 months (since October 2016)
	The agreement is valid until March 2020, and is likely to be renewed and <b>converted into SIB.</b>
Operational cost	7,500,000 JPY (=GBP 58,000, USD 70,000)

## KEY FEATURES OF YOKOHAMA CITY SOCIAL IMPACT PROJECT

- Not a proper SIB, but a **pilot experiment**. Aimed at developing impact measurement model, with view to launch a SIB in the future.
- Stakeholder relationships based on **interdependent collaboration model**, supported by development of **shared measurement system** ('collective impact').
- Idea has roots in the **community**. Worked in partnership with **local social sector service provider**.
- Wide-ranging perspectives on what 'outcomes' means: not about fiscal value, but about **wider social outcomes** (e.g. social and family relations, social capital).
- Looked at 'value' through SROI, not just fiscal savings.

# EXAMPLE OF MORE RECENT DEVELOPMENT: KOBE CITY SIB (1)

Location	Kobe City	
Policy area and Intervention		
Policy area: Preventative healthcare	Preventing aggravation of diabetic nephropathy	
Intervention	(1) Health guidance program by public health nurses. (2) Encourage take-up of medical examinations. (3) 2 episodes of consultation & 10 episodes of guidance by phone, over 6 months per person	
Target Population	100 patients suffering from or at high risk of diabetic nephropathy who have been unexamined in medical institutions.	
Contracted Outcomes	(A) Completion rate of program participants (B) Improvement rate of life customs (C) Rate of inhibition of lowering renal function	

## EXAMPLE OF MORE RECENT DEVELOPMENT: KOBE CITY SIB (2)

Stakeholders	
Commissioner	Kobe City
Investors	Sumitomo Mitsui Banking Corporation, SIIF and individual investors
Service providers	DPP Health Partners (company limited by shares)
Intermediary	Social Impact Investment Foundation (SIIF)
Independent evaluator	Institute for Future Engineering
Contract duration	33 months (contract signing in July 2017)
	July 2017 to March 2018: Intervention by service provider April 2018 to March 2020: Evaluation of program outcomes
Investment size	31,540,000 JPY (=GBP 220,000, USD 284,000)



## KEY FEATURES OF KOBE CITY PREVENTATIVE HEALTHCARE SIB

- Contracting process **lacks transparency**, and **isn't competitive**.
- Based on **efficiency oriented contractual relationship model** and not **interdependent collaboration model**. Contract framework, outcome metrics, payment model, investor, service provider and evaluator were all proposed by SIIF.
- Social sector providers not considered.
- Focus on **individual outcomes in relation to fiscal savings**, and not on wider social outcomes.
- Expectation for **long-term reduction in medical cost and improvement of quality of life to result from such short-term intervention** is problematic. No robust evidence for causal relation.

## SIB DEVELOPMENT IN THE UK: CHANGES OVER TIME

- Strong multi-dimensional **central government support**.
- Fund-based approach common:
  - In early days – central government as main/sole outcome payer. Rate card approach.
  - More recently – incentivize **local commissioners** to pay for outcomes. Central government seen as ‘enabling’.
- Narrative around SIB:
  - In early days – ‘**alternative financing**’, new ‘**commissioning tool**’.
  - More recently – part of an ‘**inclusive economy**’ approach, part of ‘**civil society**’ strategy.
- Increasingly active encouragement of collaboration and engagement:

*‘Please outline what you have done / will do to develop [the SIB] to ensure it best supports service users. Please reference how you have researched their needs and consulted with them, as well as how you will continue to do so’ (LCF guidance, 2017).*

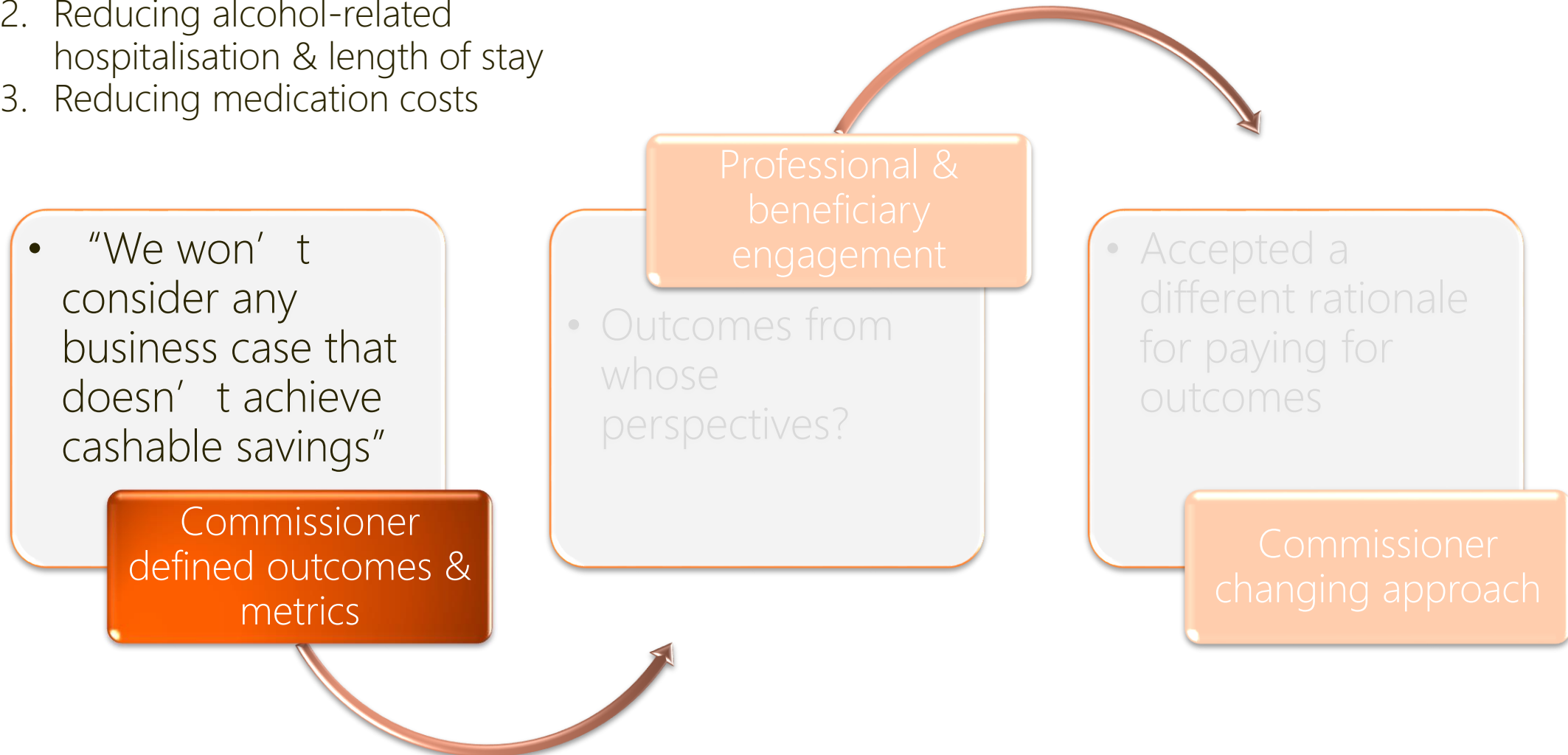
## EXAMPLE OF A 'COMMISSIONER-LED' SIB IN THE UK

Location	South West England
Policy area	Health and wellbeing
Target cohort	430 patients (aged 30 to 54) who have been admitted to hospital for an alcohol-related issue in the preceding 12 months, but are not at or near 'end-of life' .
Duration	6 years
Intervention	Holistic bespoke support systems that meet individual needs and support them to recognise and develop their personal strengths, through co-production. Coordinated systems to pull seamless support around individuals.
Outcome payers	One NHS body and two local authorities
Service providers	Consortium of local social sector service providers
Social investor	TBC
Investment size	c. £1.75million

## EXAMPLE OF A 'COMMISSIONER-LED' SIB IN THE UK

Initial priorities included:

1. Reducing alcohol-related A&E attendance
2. Reducing alcohol-related hospitalisation & length of stay
3. Reducing medication costs

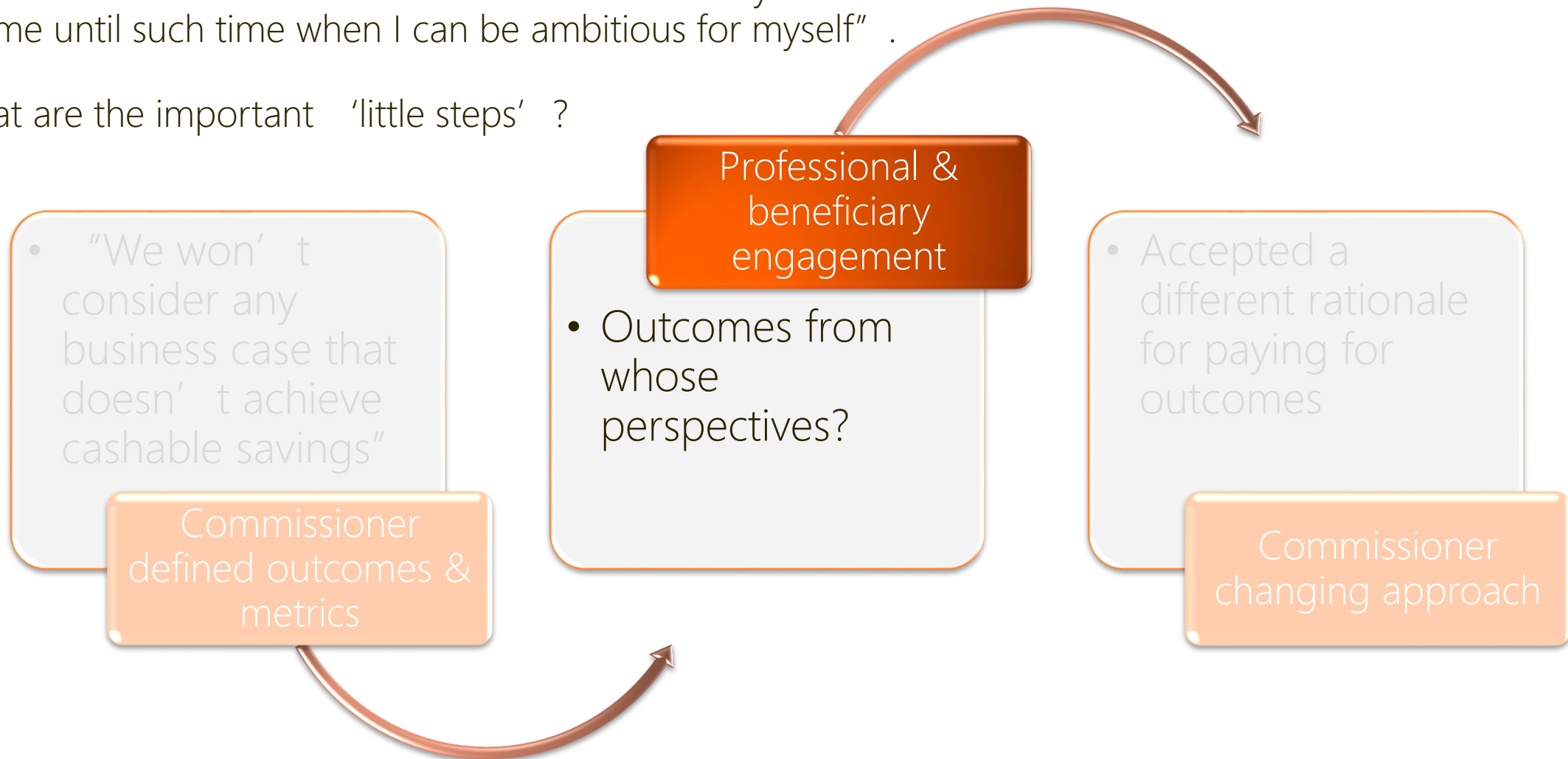


## EXAMPLE OF A 'COMMISSIONER-LED' SIB IN THE UK

Professionals feel that wellbeing improvement is important to measure.

Quote from one client to his case worker: "I need you to be ambitious for me until such time when I can be ambitious for myself" .

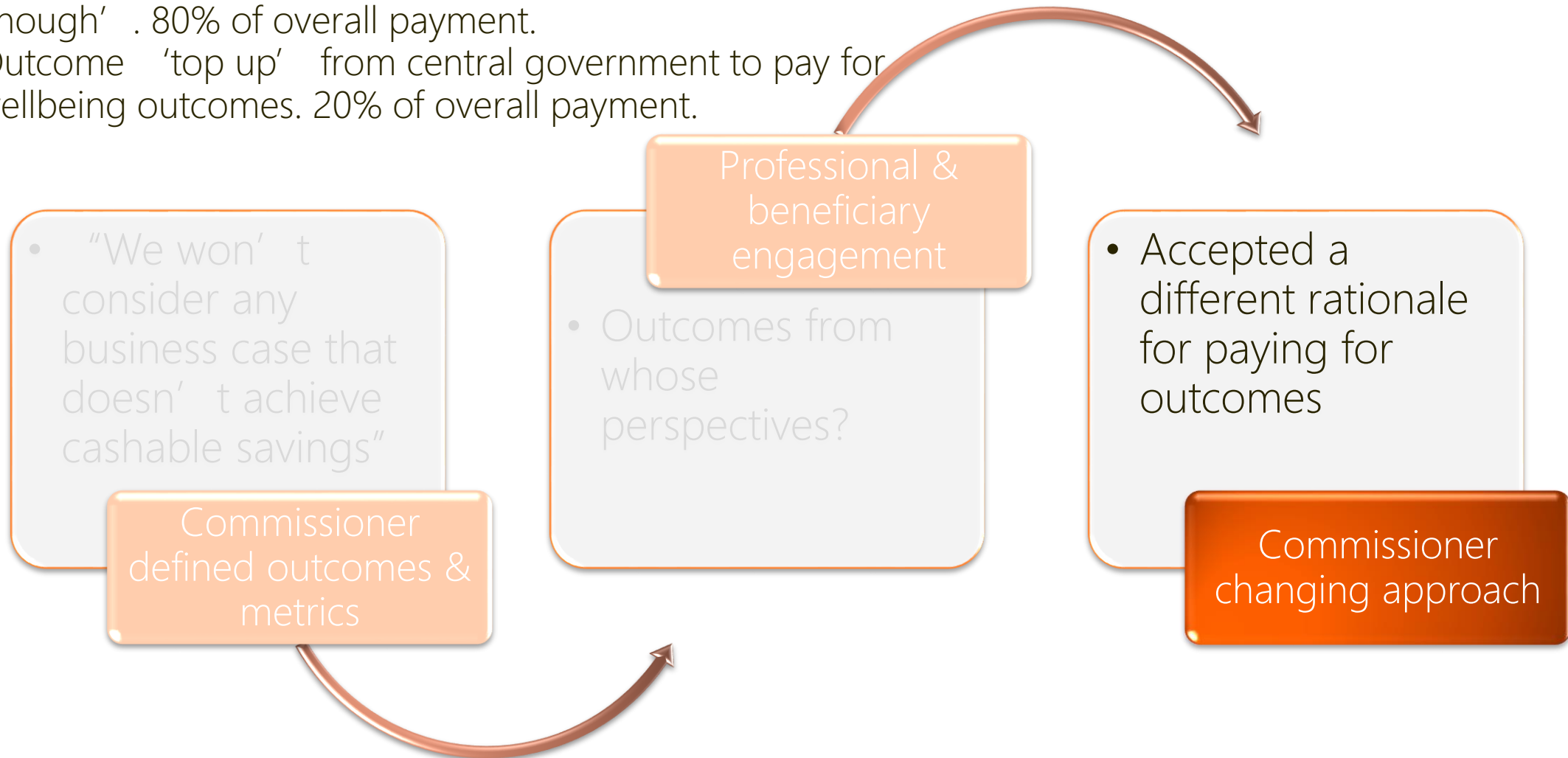
What are the important 'little steps' ?



## EXAMPLE OF A 'COMMISSIONER-LED' SIB IN THE UK

Commissioner accepted that:

1. Room for 'cashable savings' is minimal.
2. Managing demand on services (at breaking point) is 'good enough' . 80% of overall payment.
3. Outcome 'top up' from central government to pay for wellbeing outcomes. 20% of overall payment.



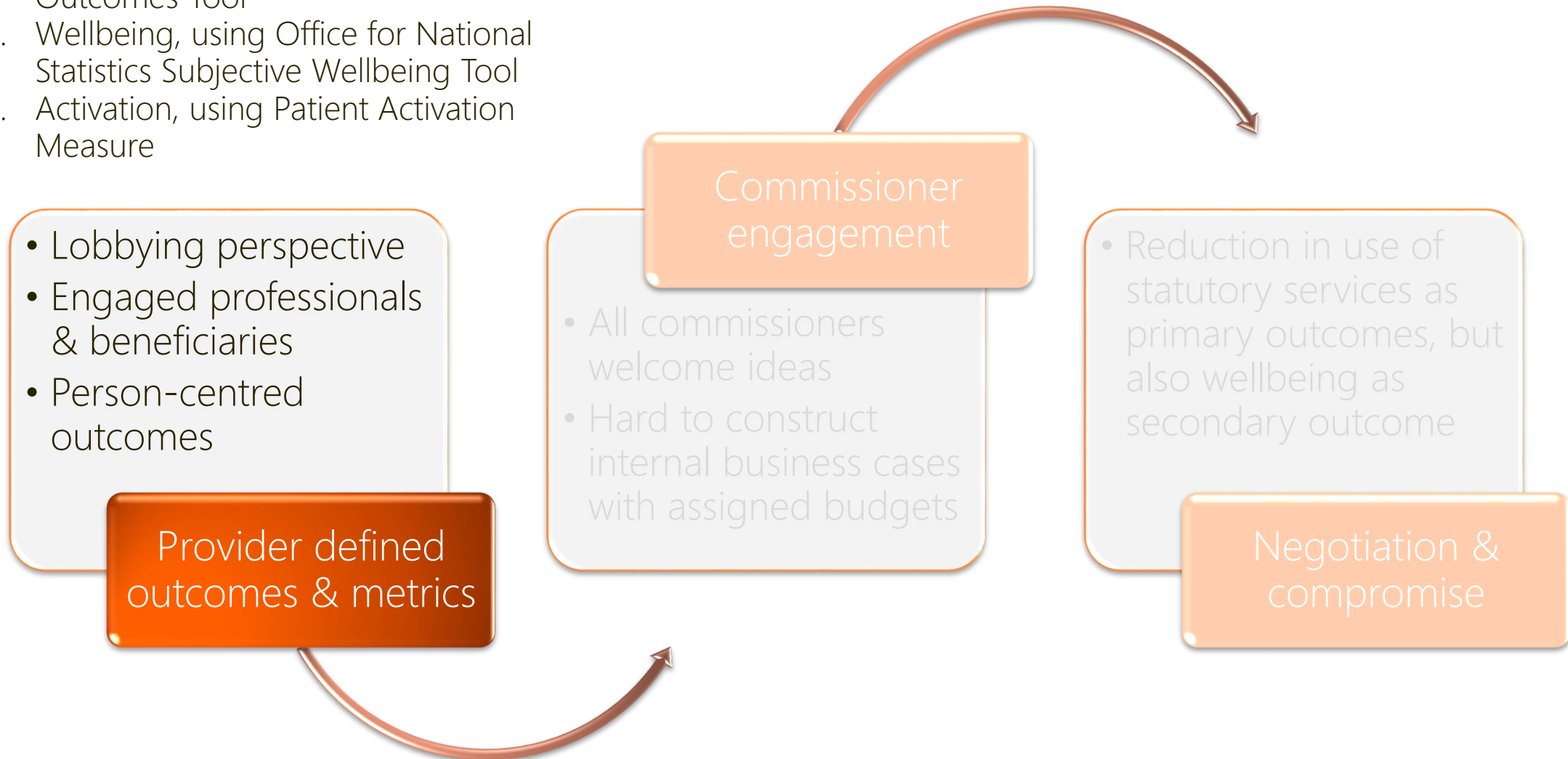
## EXAMPLE OF A 'PROVIDER-LED' SIB IN THE UK

Location	South West England
Policy area	Health and wellbeing
Target cohort	9,000 people with 3 or more long term conditions who repeatedly visit their GPs for issues not primarily about medical treatment.
Duration	5 years
Intervention	Social Prescribing which provides a mechanism that enables people to set their own goals and to connect to non-medical and community support services.
Outcome payers	A local authority and an NHS body
Service providers	Consortium of large, national charities with smaller regional and local social sector providers
Social investor	TBC
Investment size	c. £4million

## EXAMPLE OF A 'PROVIDER-LED' SIB IN THE UK

Initial outcomes included:

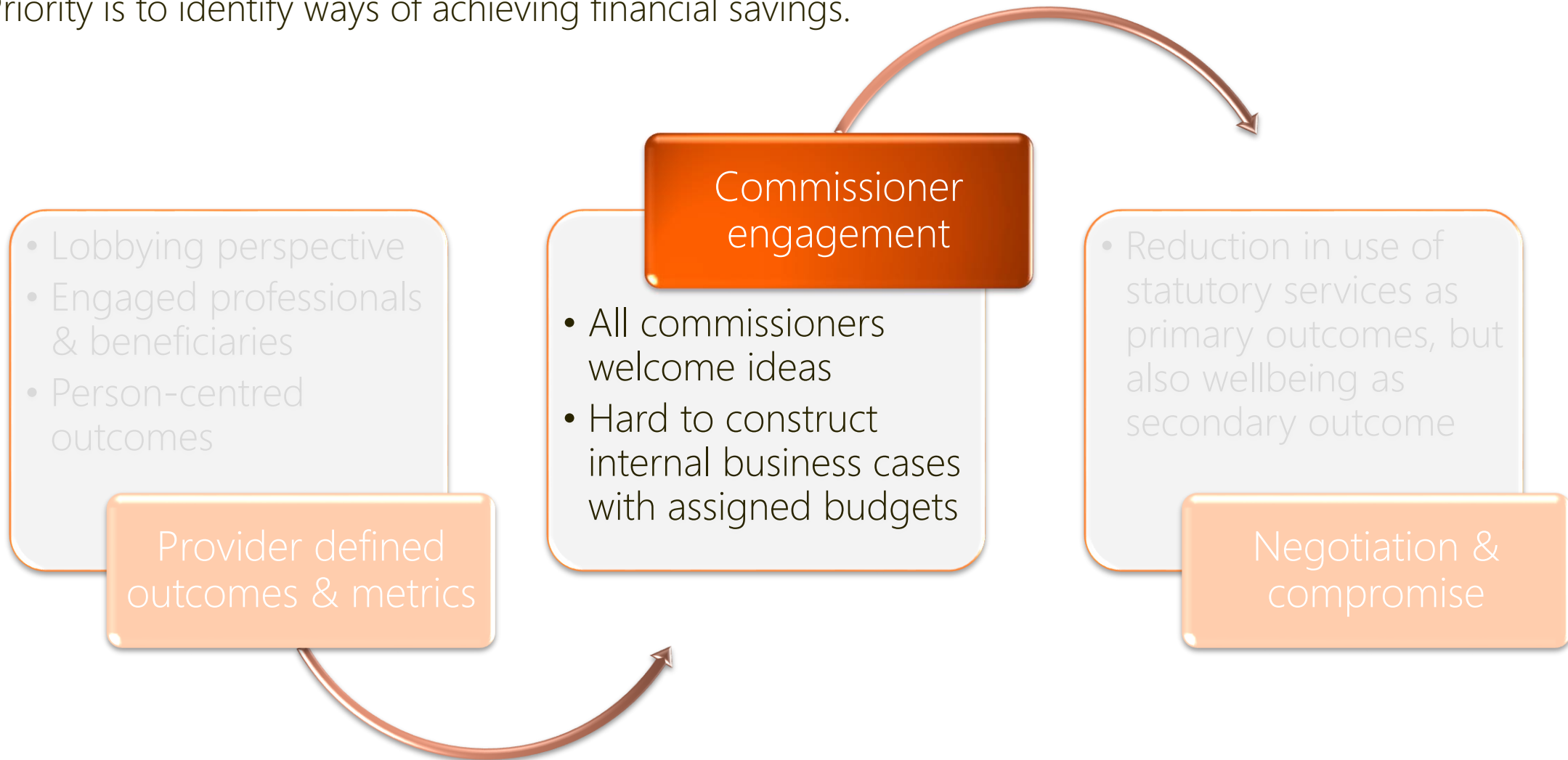
1. Self-defined goals, using Goal Based Outcomes Tool
2. Wellbeing, using Office for National Statistics Subjective Wellbeing Tool
3. Activation, using Patient Activation Measure





## EXAMPLE OF A 'PROVIDER-LED' SIB IN THE UK

Local authority & health commissioners value social prescribing, but all struggling to narrow deficits in spending. Priority is to identify ways of achieving financial savings.



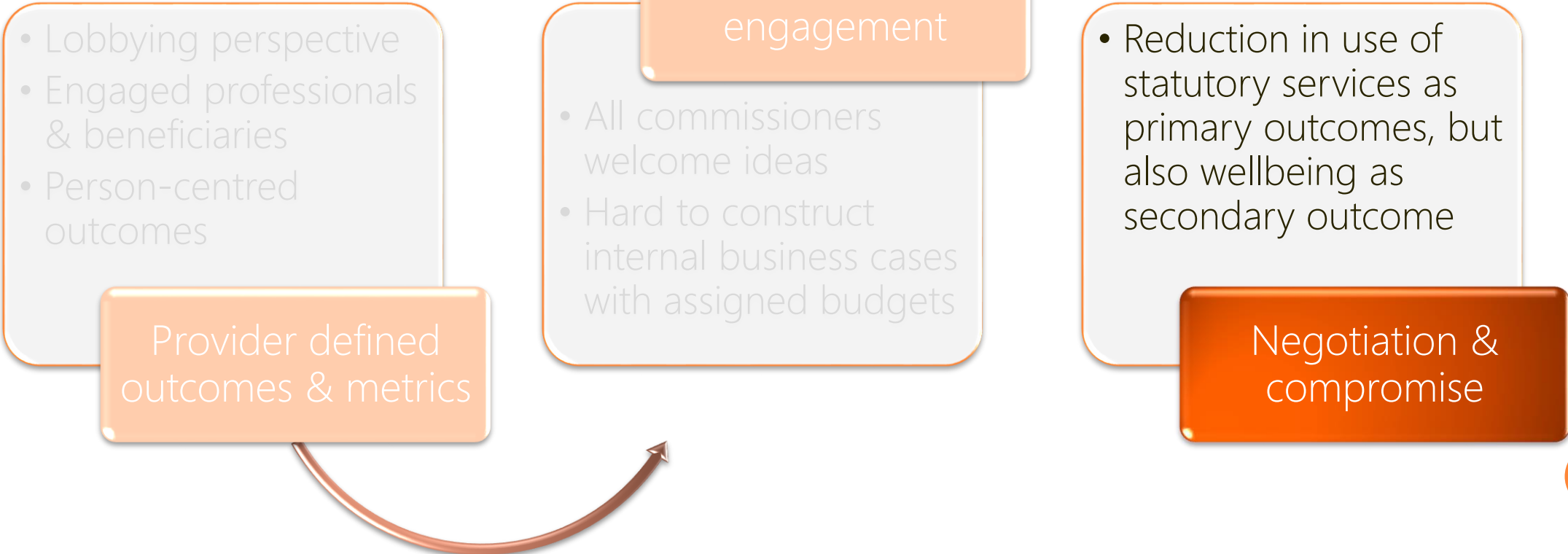
## EXAMPLE OF A 'PROVIDER-LED' SIB IN THE UK

Primary outcome:

60% of overall payment is for reducing use of secondary care.

Secondary outcomes:

- 15% for reducing use of primary care
- 12.5% for reducing social care use
- 12.5% for improved wellbeing



## CONCLUSION

- From **inter-organizational perspective**, over time, behaviours of various players can start resembling each other (“**institutional isomorphism**”) particularly if the focus is on technical design, the contractual framework and their standardization. This can influence the types of SIBs generated (e.g. particular policy areas), and the form they take.
- However, even if we treat SIBs as being based on contractual relationships, **more collaborative relationships** are needed for long-term commitment to a common agenda for solving a specific ‘wicked’ social problem (e.g. “**collective impact initiatives**” Kania and Kramer, 2011).
- This means looking at ‘outcomes’ and ‘value’ differently (e.g. ‘**social value**’ rather than ‘**fiscal saving**’).
- Viewing SIBs only through **NPM** lens limits potential for more holistic and collaborative approach towards solving social problems. Attention to ‘**co-governance**’ or “**co-production**”, as per **NPG**, is vital.